

ACTION SHEET
PUBLIC UTILITES COMMITTEE MEETING OF 2/3/15

ISSUE NO. 12

Request for approval of Bill No. 2016-_____. An ordinance authorizing the execution and delivery of a Water Project Fund Loan/Grant Agreement by and among the New Mexico Water Trust Board (“Water Trust Board”) and the New Mexico Finance Authority (“Finance Authority”), and collectively with the Water Trust Board, the (“Lenders/Grantors”) and the City of Santa Fe the (“Borrower/Grantee”), in the total amount of \$150,000, evidencing an obligation of the Borrower/Grantee to utilize the Loan/Grant amount solely for the purpose of financing the costs of watershed restoration and management, and solely in the manner described in the Loan/Grant Agreement; providing for payment of the loan amount and an administrative fee solely from net system revenues of the Water Management Fund; certifying that the Loan/Grant amount, together with other funds available to the Borrower/Grantee, is sufficient to complete the project; approving the form of and other details concerning the Loan/Grant Agreement; ratifying actions heretofore taken; repealing all action inconsistent with this resolution; and authorizing the taking of other actions in connection with the execution and delivery of the Loan/Grant Agreement. (Alan Hook) (Councilors Dominguez, Rivera, Trujillo and Lindell)

- a. Request for approval of a Budget Increase for \$150,000.00.

Finance Committee – 2/1/2016
 Public Utilities Committee – 2/3/2016
 City Council (Request to Publish) – 2/10/16
 City Council (Public Hearing) – 3/9/2016

PUBLIC UTILITES COMMITTEE ACTION: Approved to forward to 2/10/2016 City Council.

SPECIAL CONDITIONS OR AMENDMENTS:

STAFF FOLLOW UP:

VOTE:	FOR	AGAINST	ABSTAIN
COUNCILOR RIVERA, CHAIR	X		
COUNCILOR MAESTAS	X		
COUNCILOR BUSHEE	Excused		
COUNCILOR DIMAS	Excused		
COUNCILOR IVES	X		

ACTION SHEET
ITEM FROM FINANCE COMMITTEE MEETING OF 02/01/16
FOR CITY COUNCIL MEETING OF 02

ISSUE:

18. Request for Approval of an Ordinance Authorizing the Execution and Delivery of a Water Project Fund Loan/Grant Agreement by and Among the New Mexico Water Trust Board (“Water Trust Board”) and the New Mexico Finance Authority (“Finance Authority”), and Collectively With the Water Trust Board, the (“Lenders/Grantors”) and the City of Santa Fe the “Borrower/Grantee”), in the Total Amount of \$150,000, Evidencing an Obligation of the Borrower/Grantee to Utilize the Loan/Grant Amount Solely for the Purpose of Financing the Costs of Watershed Restoration and Management, and Solely in the Manner Described in the Loan/Grant Agreement; Providing for Payment of the Loan Amount and an Administrative Fee Solely from Net System Revenues of the Water Management Fund; Certifying that the Loan/Grant Amount, Together with other Funds Available to the Borrower/Grantee, is Sufficient to Complete the Project; Approving the Form of and Other Details Concerning the Loan/Grant Agreement; Ratifying Actions Heretofore Taken; Repealing all Action Inconsistent with this Resolution; and Authorizing the Taking of other Actions in Connection with the Execution and Delivery of the Loan/Grant Agreement. (Councilors Lindell, Dominguez, Trujillo and Rivera) (Alan Hook)

Committee Review:

Public Utilities Committee (scheduled)	02/03/16
City Council (request to publish)	02/10/16
City Council (public hearing)	03/09/16

Fiscal Impact – Yes - \$150,000 grant/loan agreement, of which \$135,000 is a grant and \$15,000 is a loan from the NM Water Trust Fund and financed by the NM Finance Authority.

FINANCE COMMITTEE ACTION:

Approved as Consent item.

FUNDING SOURCE:

SPECIAL CONDITIONS OR AMENDMENTS

STAFF FOLLOW-UP:

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR TRUJILLO	X		
COUNCILOR RIVERA	X		
COUNCILOR LINDELL	X		
COUNCILOR MAESTAS	X		
CHAIRPERSON DOMINGUEZ			

City of Santa Fe, New Mexico

memo

DATE: January 21, 2016

TO: Finance Committee & Public Utilities Committee

VIA: Nick Schiavo, Public Utilities Department & Water Division Director *NSH*
Rick Carpenter, Water Resources & Conservation Manager *RC*

FROM: Alan Hook, Water Resources Coordinator Assistant *A.G.H.*

RE: Approval of City Ordinance and NMFA Loan/Grant Agreement for Water Trust Board Project No. 349 in the amount of \$150,000 for Watershed Restoration and Management within the Santa Fe Municipal Watershed.

Background

This Ordinance would authorize the execution and delivery of a Water Project Fund Loan/Grant Agreement by and among the New Mexico Water Trust Board, the New Mexico Finance Authority, and the City of Santa Fe in the amount of \$150,000. The Loan/Grant Agreement specifies that of the \$150,000, the grant amount is \$135,000 and \$15,000 is a loan to the City of Santa Fe with 0% nominal interest for the 20 year payback period. There is an Administrative Fee of 0.25% per year on the principal balance of the loan that the City will have to pay on the same date as the annual installments of principal. Attached are the Finance Schedule, the Bill No. ___ for the Ordinance, the Loan/Grant Agreement, the Fiscal Impact Report and the Budget Adjustment Request (BAR) for Water Trust Board Project No 349.

Recommended Action

Please review and if acceptable approve the Bill No. ___ for the Ordinance, the Loan/Grant Agreement, the Fiscal Impact Report and the Budget Adjustment Request (BAR) to be forwarded to City Council for final approval.

If you have any questions please contact me at 955-4205.

CC: Marcos Martinez, Assistant City Attorney
Maya Martinez, Public Utilities Fiscal Administrator

November 2015							December 2015						
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January 2016							February 2016						
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March 2016							April 2016						
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**NEW MEXICO FINANCE AUTHORITY
and
NEW MEXICO WATER TRUST BOARD**

FINANCING SCHEDULE & DISTRIBUTION LIST

**\$150,000 Water Project Fund Loan/Grant
(\$135,000 Grant/\$15,000 Loan)
City of Santa Fe, Santa Fe County, New Mexico
Project No. 0349-WTB**

Updated: January 25, 2016

DATE	ACTION	PARTIES
September 15, 2014	Application received by Finance Authority	Borrower/Grantee
June 3, 2015	Water Trust Board approval	WTB
June 25, 2015	Finance Authority Board Approval	Finance Authority
November 24, 2015	Distribute Financing Schedule	Virtue
January 8, 2016	Distribute revised Financing Schedule	Sutin
January 8, 2016	Distribute draft Title of Ordinance to Borrower/Grantee and Borrower/Grantee's counsel	Sutin
January 8, 2016	Distribute draft Loan/Grant Agreement and Ordinance for review and comment by Finance Authority, Borrower/Grantee and Borrower/Grantee's counsel	Sutin
January 12, 2016	Initial comments received on Loan/Grant Agreement and Ordinance from Finance Authority, Borrower/Grantee and Borrower/Grantee's counsel	Finance Authority, Borrower/Grantee, Borrower/Grantee's counsel
January 13, 2016	Introduction of Ordinance by title at City Council by a Council Sponsor	

DATE	ACTION	PARTIES
January 25, 2016	Distribute draft closing documents for review and comment by Finance Authority, Borrower/Grantee and Borrower/Grantee's counsel	Sutin
January 28, 2016	Comments received on Loan/Grant Agreement, Ordinance and closing documents from Finance Authority, Borrower/Grantee and Borrower/Grantee's counsel	Finance Authority, Borrower/Grantee, Borrower/Grantee's counsel
January 29, 2016	Revised Loan/Grant Agreement and Ordinance to City, if necessary	Sutin
February 1, 2016	Finance Committee reads Ordinance and related Loan/Grant documents in committee meeting and recommends approval to City Council	Borrower/Grantee
February 3, 2016	Public Utilities Committee reads Ordinance and related Loan/Grant documents in committee meeting and recommends approval to City Council	Borrower/Grantee
February 10, 2016	First reading of Ordinance before City Council	Borrower/Grantee
February 18, 2016	Submit notice of public hearing to <i>Santa Fe New Mexican</i> and <i>The Albuquerque Journal North</i>	Borrower/Grantee
February 22, 2016	Publication of notice of public hearing in <i>Santa Fe New Mexican</i> and <i>The Albuquerque Journal North</i>	Legal newspaper for Borrower/Grantee
March 1, 2016	Final Debt Service Schedule Due with confirmation that no additional outstanding debt has been incurred other than shown in Staff Report	Finance Authority
March 1, 2016	Closing documents in final form distributed to Borrower/Grantee for signature with a copy to the Finance Authority	Sutin
March 9, 2016	Governing Body adopts Ordinance	Borrower/Grantee
March 10, 2016	Submit notice of adoption to the <i>Santa Fe New Mexican</i> and <i>The Albuquerque Journal North</i>	Sutin
March 14, 2016	Publication of notice of adoption in the <i>Santa Fe New Mexican</i> and <i>The Albuquerque Journal North</i>	Legal newspaper for Borrower/Grantee
March 16, 2016	Closing documents signed by Borrower/Grantee and delivered to closing counsel	Borrower/Grantee
April 8, 2016	Delivery of closing documents forwarded to Finance Authority in paper and electronic form for signature	Sutin
April 12, 2016	Finance Authority signs Loan/Grant Agreement	Finance Authority
April 13, 2016	Thirty-day limitations period ends	
April 15, 2016	Send ready to close email to working group	Sutin
April 15, 2016	Closing	All

DATE	ACTION	PARTIES
Two weeks after receipt of transcript documents.	Transcript distributed	Sutin

DISTRIBUTION LIST

BORROWER/GRANTEE

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NEWSPAPERS:

The Santa Fe New Mexican

Phone: (505) 995-3829

Email: mmiera@sfnewmexican.com

Publication Deadlines:

Publication Date	Deadline Date	Time
Monday	Wednesday	NOON
Tuesday	Thursday	NOON
Wednesday	Friday	NOON
Thursday	Monday	NOON
Friday	Tuesday	NOON

The Albuquerque Journal North

Contact: Christina White/David Noel

Phone: (505) 832-3377

Email: legals@abqpubco.com

Publication Deadlines:

Edition	Copy due
Monday	Friday by 9 a.m.
Tuesday	Friday by 11 a.m.
Wednesday	Monday by 9 a.m.
Thursday	Tuesday by 9 a.m.
Friday	Wednesday by 9 a.m.
Saturday	Thursday by 9 a.m.
Sunday	Thursday by 11 a.m.

1 CITY OF SANTA FE, NEW MEXICO

2 BILL NO. 2016-9

3 INTRODUCED BY:

4
5 Councilor Signe Lindell

6 Councilor Carmichael Dominguez

7 Councilor Ron Trujillo

8 Councilor Chris Rivera

9
10 AN ORDINANCE

11 AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND
12 LOAN/GRANT AGREEMENT BY AND AMONG THE NEW MEXICO WATER TRUST
13 BOARD (“WATER TRUST BOARD”) AND THE NEW MEXICO FINANCE AUTHORITY
14 (“FINANCE AUTHORITY”), AND COLLECTIVELY WITH THE WATER TRUST
15 BOARD, THE (“LENDERS/GRANTORS”) AND THE CITY OF SANTA FE THE
16 “BORROWER/GRANTEE”, IN THE TOTAL AMOUNT OF \$150,000, EVIDENCING AN
17 OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT
18 AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF
19 WATERSHED RESTORATION AND MANAGEMENT, AND SOLELY IN THE MANNER
20 DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR PAYMENT OF
21 THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM NET SYSTEM
22 REVENUES OF THE WATER MANAGEMENT FUND; CERTIFYING THAT THE
23 LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE
24 BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT;
25 APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE

1 **LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN;**
2 **REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND**
3 **AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE**
4 **EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.**

5
6 Capitalized terms used in the following preambles have the same meaning as defined in this
7 Ordinance unless the context requires otherwise.

8 **WHEREAS**, the Borrower/Grantee is a legally and regularly created, established, organized
9 and existing municipality under the general laws of the State; and

10 **WHEREAS**, the Governing Body has determined and hereby determines that the Project
11 may be financed with amounts granted and loaned pursuant to the Loan/Grant Agreement, that the
12 Loan/Grant Amount, together with the Additional Funding Amount and other moneys available to the
13 Borrower/Grantee, is sufficient to complete the Project, and that it is in the best interest of the
14 Borrower/Grantee and the constituent public it serves that the Loan/Grant Agreement be executed and
15 delivered and that the funding of the Project take place by executing and delivering the Loan/Grant
16 Agreement; and

17 **WHEREAS**, the Governing Body has determined that it may lawfully enter into the
18 Loan/Grant Agreement, accept the Loan/Grant Amount and be bound to the obligations and by the
19 restrictions thereunder; and

20 **WHEREAS**, the Loan/Grant Agreement shall not constitute a general obligation of the
21 Borrower/Grantee, the Water Trust Board or the Finance Authority or a debt or pledge of the full faith
22 and credit of the Borrower/Grantee, the Water Trust Board, the Finance Authority or the State; and

23 **WHEREAS**, there have been presented to the Governing Body and there presently are on file
24 with the City Clerk this Ordinance and the form of the Loan/Grant Agreement which is incorporated
25 by reference and considered to be a part hereof; and

1 **WHEREAS**, the Governing Body hereby determines that (i) the Additional Funding Amount
2 is now available to the Borrower/Grantee to complete the Project; or (ii) that the Governing Body will
3 take such steps as are necessary to obtain the Additional Funding Amount within six (6) months after
4 the Closing Date; and

5 **WHEREAS**, the Borrower/Grantee acknowledges that, in the event that it is unable to
6 provide the Additional Funding Amount within six (6) months after the Closing Date, the Loan/Grant
7 Agreement shall, at the option of the Water Trust Board and the Finance Authority, terminate and be
8 of no further force or effect; and

9 **WHEREAS**, the Borrower/Grantee has met or will meet prior to the first disbursement of
10 any portion of the Loan/Grant Amount, the Conditions and readiness to proceed requirements
11 established for the portion of the Loan/Grant Amount disbursed or caused to be disbursed by the
12 Finance Authority and the Water Trust Board, including but not limited to the requirements of
13 Executive Order 2013-006; and

14 **WHEREAS**, all required authorizations, consents and approvals in connection with (i) the
15 use of the Loan/Grant Amount for the purposes described, and according to the restrictions set forth,
16 in the Loan/Grant Agreement; (ii) the availability of other moneys necessary and sufficient, together
17 with the Loan/Grant Amount, to complete the Project; and (iii) the authorization, execution and
18 delivery of the Loan/Grant Agreement which are required to have been obtained by the date of this
19 Ordinance, have been obtained or are reasonably expected to be obtained.

20 **NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE**
21 **CITY OF SANTA FE, NEW MEXICO:**

22 **Section 1. Definitions.** As used in this Ordinance, the following terms shall, for all
23 purposes, have the meanings herein specified, unless the context clearly requires otherwise (such
24 meanings to be equally applicable to both the singular and the plural forms of the terms defined):

25 “Act” means the general laws of the State, particularly the Water Project Finance Act, NMSA

1 1978, §§ 72-4A-1 through 72-4A-10, as amended, and enactments of the Governing Body relating to
2 the Loan/Grant Agreement, including this Ordinance, all as amended and supplemented.

3 “Additional Funding Amount” means the amount to be provided by the Borrower/Grantee
4 which includes the total value of hard or of the soft match, which, in combination with the
5 Loan/Grant Amount and other amounts available to the Borrower/Grantee, is sufficient to complete
6 the Project. The Additional Funding Amount is (\$239,000).

7 “Administrative Fee” means an amount equal to one-quarter of one percent (0.25%) per
8 annum of the unpaid principal balance of the Loan Amount, taking into account both payments made
9 by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee pursuant
10 to Section 5.1(a)(iii) of the Loan/Grant Agreement.

11 “Authorized Officers” means any one or more of the Mayor, City Manager and City Clerk of
12 the Borrower/Grantee.

13 “Board Rules” means Review and Eligibility of Proposed Water Projects, New Mexico Water
14 Trust Board, 19.25.10 NMAC.

15 “Borrower/Grantee” means the City of Santa Fe in Santa Fe County, New Mexico.

16 “Completion Date” means the date of final payment of the cost of the Project.

17 “Conditions” has the meaning given to that term in the Loan/Grant Agreement.

18 “Effective Date” or “Closing Date” means the date of execution the Loan/Grant Agreement,
19 by the Borrower/Grantee, the Water Trust Board and the Finance Authority.

20 “Eligible Legal Cost” has the meaning given to that term in the Loan/Grant Agreement.

21 “Eligible Fiscal Agent Fees” has the meaning given to that term in the Loan/Grant
22 Agreement.

23 “Expense Account” means the account established by the Finance Authority in accordance
24 with this Ordinance and held by the Finance Authority to pay the Expenses incurred by the
25 Lenders/Grantors in connection with the Loan/Grant Agreement and the Loan/Grant.

1 “Expenses” means the costs of the Lenders/Grantors of originating and administering the
2 Loan/Grant, including Eligible Legal Costs and Eligible Fiscal Agent Fees to the extent allowed
3 under the Act, the Board Rules and applicable policies of the Water Trust Board.

4 “Finance Authority” means the New Mexico Finance Authority.

5 “Generally Accepted Accounting Principles” means the officially established accounting
6 principles applicable to the Borrower/Grantee consisting of the statements, determinations and other
7 official pronouncements of the Government Accounting Standards Board, Financial Accounting
8 Standards Board, Federal Accounting Standards Board or other principle-setting body acceptable to
9 the Lenders/Grantors establishing accounting principles applicable to the Borrower/Grantee.

10 “Governing Body” means the City Council of the Borrower/Grantee, or any future successor
11 governing body of the Borrower/Grantee.

12 “Grant” or “Grant Amount” means the amount provided to the Borrower/Grantee as a grant
13 pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and equals \$135,000.

14 “Gross Revenues” means all income and revenues directly or indirectly derived by the
15 Borrower/Grantee from the operation and use of the System, or any part of the System, and includes,
16 without limitation, all revenues received by the Borrower/Grantee, or any municipal corporation or
17 agency succeeding to the rights of the Borrower/Grantee, from the System and from the sale and use
18 of water services or facilities, or any other service, commodity or facility or any combination thereof
19 furnished to the constituent public served by the Borrower/Grantee.

20 Gross Revenues do not include:

21 (a) Any money received as (i) grants or gifts from the United States of America, the
22 State or other sources or (ii) the proceeds of any charge or tax intended as a replacement therefore or
23 other capital contributions from any source which are restricted as to use;

24 (b) Gross receipts taxes, other taxes and/or fees collected by the Borrower/Grantee and
25 remitted to other governmental agencies; and

1 (c) Condemnation proceeds or the proceeds of any insurance policy, except any
2 insurance proceeds derived in respect of loss of use or business interruption.

3 "Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to this entire
4 Ordinance and not solely to the particular section or paragraph of this Ordinance in which such word
5 is used.

6 "Lenders/Grantors" means the Water Trust Board and the Finance Authority.

7 "Loan" or "Loan Amount" means the amount provided to the Borrower/Grantee as a loan
8 pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and equals \$15,000.

9 "Loan/Grant" or "Loan/Grant Amount" means the combined amount partially provided to the
10 Borrower/Grantee as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan
11 Amount pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and equals
12 \$150,000.

13 "Loan/Grant Agreement" means the Water Project Fund Loan/Grant Agreement entered into
14 by and among the Borrower/Grantee, the Water Trust Board and the Finance Authority as authorized
15 by this Ordinance.

16 "Net System Revenues" means the Gross Revenues of the water utility system owned and
17 operated by the Borrower/Grantee minus Operation and Maintenance Expenses, indirect charges,
18 amounts expended for capital replacement and repairs, required set asides for debt and replacement
19 requirements, and any other payments from the gross revenues reasonably required for operation of
20 the water utility system.

21 "NMAC" means the New Mexico Administrative Code.

22 "NMSA 1978" means the New Mexico Statutes Annotated, 1978 Compilation, as amended
23 and supplemented from time to time.

24 "Operation and Maintenance Expenses" means all reasonable and necessary current expenses
25 of the System, for any particular Fiscal Year or period to which such term is applicable, paid or

1 accrued, related to operating, maintaining and repairing the System, including, without limiting the
2 generality of the foregoing:

3 (a) Legal and overhead expenses of the Borrower/Grantee directly related and
4 reasonably allocable to the administration of the System;

5 (b) Insurance premiums for the System, including, without limitation, premiums for
6 property insurance, public liability insurance and workmen's compensation insurance, whether or not
7 self-funded;

8 (c) Premiums, expenses and other costs (other than required reimbursements of
9 insurance proceeds and other amounts advanced to pay debt service requirements on System bonds)
10 for credit facilities;

11 (d) Any expenses described in this definition other than expenses paid from the proceeds
12 of System bonds;

13 (e) The costs of audits of the books and accounts of the System;

14 (f) Amounts required to be deposited in any rebate fund;

15 (g) Salaries, administrative expenses, labor costs, surety bonds and the cost of water,
16 materials and supplies used for or in connection with the current operation of the System; and

17 (h) Any fees required to be paid under any operation, maintenance and/or management
18 agreement with respect to the System.

19 Operation and Maintenance Expenses do not include any allowance for depreciation,
20 payments in lieu of taxes, franchise fees payable or other transfers to the Borrower/Grantee's general
21 fund, liabilities incurred by the Borrower/Grantee as a result of its negligence or other misconduct in
22 the operation of the System, any charges for the accumulation of reserves for capital replacements or
23 any Operation and Maintenance Expenses payable from moneys other than Gross Revenues.

24 "Ordinance" means this Ordinance as it may be supplemented or amended from time to time.

25 "Pledged Revenues" means the Net System Revenues of the Borrower/Grantee pledged to the

1 payment of the Loan Amount and Administrative Fee pursuant to this Ordinance and the Loan/Grant
2 Agreement and described in the Term Sheet.

3 “Project” means the project described in the Term Sheet.

4 “Project Account” means the book account established by the Finance Authority in the name
5 of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the
6 Borrower/Grantee to pay for the costs of the Project, as shown in the Term Sheet, which account shall
7 be kept separate and apart from all other accounts of the Finance Authority.

8 “Qualifying Water Project” means a water project for (i) storage, conveyance or delivery of
9 water to end-users; (ii) implementation of the federal Endangered Species Act of 1973 collaborative
10 programs; (iii) restoration and management of watersheds; (iv) flood prevention or (v) conservation,
11 recycling, treatment or reuse of water as provided by law; and which has been approved by the state
12 legislature pursuant to NMSA 1978, § 72-4A-9(B), as amended.

13 “State” means the State of New Mexico.

14 “System” means the water utility system of the Borrower/Grantee, owned and operated by the
15 Borrower/Grantee, and of which the Project, when completed, will form part.

16 “Term Sheet” means Exhibit “A” attached to the Loan/Grant Agreement.

17 “Useful Life” means the structural and material design life of the Project, including planning
18 and design features, which shall not be less than twenty (20) years as required by the Act and the
19 Board Rules.

20 “Water Project Fund” means the fund of the same name created pursuant to NMSA 1978, §
21 72-4A-9, as amended, and held and administered by the Finance Authority.

22 “Water Trust Board” or “WTB” means the water trust board created and established pursuant
23 to the Act.

24 **Section 2. Ratification.** All action heretofore taken (not inconsistent with the
25 provisions of this Ordinance) by the Borrower/Grantee and officers of the Borrower/Grantee directed

1 toward the acquisition and completion of the Project, the pledge of the Pledged Revenues to payment
2 of amounts due under the Loan/Grant Agreement, and the execution and delivery of the Loan/Grant
3 Agreement shall be, and the same hereby is, ratified, approved and confirmed.

4 **Section 3. Authorization of the Project and the Loan/Grant Agreement.** The
5 acquisition and completion of the Project and the method of funding the Project through execution
6 and delivery of the Loan/Grant Agreement are hereby authorized and ordered. The Project is for the
7 benefit and use of the Borrower/Grantee and the public whom it serves.

8 Section 4. Findings. The Governing Body hereby declares that it has considered all
9 relevant information and data and hereby makes the following findings:

10 A. The Project is needed to meet the needs of the Borrower/Grantee and the
11 public whom it serves.

12 B. Moneys available and on hand for the Project from all sources other than the
13 Loan/Grant are not sufficient to defray the cost of acquiring and completing the Project but, together
14 with the Loan/Grant Amount, are sufficient to complete the Project.

15 C. The Project and the execution and delivery of the Loan/Grant Agreement
16 pursuant to the Act to provide funds for the financing of the Project are necessary and in the interest
17 of the public health, safety, and welfare of the constituent public served by the Borrower/Grantee.

18 D. The Borrower/Grantee will acquire and complete the Project with the
19 proceeds of the Loan/Grant, the Additional Funding Amount and other amounts available to the
20 Borrower/Grantee, and except as otherwise expressly provided by the Loan/Grant Agreement, will
21 utilize, operate and maintain the Project for the duration of its Useful Life, which is not less than
22 twenty (20) years, as required by NMSA 1978, § 72-4A-7(A)(1), as amended.

23 E. Together with the Loan/Grant Amount, and other amounts available to the
24 Borrower/Grantee, the Additional Funding Amount is now available to the Borrower/Grantee, or is
25 expected to become available to the Borrower/Grantee within six (6) months after the Closing Date,

1 and, in combination with the Loan/Grant Amount, the Additional Funding Amount and other amounts
2 available to the Borrower/Grantee, will be sufficient to complete the Project and pay Expenses.

3 F. The Lenders/Grantors shall maintain on behalf of the Borrower/Grantee a
4 separate Project Account as a book account only on behalf of the Borrower/Grantee and financial
5 records in accordance with Generally Accepted Accounting Principles during the construction or
6 implementation of the Project.

7 G. The Borrower/Grantee has or will acquire title to or easements or rights of
8 way on the real property upon which the Project is being located.

9 **Section 5. Loan/Grant Agreement—Authorization and Detail.**

10 A. Authorization. This Ordinance has been adopted by the affirmative vote of at
11 least three-fourths (3/4) majority of all of the members of the Governing Body. For the purpose of
12 protecting the public health, conserving the property, and protecting the general welfare and
13 prosperity of the constituent public served by the Borrower/Grantee and completing the Project, it is
14 hereby declared necessary that the Borrower/Grantee execute and deliver the Loan/Grant Agreement
15 evidencing the Borrower/Grantee's acceptance of the Grant Amount of \$135,000 and borrowing the
16 Loan Amount of \$15,000 to be utilized solely for the purpose of completing the Project and paying
17 Expenses, and solely in the manner and according to the restrictions set forth in the Loan/Grant
18 Agreement, the execution and delivery of which is hereby authorized. The Borrower/Grantee shall
19 use the Loan/Grant Amount to finance the completion of the Project and to pay Expenses.

20 B. Detail. The Loan/Grant Agreement shall be in substantially the form of the
21 Loan/Grant Agreement presented at the meeting of the Governing Body at which this Ordinance was
22 adopted. The Grant shall be in the amount of \$135,000 and the Loan shall be in the amount of
23 \$15,000. Interest on the Loan Amount shall be zero percent (0%) per annum of the unpaid principal
24 balance of the Loan Amount, and the Administrative Fee shall be one-quarter of one percent (0.25%)
25 per annum of the unpaid principal balance of the Loan Amount, taking into account both payments

1 made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee.

2 **Section 6. Approval of Loan/Grant Agreement.** The form of the Loan/Grant
3 Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted,
4 is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge
5 and deliver the Loan/Grant Agreement with such changes, insertions and omissions as may be
6 approved by such individual Authorized Officers, and the City Clerk is hereby authorized to attest the
7 Loan/Grant Agreement. The execution of the Loan/Grant Agreement shall be conclusive evidence of
8 such approval.

9 **Section 7. Security.** The Loan Amount and Administrative Fee shall be solely secured
10 by the pledge of the Pledged Revenues herein made and as set forth in the Loan/Grant Agreement.

11 **Section 8. Disposition of Proceeds: Completion of the Project.**

12 A. Project Account and Expense Account. The Borrower/Grantee hereby
13 consents to creation of the Project Account and the Expense Account by the Finance Authority and
14 further approves of the deposit or crediting of a portion of the Loan/Grant Amount in the Expense
15 Account. Until the Completion Date, the amount of the Loan/Grant credited to the Project Account
16 shall be used and paid out solely for the purpose of acquiring the Project in compliance with
17 applicable law and the provisions of the Loan/Grant Agreement or to pay Expenses.

18 B. Completion of the Project. The Borrower/Grantee shall proceed to complete
19 the Project with all due diligence. Upon the Completion Date, the Borrower/Grantee shall execute a
20 certificate stating that completion of and payment for the Project has been completed. Following the
21 Completion Date or the earlier expiration of the time allowed for disbursement of Loan/Grant funds
22 as provided in the Loan/Grant Agreement, any balance remaining in the Project Account shall be
23 transferred and deposited into the Water Project Fund or otherwise distributed as provided in the
24 Loan/Grant Agreement.

25 C. Water Trust Board and Finance Authority Not Responsible.

1 Borrower/Grantee shall apply the funds derived from the Loan/Grant Agreement as provided therein,
2 and in particular Article VII of the Loan/Grant Agreement. Neither the Water Trust Board nor the
3 Finance Authority shall in any manner be responsible for the application or disposal by the
4 Borrower/Grantee or by its officers of the funds derived from the Loan/Grant Agreement or of any
5 other funds held by or made available to the Borrower/Grantee in connection with the Project.
6 Lenders/Grantors shall not be liable for the refusal or failure of any other agency of the State to
7 transfer any portion of the Loan/Grant Amount in its possession, custody and control to the Finance
8 Authority for disbursement to the Borrower/Grantee, or to honor any request for such transfer or
9 disbursement of the Loan/Grant Amount.

10 **Section 9. Payment of Loan Amount.** Pursuant to the Loan/Grant Agreement, the
11 Borrower/Grantee shall pay the Loan Amount and Administrative Fee directly from the Pledged
12 Revenues to the Finance Authority as provided in the Loan/Grant Agreement in an amount sufficient
13 to pay principal and other amounts due under the Loan/Grant Agreement and to cure any deficiencies
14 in the payment of the Loan Amount or other amounts due under the Loan/Grant Agreement.

15 **Section 10. Lien on Pledged Revenues.** Pursuant to the Loan/Grant Agreement, the
16 Loan/Grant Agreement constitutes an irrevocable lien (but not an exclusive lien) upon the Pledged
17 Revenues to the extent of the Loan Amount and the Administrative Fee, which lien shall be
18 subordinate to any lien on the Pledged Revenues existing on the Closing Date and, further, shall be
19 subordinate to all other indebtedness secured or that may in the future be secured by the Pledged
20 Revenues, except, however, that the lien shall be on parity with any other lien, present or future, for
21 the repayment of any other loan provided to the Borrower/Grantee by the Lenders/Grantors pursuant
22 to the Act.

23 **Section 11. Authorized Officers.** Authorized Officers are hereby individually authorized
24 and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other
25 documents and to do and cause to be done any and all acts and things necessary or proper for carrying

1 out this Ordinance, the Loan/Grant Agreement and all other transactions contemplated hereby and
2 thereby. Authorized Officers are hereby individually authorized to do all acts and things required of
3 them by this Ordinance and the Loan/Grant Agreement for the full, punctual and complete
4 performance of all the terms, covenants and agreements contained in this Ordinance and the
5 Loan/Grant Agreement including but not limited to, the execution and delivery of closing documents
6 in connection with the execution and delivery of the Loan/Grant Agreement.

7 **Section 12. Amendment of Ordinance.** This Ordinance after its adoption may be
8 amended without receipt by the Borrower/Grantee of any additional consideration, but only with the
9 prior written consent of the Water Trust Board and the Finance Authority.

10 **Section 13. Ordinance Irrepealable.** After the Loan/Grant Agreement has been
11 executed and delivered, this Ordinance shall be and remain irrepealable until all obligations due under
12 the Loan/Grant Agreement shall be fully discharged, as herein provided.

13 **Section 14. Severability Clause.** If any section, paragraph, clause or provision of this
14 Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or
15 unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining
16 provisions of this Ordinance.

17 **Section 15. Repealer Clause.** All bylaws, orders, ordinances, resolutions, or parts
18 thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This
19 repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof,
20 heretofore repealed.

21 **Section 16. Effective Date.** Upon due adoption of this Ordinance, it shall be recorded in
22 the book of the Borrower/Grantee kept for that purpose, authenticated by the signatures of the Mayor
23 and City Clerk of the Borrower/Grantee, and this Ordinance shall be in full force and effect thereafter,
24 in accordance with law; provided, however, that if recording is not required for the effectiveness of
25 this Ordinance, this Ordinance shall be effective upon adoption of this Ordinance by the Governing

1 Body.

2 **Section 17. General Summary for Publication.** Pursuant to the general laws of the
3 State, the title and a general summary of the subject matter contained in this Ordinance shall be
4 published in substantially the following form:

5
6 *[Form of Notice of Adoption of Resolution for Publication]*

7
8 **CITY OF SANTA FE, NEW MEXICO**
9 **NOTICE OF ADOPTION OF ORDINANCE**

10
11 Notice is hereby given of the title and of a general summary of the subject matter contained in
12 Ordinance No. _____, duly adopted and approved by the City Council of the City of Santa Fe, New
13 Mexico on _____, 2016. A complete copy of the Ordinance is available for public inspection
14 during normal and regular business hours in the office of the City Clerk, at 801 West San Mateo,
15 Santa Fe, New Mexico.

16 The title of the Ordinance is:

17
18 **CITY OF SANTA FE, NEW MEXICO**
19 **ORDINANCE NO. _____**

20
21 **AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER**
22 **PROJECT FUND LOAN/GRANT AGREEMENT BY AND AMONG THE NEW MEXICO**
23 **WATER TRUST BOARD (“WATER TRUST BOARD”) AND THE NEW MEXICO**
24 **FINANCE AUTHORITY (“FINANCE AUTHORITY”), AND COLLECTIVELY WITH THE**
25 **WATER TRUST BOARD, THE (“LENDERS/GRANTORS”)] AND THE CITY OF SANTA**

1 FE THE "BORROWER/GRANTEE"), IN THE TOTAL AMOUNT OF \$150,000,
2 EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE
3 LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF
4 WATERSHED RESTORATION AND MANAGEMENT, AND SOLELY IN THE MANNER
5 DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR PAYMENT OF
6 THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM NET SYSTEM
7 REVENUES OF THE WATER MANAGEMENT FUND; CERTIFYING THAT THE
8 LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE
9 BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING
10 THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT
11 AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL
12 ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE
13 TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND
14 DELIVERY OF THE LOAN/GRANT AGREEMENT.

15
16 A general summary of the subject matter of the Ordinance is contained in its title. This notice
17 constitutes compliance with NMSA 1978, § 6-14-6, as amended.

18
19 *[End of Form of Notice of Adoption for Publication]*

20
21
22
23
24 *[Remainder of page intentionally left blank.]*
25

1 PASSED, APPROVED AND ADOPTED this ____ day of _____, 2016.

2
3 CITY OF SANTA FE, SANTA FE COUNTY,
4 NEW MEXICO


5
6
7 By _____

8 JAVIER M. GONZALES, MAYOR

9
10 ATTEST:

11
12
13 _____
14 YOLANDA Y. VIGIL, CITY CLERK

15
16 APPROVED AS TO FORM:

17 
18 _____
19 KELLEY A. BRENNAN, CITY ATTORNEY

20
21
22
23
24
25 M/Legislation/Bills 2016/Water Trust Board-NMFA Grant #0349

\$150,000

**WATER PROJECT FUND
LOAN/GRANT AGREEMENT**

Dated

April 15, 2016

By and Between the

**NEW MEXICO FINANCE AUTHORITY,
as Lender/Grantor,**

and the

**CITY OF SANTA FE,
Santa Fe County, New Mexico,
as Borrower/Grantee.**

EXHIBIT

A

**WATER PROJECT FUND
LOAN/GRANT AGREEMENT**

THIS LOAN/GRANT AGREEMENT (the “Agreement” or “Loan/Grant Agreement”) dated April 15, 2016, is entered into by and between the NEW MEXICO FINANCE AUTHORITY (the “Finance Authority”) (the “Lender/Grantor”), and the CITY OF SANTA FE in Santa Fe County, New Mexico (the “Borrower/Grantee”).

WITNESSETH:

Capitalized terms used in the following preambles of this Agreement have the same meaning as defined in the preceding paragraph or in Article I of this Agreement unless the context requires otherwise.

WHEREAS, the Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality, duly organized and created under and pursuant to the laws of the State, particularly NMSA 1978, §§ 6-21-1 through 6-21-31, as amended; and

WHEREAS, the Act provides that the Finance Authority may make loans and grants from the Water Project Fund to qualifying entities for Qualifying Water Projects; and

WHEREAS, pursuant to the Act, the Water Trust Board has established the Board Rules governing the terms and conditions of loans and grants made from the Water Project Fund, as set out in Review and Eligibility of Proposed Water Projects, New Mexico Water Trust Board, 19.25.10 NMAC, pursuant to the Board Rules for Qualifying Water Projects; and

WHEREAS, pursuant to the Board Rules, except as provided in the Policies, a qualifying entity is expected to receive some portion of its funding as a loan in order to maximize the potential for the return of funds to the Water Project Fund, thereby increasing the limited financial resources expected to be available in the Water Project Fund; and

WHEREAS, the Borrower/Grantee is a legally and regularly created, established, organized and existing municipality under the general laws of the State and is a qualifying entity under the Act and is qualified for financial assistance as determined by the Finance Authority and approved by the Water Trust Board pursuant to the Board Rules and the Policies; and

WHEREAS, the Borrower/Grantee has determined that it is in the best interests of the Borrower/Grantee and the public it serves that the Borrower/Grantee enter into this Agreement with the Lender/Grantor to borrow \$15,000 from the Lender/Grantor and to accept a grant in the amount of \$135,000 from the Lender/Grantor to finance the costs of the Project, this Project being more particularly described in the Term Sheet; and

WHEREAS, based upon the Finance Authority’s evaluation of Application No. 773 of the Borrower/Grantee and dealing with the Project, the Finance Authority staff has recommended to the Water Trust Board that the Borrower/Grantee receive financial assistance in

the form of the Loan/Grant, and the Water Trust Board has authorized the Finance Authority to enter into and administer this Agreement; and

WHEREAS, the Borrower/Grantee is willing to pledge the Pledged Revenues to the payment of the Loan and Administrative Fee, with a lien on the Pledged Revenues subordinate to all other liens thereon present and future, except that the lien on the Pledged Revenues of any future loans from the Lender/Grantor to the Borrower/Grantee pursuant to the Water Project Finance Act, secured by the Pledged Revenues shall be on a parity with this Loan/Grant; and

WHEREAS, Chapter 88, being House Bill 578 of the 2015 Regular New Mexico Legislative Session, authorized the funding of the Project from the Water Project Fund; and

WHEREAS, the Water Trust Board has authorized the Finance Authority to enter into and administer this Agreement; and

WHEREAS, the Water Trust Board has determined that the Project is a Qualifying Water Project, and will directly enhance the health, safety, and welfare of the public served by the Borrower/Grantee; and

WHEREAS, the execution and performance of this Agreement have been authorized, approved, and directed by all necessary and appropriate action of the Water Trust Board and the Finance Authority and their respective officers.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree:

ARTICLE I DEFINITIONS

The capitalized terms defined in this Article I shall have the meanings assigned therein, unless the context clearly requires otherwise.

“Act” means the general laws of the State, particularly the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-10, as amended, and enactments of the Governing Body relating to the Loan/Grant Agreement, including the Ordinance, all as amended and supplemented.

“Additional Funding Amount” means the amount to be provided by the Borrower/Grantee which includes the total value of the Soft Match or Hard Match (each as defined in Section 2.5 of the Policies) which, in combination with the Loan/Grant Amount and other moneys available to the Borrower/Grantee, is sufficient to complete the Project or to provide matching funds needed to complete the Project. The Additional Funding Amount is \$239,000.

“Administrative Fee” means an amount equal to one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments

made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee pursuant to Section 5.1(a)(iii) of this Agreement.

“Agreement Term” means the term of this Agreement as provided under Article III of this Agreement.

“Application” means the New Mexico Water Trust Board Application for Financial Assistance No. 773 of the Borrower/Grantee and pursuant to which the Borrower/Grantee requested funding for the Project.

“Authorized Officers” means, with respect to the Borrower/Grantee, any one or more of the Mayor, City Manager and City Clerk thereof; with respect to the Finance Authority, any one or more of the Chairperson, Vice-Chairperson, Secretary and Chief Executive Officer of the Finance Authority, and any other officer or employee of the Finance Authority designated in writing by an Authorized Officer thereof.

“Board Rules” means Review and Eligibility of Proposed Water Projects, New Mexico Water Trust Board, 19.25.10 NMAC.

“Closing Date” means the date of execution of this Agreement by the Borrower/Grantee and the Finance Authority.

“Conditions” means the conditions to be satisfied prior either (1) to the submission of a request for payment by the Finance Authority to the State Board of Finance on behalf of the Borrower/Grantee, or (2) to disbursement of the Loan/Grant Amount, or any portion thereof, from the Water Project Fund, or which otherwise apply to the performance of this Agreement, including those set forth in the Term Sheet.

“Department of Finance and Administration” or “DFA” means the department of finance and administration of the State.

“Eligible Fiscal Agent Fees” means fees and costs incurred by a fiscal agent for the administration of Project funds, including the collection and reporting of Project information as required by this Agreement, in an amount not exceeding five (5) percent of the Loan/Grant Amount. The total amount of the combined Eligible Fiscal Agent Fees and Eligible Legal Fees may not exceed ten (10) percent of the total Water Project Fund Financial Assistance.

“Eligible Items” means eligible Project costs for which grants and loans may be made pursuant to NMSA 1978, § 72-4A-7(C), as amended, of the Act, the Board Rules and applicable Policies, and includes Expenses.

“Eligible Legal Costs” means legal fees and costs for services rendered by legal counsel on behalf of the Borrower/Grantee for transaction of the Project, in an amount not exceeding ten (10) percent of the Loan/Grant Amount, but does not include adjudication services. The total amount of the combined Eligible Fiscal Agent Fees and Eligible Legal Fees may not exceed ten (10) percent of the total Loan/Grant Amount.

“Event of Default” means one or more events of default as defined in Section 10.1 of this Agreement.

“Expense Account” means the account established by the Finance Authority in accordance with the Ordinance and held by the Finance Authority to pay the Expenses incurred by the Lender/Grantor in connection with the Loan/Grant Agreement and the Loan/Grant.

“Expenses” means the costs of the Lender/Grantor of originating and administering the Loan/Grant, and includes Eligible Legal Costs and Eligible Fiscal Agent Fees to the extent allowed under the Act, the Board Rules, other applicable statutes and rules, and applicable Policies.

“Fiscal Year” means the period commencing on July 1 of each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority of the Borrower/Grantee may hereafter establish for the Borrower/Grantee as its fiscal year.

“Generally Accepted Accounting Principles” means the officially established accounting principles applicable to the Borrower/Grantee, consisting of the statements, determinations and other official pronouncements of the Government Accounting Standards Board, Financial Accounting Standards Board, Federal Accounting Standards Board, or other principle-setting body acceptable to the Lender/Grantor, establishing accounting principles applicable to the Borrower/Grantee.

“Governing Body” means the City Council of the Borrower/Grantee, or any future successor governing body of the Borrower/Grantee.

“Grant” or “Grant Amount” means the amount provided to the Borrower/Grantee as a grant pursuant to this Agreement for the purpose of funding the Project and equals \$135,000.

“Gross Revenues” means all income and revenues directly or indirectly derived by the Borrower/Grantee from the operation and use of the System, or any part of the System, for any particular Fiscal Year period to which the term is applicable, and includes, without limitation, all revenues received by the Borrower/Grantee, or any municipal corporation or agency succeeding to the rights of the Borrower/Grantee, from the System and from the sale and use of water services or facilities, or any other service, commodity or facility or any combination thereof furnished by the System.

Gross Revenues do not include:

(a) Any money received as (i) grants or gifts from the United States of America, the State or other sources or (ii) the proceeds of any charge or tax intended as a replacement therefor or other capital contributions from any source which are restricted as to use;

(b) Gross receipts taxes, other taxes and/or fees collected by the Borrower/Grantee and remitted to other governmental agencies; and

(c) Condemnation proceeds or the proceeds of any insurance policy, except any insurance proceeds derived in respect of loss of use or business interruption.

“Herein,” “hereby,” “hereunder,” “hereof,” “hereinabove” and “hereafter” refer to this entire Loan/Grant Agreement and not solely to the particular section or paragraph of this Loan/Grant Agreement in which such word is used.

“Interest Component” means the portion of each Loan Payment paid as interest on this Loan/Grant Agreement, if any, as shown on Exhibit “C” hereto.

“Lender/Grantor” means the Finance Authority.

“Loan” or “Loan Amount” means the amount provided to the Borrower/Grantee as a loan pursuant to this Agreement for the purpose of funding the Project and equals \$15,000.

“Loan/Grant” or “Loan/Grant Amount” means the combined amount partially provided to the Borrower/Grantee as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan Amount pursuant to this Agreement for the purpose of funding the Project and equals \$150,000.

“Loan Payments” means, collectively, the Principal Component and the Interest Component, if any, to be paid by the Borrower/Grantee as payment of this Loan/Grant Agreement as shown on Exhibit “C” hereto.

“Net System Revenues” means the Gross Revenues of the System minus Operation and Maintenance Expenses, indirect charges, amounts expended for capital replacements and repairs, required set asides for debt and replacement requirements, and any other payments from the gross revenues reasonably required for operation of the water utility system.

“NMAC” means the New Mexico Administrative Code.

“NMSA 1978” means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented from time to time.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the System, for any particular Fiscal Year or period to which such term is applicable, paid or accrued, related to operating, maintaining and repairing the System, including, without limiting the generality of the foregoing:

(a) Legal and overhead expenses of the Borrower/Grantee directly related and reasonably allocable to the administration of the System;

(b) Insurance premiums for the System, including, without limitation, premiums for property insurance, public liability insurance and workmen’s compensation insurance, whether or not self-funded;

(c) Premiums, expenses and other costs (other than required reimbursements of insurance proceeds and other amounts advanced to pay debt service requirements on System bonds) for credit facilities;

(d) Any expenses described in this definition other than expenses paid from the proceeds of System bonds;

(e) The costs of audits of the books and accounts of the System;

(f) Amounts required to be deposited in any rebate fund;

(g) Salaries, administrative expenses, labor costs, surety bonds and the cost of water, materials and supplies used for or in connection with the current operation of the System; and

(h) Any fees required to be paid under any operation, maintenance and/or management agreement with respect to the System.

Operation and Maintenance Expenses do not include any allowance for depreciation, payments in lieu of taxes, franchise fees payable or other transfers to the Borrower/Grantee's general fund, liabilities incurred by the Borrower/Grantee as a result of its negligence or other misconduct in the operation of the System, any charges for the accumulation of reserves for capital replacements or any Operation and Maintenance Expenses payable from moneys other than Gross Revenues.

“Ordinance” means the Borrower/Grantee’s Ordinance No. _____, adopted March 19, 2016, authorizing the acceptance of the Loan/Grant and the execution of this Agreement.

“Pledged Revenues” means the Net System Revenues of the Borrower/Grantee pledged to the payment of the Loan Amount and Administrative Fees pursuant to the Ordinance and this Loan/Grant Agreement and described in the Term Sheet.

“Policies” means the Water Trust Board Water Project Fund Project Management Policies approved by the Water Trust Board and the Finance Authority, as amended and supplemented from time to time.

“Principal Component” means the portion of each Loan Payment paid as principal on this Loan/Grant Agreement as shown on Exhibit “C” hereto.

“Project” means the project described in the Term Sheet.

“Project Account” means the book account established by the Finance Authority in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, as shown in the Term Sheet, which account shall be kept separate and apart from all other accounts of the Finance Authority.

“Qualifying Water Project” means a water project for (i) storage, conveyance or delivery of water to end-users; (ii) implementation of the federal Endangered Species Act of 1973 collaborative programs; (iii) restoration and management of watersheds; (iv) flood prevention or (v) conservation, recycling, treatment or reuse of water as provided by law; and which has been approved by the state legislature pursuant to NMSA 1978, § 72-4A-9(B), as amended.

“State” means the State of New Mexico.

“State Board of Finance” means the State board of finance created pursuant to NMSA 1978, §§ 6-1-1 through 6-1-13, as amended.

“System” means the water utility system of the Borrower/Grantee, owned and operated by the Borrower/Grantee, and of which the Project, when completed, will form part.

“Term Sheet” means Exhibit “A” attached to this Agreement.

“Useful Life” means the structural and material design life of the Project including planning and design features, which shall not be less than twenty (20) years as required by the Act and the Board Rules.

“Water Project Fund” means the fund of the same name created pursuant to the Act and held and administered by the Finance Authority.

“Water Trust Board” or “WTB” means the water trust board created and established pursuant to the Act.

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Borrower/Grantee: The Borrower/Grantee represents, covenants and warrants as follows:

(a) Binding Nature of Covenants; Enforceability. All covenants, stipulations, obligations, and agreements of the Borrower/Grantee contained in this Loan/Grant Agreement shall be deemed to be the covenants, stipulations, obligations, and agreements of the Borrower/Grantee to the full extent authorized or permitted by law, and such covenants, stipulations, obligations, and agreements shall be binding upon the Borrower/Grantee and its successors and enforceable in accordance with their terms, and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations, and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Agreement, all rights, powers, and privileges conferred and duties and liabilities imposed upon the Borrower/Grantee by the provisions of this Agreement and the Ordinance shall be exercised or performed by the Borrower/Grantee or by such members, officers, or officials of the Borrower/Grantee as may be required by law to exercise such powers and to perform such duties.

(b) Authorization of Agreement. The Borrower/Grantee is a qualifying entity as defined in the Act and the Board Rules. Pursuant to the laws of the State and in particular, the laws governing its creation and existence, as amended and supplemented from time to time, the Borrower/Grantee is authorized to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Borrower/Grantee has duly authorized and approved its acceptance of the Loan/Grant and the execution and delivery of this Agreement and the other documents related to the transaction described in this Agreement.

(c) Nature and Use of Agreement Proceeds. The Borrower/Grantee acknowledges that the distribution of the Loan/Grant Amount shall be deemed to be a distribution to the Borrower/Grantee first of the Loan Amount and then, once an amount equal to the Loan Amount has been distributed, of the Grant Amount. The Borrower/Grantee shall apply the proceeds of the Loan/Grant solely to Eligible Items that will facilitate the completion of the Project as well as the payment of the Expenses, and shall not use the Loan/Grant proceeds for any other purpose. The Loan/Grant Amount, together with the Additional Funding Amount and other moneys reasonably expected to be available to the Borrower/Grantee, is sufficient to complete the Project in its entirety and to pay the Expenses.

(d) Payment of Loan Amount. The Borrower/Grantee shall promptly pay the Loan Amount and Administrative Fee as provided in this Agreement. The Loan and Administrative Fee shall be payable solely from Pledged Revenues and nothing in this Agreement shall be construed as obligating the Borrower/Grantee to make the Loan Payments and to pay the Administrative Fee from any general or other fund of the Borrower/Grantee other than the Pledged Revenues; however, nothing in this Agreement shall be construed as prohibiting the Borrower/Grantee, in its sole and absolute discretion, from making such payments from any moneys which may be lawfully used, and which are legally available, for that purpose.

(e) Scope of Project; Completion of Project; Compliance with Laws. The Project is for restoration and management of watersheds. The Loan/Grant Amount will be used only for Eligible Items necessary to complete the Project. In particular, the Project will consist of vegetation management to include restoring forests, reducing the risk of fire and maintaining water quality for the Borrower/Grantee, and shall include such other related work and revisions necessary to complete the Project. The Project is more particularly described in the Term Sheet. The Project will be completed with all practical dispatch and will be completed, operated and maintained so as to comply with all applicable federal, state and local laws, ordinances, resolutions and regulations and all current and future orders of all courts having jurisdiction over the Borrower/Grantee relating to the acquisition, operation, maintenance and completion of the Project and to the use of the Loan/Grant proceeds.

(f) Necessity of Project. The completion and operation of the Project under the terms and Conditions provided in this Agreement are necessary, convenient, and in furtherance of the governmental purposes of the Borrower/Grantee and are in the best interest of the Borrower/Grantee and the public it serves.

(g) Agreement Term Not Less than Useful Life. The Agreement Term is not less than the Useful Life of the Project, which is not less than twenty (20) years, as required by NMSA 1978, § 72-4A-7, as amended, of the Act.

(h) Amount of Agreement. The sum of the Grant Amount, the Loan Amount, and the Additional Funding Amount (and as set forth on the Term Sheet) does not exceed the cost of the Project and the Expenses.

(i) No Breach or Default Caused by Agreement. Neither the execution and delivery of this Agreement, nor the fulfillment of or compliance with the terms and Conditions in the Agreement, nor the consummation of the transactions contemplated herein, conflicts with or results in a breach of terms, conditions or provisions of any restriction or any agreement or instrument to which the Borrower/Grantee is a party or by which the Borrower/Grantee is bound, or any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Borrower/Grantee or its properties are subject, or constitutes a default under any of the foregoing.

(j) Irrevocability of Enactments. While this Agreement remains outstanding, any ordinance, resolution or other enactment of the Governing Body accepting the terms hereof, pledging the Pledged Revenues, or in any way relating to the Loan/Grant or this Agreement, including the Ordinance, shall be irrevocable until the Project has been fully acquired and completed, and the Loan Amount, including all principal and interest has been repaid, or provision made for payment thereof, and shall not be subject to amendment or modification in any manner which would result in any use of the proceeds of this Agreement in a manner not permitted or contemplated by the terms hereof. The Borrower/Grantee shall not impair the rights of the Finance Authority or of any holders of bonds or other obligations payable from the Pledged Revenues while this Agreement is outstanding.

(k) No Litigation. To the knowledge of the Borrower/Grantee, no litigation or proceeding is pending or threatened against the Borrower/Grantee or any other person affecting the right of the Borrower/Grantee to execute this Agreement or to comply with its obligations hereunder. Neither the execution of this Agreement by the Borrower/Grantee nor compliance by the Borrower/Grantee with the obligations hereunder requires the approval of any regulatory body, or any other entity, which approval has not been obtained or which is not reasonably expected to be obtained.

(l) No Event of Default. No event has occurred and no condition exists which, upon the execution and delivery of this Agreement, would constitute an Event of Default on the part of the Borrower/Grantee hereunder.

(m) Expected Coverage Ratio. The Pledged Revenues from the Fiscal Year in which the Closing Date occurs are reasonably expected to equal or exceed and, on an ongoing basis during each Fiscal year during the Agreement Term are reasonably expected to equal or exceed, one hundred percent (100%) of the maximum annual principal and interest due on all outstanding obligations of the Borrower/Grantee payable from the Pledged Revenues.

(n) Financial Capability; Budgeting of Pledged Revenues; Approval by Department of Finance and Administration. The Borrower/Grantee meets and will meet during the Agreement Term the requirements of financial capability set by the Water Trust Board and the Finance Authority. The Pledged Revenues will be sufficient to make the Loan Payments, as and when due. The Borrower/Grantee will adequately budget for the Loan Payments and other amounts payable by the Borrower/Grantee under this Agreement and will submit such budget on an annual basis to the Department of Finance and Administration for review and verification of compliance with this requirement.

(o) Rate Covenant. The Borrower/Grantee covenants that it will at all times fix, charge and collect such rates and charges as shall be required in order that in each Fiscal year in which the Loan is outstanding the Gross Revenues shall at least equal the Operation and Maintenance Expenses of the System for the Fiscal year, plus one hundred percent (100%) of the maximum annual principal and interest payments due on all outstanding obligations payable from the Pledged Revenues.

(p) Borrower/Grantee's Existence. The Borrower/Grantee will maintain its legal identity and existence so long as this Agreement remains outstanding unless another political subdivision, State agency or other entity by operation of law succeeds to the liabilities, rights and duties of the Borrower/Grantee under this Agreement without adversely affecting to any substantial degree the privileges and rights of the Lender/Grantor.

(q) Use of Project; Continuing Covenant. During the Agreement Term, the Borrower/Grantee will at all times use the Project for the benefit of the Borrower/Grantee and the public it serves. The Borrower/Grantee shall not sell, lease, mortgage, pledge, relocate or otherwise dispose of or transfer the Project, or any part of the Project during the Useful Life of the System, or any part of the System during the Agreement Term; provided, however, that if the Project is a joint project of the Borrower/Grantee and other qualifying entities (as defined by the Act), the Borrower/Grantee and the other qualifying entities may, with the express written approval of the Lender/Grantor and not otherwise, enter into an agreement allocating ownership and operational and maintenance responsibilities for the Project during its Useful Life. Any, such agreement shall provide that the Lender/Grantor shall have the power to enforce the terms of this Agreement, without qualification, as to each and every qualifying entity (as defined by the Act) owning or operating any portion of the Project during its Useful Life. If any portion of the Project will be constructed, located, completed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee shall, prior to any use of the Loan/Grant funds for the Project on such real property, obtain the written agreement of such other qualifying entity to abide by these restrictions with respect to such real property (and the portion of the Project to be constructed, located, completed or extended on such real property), which written agreement shall include an express statement by such other qualifying entity that the Lender/Grantor is a third party beneficiary of such written agreement. The Borrower/Grantee will operate and maintain the Project, so that it will function properly over its Useful Life. The provisions of this Section shall remain effective and enforceable by the Lender/Grantor for the duration of the Useful Life of the Project.

(r) Additional Funding Amount. Together with the Loan/Grant Amount and other amounts available to the Borrower/Grantee, the Additional Funding Amount is now available to the Borrower/Grantee, or will become available to the Borrower/Grantee within six (6) months after the Closing Date, and in combination with the Loan/Grant Amount, will be sufficient to complete the Project. If any other additional expenses are incurred, the Borrower/Grantee shall be responsible for payment of such expenses.

(s) Audit Requirement. During the Agreement Term the Borrower/Grantee shall comply with the requirements of the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-14, as amended. Upon request by the Finance Authority, the Borrower/Grantee shall provide the requesting party a copy of any audit prepared pursuant to the State Audit Act.

(t) Conservation Plan. The Borrower/Grantee has submitted a water conservation plan or one is on file with the State engineer, as required by NMSA 1978, § 72-4A-7, as amended.

(u) Efficient Operation. The Borrower/Grantee will operate the System so long as this Loan/Grant Agreement is outstanding, will maintain the System in efficient operating condition and make such improvements, extensions, enlargements, repairs and betterments to the System as may be necessary or advisable for its economical and efficient operation at all times and sufficient to supply reasonable demands for System services.

(v) Records. So long as the Loan/Grant Agreement remains outstanding, proper books of record and account will be kept by the Borrower/Grantee in accordance with Generally Accepted Accounting Principles, separate from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Such books shall include, but not necessarily be limited to, monthly records showing: (i) the number of customers for the water system; (ii) the revenues separately received from charges by classes of customers, including but not necessarily limited to classification by facilities; and (iii) a detailed statement of the expenses of the System.

(w) Billing Procedure. Bills for water services or facilities furnished by or through the System, shall be rendered to customers on a regular basis each month following the month in which the service was rendered and shall be due as required by the applicable ordinance of the Borrower/Grantee. If permitted by law, if a bill is not paid within the period of time required by such ordinance or regulation, water services shall be discontinued as required by such ordinance or regulation, and the rates and charges due shall be collected in a lawful manner, including, but not limited to, the cost of disconnection and reconnection.

(x) Competent Management. The Borrower/Grantee shall employ or contract for experienced and competent personnel to manage the System.

(y) Executive Order 2013-006 Requirements. The Borrower/Grantee has met the requirements of Executive Order 2013-006 and it has met or will meet prior to the first disbursement of any portion of the Loan/Grant Amount, the Conditions and the readiness to

proceed requirements established for the Loan/Grant by the Finance Authority and the Water Trust Board.

Section 2.2 Representations, Covenants, Warranties and Findings of the Finance Authority. The Finance Authority represents, covenants and warrants for the benefit of the Borrower/Grantee as follows:

(a) Authority of Finance Authority. The Finance Authority has all necessary power and authority to enter into and perform and observe the covenants and agreements on its part contained in this Agreement and, by proper action, has duly authorized the execution and delivery of this Agreement.

(b) Legal, Valid and Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Finance Authority enforceable in accordance with its terms.

ARTICLE III AGREEMENT TERM

The Agreement Term shall commence on the Closing Date and shall terminate at the end of the Useful Life of the Project, which in no event shall be less than twenty (20) years, as required by NMSA 1978, § 72-4A-7, as amended, of the Act.

ARTICLE IV LOAN/GRANT AMOUNT DISBURSEMENT CONDITIONS

Section 4.1 Conditions Precedent to Disbursement of Loan/Grant. Prior to either (1) the submission of any request for payment by the Finance Authority to the State Board of Finance on behalf of the Borrower/Grantee for payment of any requisition of the Loan/Grant Amount or any portion thereof, or (2) the disbursement of the Loan/Grant Amount or any portion thereof by the Finance Authority from the Water Project Fund, the following Conditions and readiness to proceed items shall be satisfied:

(a) The Finance Authority, on behalf of the Water Trust Board, shall have determined that the Borrower/Grantee has met the Conditions and readiness to proceed requirements established for the Loan/Grant by the Finance Authority and the Water Trust Board including any Conditions set out in the Term Sheet; and

(b) Except as otherwise expressly provided in the Conditions, the Borrower/Grantee shall have certified to the Lender/Grantor that the Additional Funding Amount is available for the Project, and, in addition, shall have provided additional evidence reasonably acceptable to the Lender/Grantor of the availability of the Additional Funding Amount; and

(c) The Borrower/Grantee shall be in compliance with the provisions of this Agreement.

Section 4.2 Determination of Eligibility Is Condition Precedent to Disbursement. No request for payment shall be made to the State Board of Finance by the Finance Authority on behalf of the Borrower/Grantee, nor shall any disbursement be made from the Water Project Fund, for any requisition of any portion of the Loan/Grant Amount, except upon a determination by the Finance Authority that such disbursement is for payment of Eligible Items, and that the request for payment or disbursement does not exceed any limitation upon the amount payable for any Eligible Item pursuant to the Act, the Board Rules, and the Policies governing the Water Project Fund. The Finance Authority, as a condition precedent to submitting any request for payment to the State Board of Finance or making any requested disbursement from the Water Project Fund, may require submittal of such documentation as the Finance Authority deems necessary, in its sole and absolute discretion, for a determination whether any requested disbursement is for payment of Eligible Items and is fully consistent with the Act, the Board Rules, and the Policies, as applicable.

ARTICLE V
LOAN TO THE BORROWER/GRANTEE; GRANT TO THE
BORROWER/GRANTEE; APPLICATION OF MONEYS

Section 5.1 Loan and Grant to the Borrower/Grantee.

(a) Loan to the Borrower/Grantee. The Lender/Grantor hereby lends to the Borrower/Grantee and the Borrower/Grantee hereby borrows from and agrees to pay to the order of the Lender/Grantor, without interest, an amount equal to the Loan Amount, with the principal amount of the Loan Amount being payable as provided by Article VI and Exhibit "C" of this Agreement.

(i) Subordinate Nature of Loan Amount and Administrative Fee Obligation. The obligation of the Borrower/Grantee to make the Loan Payments and to pay the Administrative Fee shall be subordinate to all other indebtedness secured by the Pledged Revenues existing on the Closing Date and, further, that may in the future be secured by the Pledged Revenues; except, however, that the obligation of the Borrower/Grantee to make the Loan Payments and to pay the Administrative Fee shall be on parity with any other obligation, present or future, of the Borrower/Grantee to repay a loan provided by the Lender/Grantor pursuant to the Act.

(ii) Administrative Fee. The Borrower/Grantee shall, on an annual basis beginning [June 1, 2016], pay to the Lender/Grantor an administrative fee equal to one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee as provided by this Agreement. Any such Administrative Fee payment shall be due irrespective of whether or not a hardship waiver of payment is granted to the Borrower/Grantee for the principal payment otherwise due on June 1 of the applicable year or any other year.

(iii) Hardship Waivers of Payment. Each year while any portion of the Loan Amount remains outstanding, no later than April 1 of each such year, the Borrower/Grantee

may apply in writing to the Finance Authority for a determination of whether the annual principal payment on the Loan Amount otherwise due on the upcoming June 1 of such year should be forgiven because such payment would cause undue hardship for the Borrower/Grantee or the public it serves. Although such determination shall be made by the New Mexico Department of Finance and Administration (the "DFA"), the Borrower/Grantee shall submit such application to DFA through the Finance Authority for determination by DFA and shall submit with such application sufficient documentation of the existence of such undue hardship as is reasonably required by DFA (as determined by the Finance Authority and DFA) to make such determination, and the Borrower/Grantee shall promptly respond to additional requests for information from DFA or the Finance Authority. Such application shall be executed by the Authorized Officers of the Borrower/Grantee. For purposes of this Agreement and that determination, an "undue hardship" shall be deemed to exist if DFA determines that the Borrower/Grantee demonstrates economic need and the inability to pay on a timely basis such annual principal payment on the Loan Amount. DFA shall make such determination no later than May 15 of the applicable year, and the Finance Authority shall promptly communicate to the Borrower/Grantee in writing the results of such determination. Upon receipt of written notice of such determination, either the principal payment otherwise due on June 1 of such year shall be forgiven (in the event of a determination of undue hardship) or such principal payment shall remain outstanding and due and payable on such date (in the event no undue hardship is determined to exist).

(b) Grant to the Borrower/Grantee. The Lender/Grantor hereby grants to the Borrower/Grantee and the Borrower/Grantee hereby accepts from the Lender/Grantor an amount equal to the Grant Amount.

(c) Project Account. The Finance Authority shall establish and maintain the Project Account as a book account only, on behalf of the Borrower/Grantee, which account shall be kept separate and apart from all other accounts of the Finance Authority. The Borrower/Grantee hereby acknowledges and consents to the establishment and maintenance of the Project Account and pledges to the Lender/Grantor all its rights, title and interest in the Loan/Grant Amount including the Project Account, for the purpose of securing the Borrower/Grantee's obligations under this Agreement. The Loan/Grant Amount shall be disbursed as provided in Section 7.2 hereof.

(d) Constitutional and Statutory Debt Limitations. No provision of this Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Water Trust Board, the Finance Authority, the State or the Borrower/Grantee within the meaning of any constitutional or statutory debt limitation.

Section 5.2 Application of Loan/Grant Amount. Following the determination by the Finance Authority that the Conditions to the disbursement of the Loan/Grant Amount have been satisfied, the Finance Authority shall:

(a) transfer from monies available for that purpose to pay the Expenses of the Lender/Grantor, as shown on the Term Sheet, the amount requested or disbursed from each fund being in the sole discretion of the Finance Authority; and

(b) make an entry in its accounts, and in particular in the Project Account, reflecting the proceeds of the Loan/Grant Amount requested from the State Board of Finance or made available for disbursement from the Water Project Fund to the Borrower/Grantee at its request, and as needed by it to acquire and complete the Project, as provided in Section 7.2 of this Agreement.

Section 5.3 Investment of Borrower/Grantee's Accounts. Money on deposit in the Borrower/Grantee's accounts created hereunder and held by the Finance Authority may be invested by the Finance Authority for the credit of the Water Project Fund.

ARTICLE VI LOAN PAYMENTS BY THE BORROWER/GRANTEE

Section 6.1 Payment Obligations Limited to Pledged Revenues; Pledge of the Pledged Revenues. The Borrower/Grantee promises to make the Loan Payments and to pay the Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided. The Borrower/Grantee does hereby pledge and grant a lien on and a security interest in and conveys, assigns and pledges unto the Finance Authority and unto its successors in trust forever all right, title and interest of the Borrower/Grantee in and to (i) the Pledged Revenues to the extent required to make the Loan Payments, and to pay the Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided, subject to and subordinate to all other pledges of the Pledged Revenues existing on the Closing Date and, further, that may exist in the future (except only that the pledge of the Pledged Revenues herein shall be on a parity with any other pledge of the Pledged Revenues by the Borrower/Grantee to repay any obligations issued by the Lender/Grantor pursuant to the Act), and (ii) all other rights hereinafter granted, for securing of the Borrower/Grantee's obligations under this Agreement, including payment of the Loan Amount, Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided, provided, however that if the Borrower/Grantee, its successors or assigns, shall well and truly pay, or cause to be paid the Loan Amount at the time and in the manner contemplated by this Agreement, according to the true intent and meaning hereof, the Administrative Fees and all other amounts due or to become due under this Agreement in accordance with its terms and provisions then, upon such final payment or provision for payment by the Borrower/Grantee, the provisions of this Agreement and the rights created thereby with respect to the Loan Amount shall terminate and the Lender/Grantor shall give a written release or such other confirmation as may be necessary to remove any encumbrances upon the Pledged Revenues; otherwise, such provisions of this Agreement shall remain in full force and effect.

The pledge of the Pledged Revenues, the security interest in and the lien thereon shall be effective upon the Closing Date. The Borrower/Grantee, the Finance Authority, and the Water Trust Board acknowledge and agree that the obligations of the Borrower/Grantee hereunder are limited to the Pledged Revenues; and that this Agreement with respect to the Loan Amount, the Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided shall constitute a special, limited obligation of the Borrower/Grantee. No provision of this Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Borrower/Grantee within the meaning of any constitutional or statutory debt limitation. No

provision of this Agreement shall be construed to pledge or to create a lien on or security interest in any class or source of Borrower/Grantee's moneys other than the Pledged Revenues, nor shall any provision of this Agreement restrict the future issuance of any bonds or obligations payable from any class or source of Borrower/Grantee's moneys including the Pledged Revenues. In addition, the Pledged Revenues not required to meet the obligation of the Borrower/Grantee under this Agreement may be utilized by the Borrower/Grantee for any other purposes permitted by law.

Section 6.2 Deposit of Payments of Loan Amount to Water Project Fund. All Loan Payments made by the Borrower/Grantee to the Finance Authority to repay the Loan Amount and interest thereon, if any, shall be deposited into the Water Project Fund.

Section 6.3 Manner of Payment. The Loan Amount shall be payable by the Borrower/Grantee to the Lender/Grantor in annual installments of principal payable on June 1 beginning in the year 2016 and continuing through the year 2035 as set forth more fully in Exhibit C to this Agreement. All payments of the Borrower/Grantee hereunder shall be paid in lawful money of the United States of America to the Finance Authority at the address designated in Section 11.1 of this Agreement. The obligation of the Borrower/Grantee to make payments hereunder, from and to the extent of the available Pledged Revenues, shall be absolute and unconditional in all events, except as expressly provided hereunder, and payment hereunder shall not be abated through accident or unforeseen circumstances. Notwithstanding any dispute between the Borrower/Grantee and the Finance Authority, any vendor or any other person, the Borrower/Grantee shall make all deposits hereunder, from and to the extent of the available Pledged Revenues, when due and shall not withhold any deposit hereunder pending final resolution of such dispute, nor shall the Borrower/Grantee assert any right of set-off or counterclaim against its obligation to make such deposits required hereunder.

Section 6.4 Borrower/Grantee May Budget for Payments. The Borrower/Grantee may, in its sole discretion, but without obligation and subject to the Constitution of the State, governing laws, and its budgetary requirements, make available properly budgeted and legally available funds to make the Loan Payments and other amounts owed by the Borrower/Grantee hereunder; provided, however, the Borrower/Grantee has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

Section 6.5 No Penalty for Prepayment of the Loan Amount. The Loan Amount shall be pre-payable by the Borrower/Grantee at anytime, without penalty.

Section 6.6 Lender/Grantor's Release of Lien and Further Assurances. Upon payment in full of the Loan Amount, Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided in this Agreement and upon written request from the Borrower/Grantee the Lender/Grantor agrees to execute a release of lien and to give such further assurances as are reasonably necessary to ensure that the Lender/Grantor no longer holds or maintains any lien or claim against the Pledged Revenues.

ARTICLE VII THE PROJECT

Section 7.1 Agreement to Acquire, Complete and Maintain the Project.

(a) The Borrower/Grantee hereby agrees that in order to effectuate the purposes of this Agreement and to acquire and complete the Project it shall take such steps as are necessary and appropriate to acquire, complete and maintain the Project lawfully and efficiently. No Loan/Grant funds shall be used for items not constituting Eligible Items.

(b) As provided by NMSA 1978, § 72-4A-7(A)(1), as amended, of the Act, the Borrower/Grantee shall operate and maintain the Project in good condition and repair at all times during the Useful Life of the Project, which shall in no event be less than twenty (20) years, so that the Project will function properly over the Useful Life of the Project; provided, that if any portion of the Project will be constructed, located, completed, installed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may, prior to any use of the Loan/Grant funds for the Project on such real property, obtain the written agreement of such other qualifying entity to perform these obligations with respect to such real property (and the portion of the Project to be constructed, located, completed or extended on such real property), which written agreement shall be subject to approval by the Lender/Grantor and shall include an express statement by such other qualifying entity that the Lender/Grantor is a third party beneficiary of such written agreement.

Section 7.2 Accounting for Amounts Credited to the Project Account. So long as no Event of Default shall occur and provided that all Conditions to the disbursement of the Loan/Grant Amount have been satisfied (including approval of the project plan), upon receipt by the Finance Authority of a requisition substantially in the form of Exhibit "B" attached hereto signed by an Authorized Officer of the Borrower/Grantee, supported by certification by the Borrower/Grantee's project architect, engineer, or such other authorized representative of the Borrower/Grantee that the amount of the disbursement request represents the progress of design, construction, acquisition or other Project-related activities accomplished as of the date of the disbursement request, the Finance Authority shall, in its sole and absolute discretion: (1) submit a request for payment to the State Board of Finance for payment; and/or (2) disburse from the Water Project Fund, amounts which together are sufficient to pay the requisition in full. The Finance Authority shall make the appropriate entry in the Project Account reflecting the amount of the payment. The certification provided pursuant to this Section 7.2 in support of the requisition must be acceptable in form and substance to the Finance Authority and, at its request, the Water Trust Board. The Borrower/Grantee shall provide such records or access to the Project as the Finance Authority, and, at its request, the Water Trust Board, in the discretion of each, may request in connection with the approval of the Borrower/Grantee's requisition requests made hereunder.

Section 7.3 No Disbursement for Prior Expenditures Except upon Approval. No request for payment shall be made to the State Board of Finance, and no disbursement shall be made from the Water Project Fund, of the Loan/Grant Amount, or any portion thereof, without

the approval of the Finance Authority and, at its request, the Water Trust Board, to reimburse any expenditure made prior to the Closing Date.

Section 7.4 Borrower/Grantee Reporting to Lender/Grantor. During the implementation of the Project, the Borrower/Grantee shall provide the Lender/Grantor with a quarterly written report executed by an Authorized Officer of the Borrower/Grantee, in the form attached as Exhibit "D" hereto or in another form reasonably acceptable to the Lender/Grantor, describing the status of the Project as of the report date, uses of Loan/Grant funds during the quarterly period ending on the report date, and requests for distributions of Loan/Grant funds anticipated to occur during the quarterly period immediately following the report date. The first quarterly report shall be due on the next March 31, June 30, September 30, or December 31 falling 1 month or more after Closing Date, and subsequent reports shall be due on each March 31, June 30, September 30 and December 31 thereafter until the report date next following final distribution of the Loan/Grant funds. No reports shall be required after the report date next following final distribution of the Loan/Grant Funds, unless specifically required by the Finance Authority or the Water Trust Board. The description of the status of the Project in each quarterly report shall include, among other information, (a) a comparison of actual and anticipated requests for distributions of Loan/Grant funds as of the report date with those anticipated as of the Closing Date, (b) a description of actual and anticipated changes in the cost estimates for the Project as of the report date compared with those anticipated as of the Closing Date, and (c) a description of the percentage of completion of the Project.

Section 7.5 Completion of Disbursement of Loan/Grant Funds. Upon the earlier of (1) the completion of the Project, or (2) the expenditure of the whole Loan/Grant Amount, an Authorized Officer of the Borrower/Grantee shall deliver a certificate to the Finance Authority substantially in the form of Exhibit "E" attached hereto, stating that, to his or her knowledge, either (1) the Project has been completed, or (2) that the portion of the Loan/Grant Amount needed to complete the Project has been disbursed in accordance with the terms of this Agreement. No portion of the Loan/Grant Amount shall be disbursed after the date which is three (3) years from the Closing Date, unless a later date is approved in writing by an Authorized Officer of the Finance Authority.

Section 7.6 Application of Project Account Subsequent to Disbursement of Loan/Grant Funds; Termination of Pledge. (a) Upon the completion of the Project as signified by delivery of the completion certificate required by Section 7.5 hereof, the Finance Authority shall determine, by reference to the Project Account, whether any portion of the authorized Loan/Grant Amount remains unexpended and shall dispose of such unexpended proceeds in accordance with law; (b) In the event that a portion of the Loan/Grant Amount remains unexpended after the date which is three (3) years from the Closing Date, and no later date has been approved by an Authorized Officer of the Finance Authority, pursuant to Section 7.5 hereof, the Finance Authority shall dispose of such funds in accordance with law. Upon the occurrence of either event described in (a) or (b) above, the Finance Authority shall make the appropriate entry in the Project Account and, upon such entry, the pledge of the Loan/Grant Amount established in this Loan/Grant Agreement shall terminate.

ARTICLE VIII
COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS

Section 8.1 Further Assurances and Corrective Instruments. The Lender/Grantor and the Borrower/Grantee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues and for carrying out the intention hereof.

Section 8.2 Representatives of Lender/Grantor or of Borrower/Grantee. Whenever under the provisions hereof the approval of the Lender/Grantor or the Borrower/Grantee is required, or the Borrower/Grantee, or the Lender/Grantor is required to take some action at the request of either of them, such approval or such request shall be given for the Lender/Grantor or for the Borrower/Grantee, by an Authorized Officer of the Lender/Grantor or the Borrower/Grantee, as the case may be, and any party hereto shall be authorized to act on any such approval or request.

Section 8.3 Selection of Contractors. All contractors providing services or materials in connection with the Project shall be selected in accordance with applicable provisions of the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199, as amended, or, if the Borrower/Grantee is not subject to the New Mexico Procurement Code, shall be selected in accordance with a documented procurement process duly authorized and established pursuant to laws and regulations applicable to the Borrower/Grantee.

Section 8.4 Required Contract Provisions. The Borrower/Grantee shall require the following provisions in any contract or subcontract executed in connection with the Project to which the Borrower/Grantee is a party:

(a) There shall be no discrimination against any employee or applicant for employment because of race, color, creed, sex, religion, sexual preference, ancestry or national origin; and

(b) Any contractor or subcontractor providing construction services in connection with the Project shall post a performance and payment bond in accordance with the requirements of NMSA 1978, § 13-4-18, as amended.

Section 8.5 Application of Act and Board Rules. The Lender/Grantor and the Borrower/Grantee expressly acknowledge that this Agreement is governed by provisions and requirements of the Act and the Board Rules, as amended and supplemented, and all applicable provisions and requirements of the Act and Board Rules are incorporated into this Agreement by reference.

ARTICLE IX
INSURANCE; NON-LIABILITY OF LENDER/GRANTOR

Section 9.1 Insurance. The Borrower/Grantee shall carry general liability insurance or participate in the State's risk-management program and, to the extent allowed by the New Mexico Tort Claims Act, NMSA 1978, §§ 41-4-1 through 41-4-30, as amended, shall and hereby agrees to name the Lender/Grantor as an additional insured with respect to all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the acquisition, completion or implementation of the Project or otherwise during the Agreement Term; provided, that if any portion of the Project will be constructed, located, completed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may obtain the written agreement of such other qualifying entity to perform these insurance/risk-management program requirements for Borrower/Grantee with respect to such real property (and the portion of the Project to be constructed, located, completed or extended on such real property), which written agreement shall include an express statement by such other qualifying entity that the Lender/Grantor is a third party beneficiary of such written agreement.

Section 9.2 Non-Liability of Lender/Grantor.

(a) Lender/Grantor shall not be liable in any manner for the Project, Borrower/Grantee's use of the Loan/Grant, the acquisition, implementation, construction, installation, ownership, operation or maintenance of the Project, or any failure to act properly by the Borrower/Grantee or any other owner or operator of the Project.

(b) Lender/Grantor shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession, custody and control to the Finance Authority for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

(c) From and to the extent of the Pledged Revenues, and to the extent permitted by law, the Borrower/Grantee shall and hereby agrees to indemnify and save the Finance Authority harmless against and from all claims, by or on behalf of any person, firm, corporation, or other legal entity, arising from the acquisition or operation of the Project during the Agreement Term, from: (i) any act of negligence or other misconduct of the Borrower/Grantee, or breach of any covenant or warranty by the Borrower/Grantee hereunder; and (ii) the incurrence of any cost or expense in connection with the acquisition or operation of the Project in excess of the Loan/Grant Agreement proceeds and interest on the investment thereof. The Borrower/Grantee shall indemnify and save the Finance Authority harmless, from and to the extent of the available Pledged Revenues, from any such claim arising as aforesaid from (i) or (ii) above, or in connection with any action or proceeding brought thereon and, upon notice from the Finance Authority, shall defend the Finance Authority in any such action or proceeding.

ARTICLE X
EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined. Any one of the following shall be an “Event of Default” under this Agreement:

(a) Failure by the Borrower/Grantee to pay any amount required to be paid under this Agreement on the date on which it is due and payable; or

(b) Failure by the Borrower/Grantee to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower/Grantee by the Lender/Grantor unless the Lender/Grantor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Lender/Grantor but cannot be cured within the applicable thirty (30) day period, the Lender/Grantor will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower/Grantee within the applicable period and diligently pursued until the failure is corrected; and provided, further, that if by reason of force majeure the Borrower/Grantee is unable to carry out the agreements on its part herein contained, the Borrower/Grantee shall not be deemed in default under this paragraph 10.1(b) during the continuance of such inability (but force majeure shall not excuse any other Event of Default); or

(c) Any warranty, representation or other statement by or on behalf of the Borrower/Grantee contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement is determined to be false or misleading in any material respect.

(d) A petition is filed against the Borrower/Grantee under any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within thirty (30) days after such filing, but the Finance Authority shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests;

(e) The Borrower/Grantee files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law; or

(f) The Borrower/Grantee admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Borrower/Grantee for any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than thirty (30) days, but

the Finance Authority shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests.

Section 10.2 Limitations on Remedies. A judgment requiring payment of money entered against the Borrower/Grantee shall be paid from only available Pledged Revenues unless the Borrower/Grantee in its sole discretion pays the judgment from other available funds.

Section 10.3 Remedies on Default. Whenever any Event of Default has occurred and is continuing and subject to Section 10.2 hereof, the Lender/Grantor may take whatever of the following actions may appear necessary or desirable to enforce performance of any agreement of the Borrower/Grantee in this Agreement:

- (a) File a mandamus proceeding or other action or proceeding or suit at law or in equity to compel the Borrower/Grantee to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained herein;
- (b) Terminate this Agreement;
- (c) Cease disbursing any further amounts from the Project Account;
- (d) Demand that the Borrower/Grantee immediately repay the Loan/Grant Amount or any portion thereof if such funds were not utilized in accordance with this Agreement;
- (e) File a suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Lender/Grantor; or
- (f) Intervene in judicial proceedings that affect this Agreement or the Pledged Revenues; or
- (g) Take whatever other action at law or in equity may appear necessary or desirable to enforce any other of its rights hereunder; or
- (h) The Borrower/Grantee shall be responsible for reimbursing the Lender/Grantor for any and all fees and costs incurred in enforcing the terms of this Agreement.

Section 10.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lender/Grantor is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Borrower/Grantee or the Lender/Grantor to exercise any remedy reserved in this Article X, it shall not be necessary to give any notice, other than such notice as may be required in this Article X.

Section 10.5 Waivers of Events of Default. The Lender/Grantor may, in its sole discretion, waive any Event of Default hereunder and the consequences of any such Event of Default; provided, however, all expenses of the Lender/Grantor in connection with such Event of Default shall have been paid or provided for. Such waiver shall be effective only if made by a written statement of waiver issued by the Finance Authority. In case of any such waiver or rescission, or in case any proceeding taken by the Lender/Grantor, on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case, the Lender/Grantor shall be restored to its former position and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 10.6 No Additional Waiver Implied by One Waiver. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be in writing and limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.7 Agreement to Pay Attorneys' Fees and Expenses. In the event that the Borrower/Grantee shall default under any of the provisions hereof, and the Finance Authority shall employ attorneys or incur other expenses for the collection of payments hereunder, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower/Grantee herein contained, the Borrower/Grantee agrees that it shall, on demand therefor, pay to the Finance Authority the fees of such attorneys and such other expenses so incurred, to the extent such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the Borrower/Grantee under this Section shall be limited to expenditures from and to the extent of the available Pledged Revenues.

ARTICLE XI MISCELLANEOUS

Section 11.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered as follows:

If to the Borrower/Grantee, to:

City of Santa Fe
Attn.: Public Utilities Director
801 West San Mateo
Santa Fe, New Mexico 87504

If to the Finance Authority, then to:

New Mexico Finance Authority
Attn.: Chief Executive Officer
207 Shelby Street
Santa Fe, New Mexico 87501

The Borrower/Grantee or the Lender/Grantor may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.2 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Lender/Grantor and the Borrower/Grantee and their respective successors and assigns, if any.

Section 11.3 Integration. This Agreement and any other agreements, certifications and commitments entered into between the Lender/Grantor and the Borrower/Grantee on the Closing Date constitute the entire agreement of the parties regarding the Loan/Grant and the funding of the Project through the Loan/Grant as of the Closing Date, and the terms of this Agreement supersede any prior applications, discussions, understandings or agreements between or among the parties in connection with the Loan/Grant, to the extent such prior applications, discussions, understandings or agreements are inconsistent with this Agreement.

Section 11.4 Amendments. This Agreement may be amended only with the written consent of both of the parties hereto. The consent of the Finance Authority for amendments not affecting the terms of payment of the loan component of this Agreement may be given by an Authorized Officer of the Finance Authority. The execution of any such consent by an Authorized Officer of the Finance Authority shall constitute his or her determination that such amendment does not affect the terms of payment of the loan component of this Agreement.

Section 11.5 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the Lender/Grantor, either directly or through the Finance Authority, or against any officer, employee, director or member of the Borrower/Grantee, past, present or future, as an individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer, employee, director or member of the Borrower/Grantee or of the Finance Authority is hereby expressly waived and released by the Borrower/Grantee and the Finance Authority as a condition of and in consideration for the execution of this Agreement.

Section 11.6 Severability. In the event that any provision of this Agreement, other than the obligation of the Borrower/Grantee to make the Loan Payments and the Administrative Fee hereunder, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.7 Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico.

Section 11.9 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

[Remainder of page intentionally left blank.]

[Signature pages follow.]

IN WITNESS WHEREOF, the Finance Authority, on behalf of itself, has executed this Agreement, which was approved by the Water Trust Board on June 3, 2015 and by the Finance Authority's Board of Directors on June 25, 2015, in its corporate name; and the Borrower/Grantee has caused this Agreement to be executed and attested by duly authorized officers thereof. All of the above are effective as of the date first above written.

LENDER/GRANTOR:

NEW MEXICO FINANCE AUTHORITY

By _____
Chief Executive Officer or Designee

Prepared for Execution by Officers of the
New Mexico Finance Authority:

SUTIN, THAYER & BROWNE
A PROFESSIONAL CORPORATION
As Loan/Grant Counsel

By _____
Suzanne Wood Bruckner

Approved for Execution by Officers of the
New Mexico Finance Authority:

By _____
Daniel C. Opperman
Finance Authority General Counsel

BORROWER/GRANTEE:

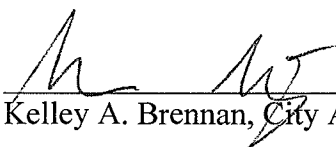
CITY OF SANTA FE, SANTA FE COUNTY,
NEW MEXICO

By _____
Javier M. Gonzales, Mayor

ATTEST:

By _____
Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:

 1/13/16

Kelley A. Brennan, City Attorney

APPROVED:

Oscar Rodriguez, Finance Director

EXHIBIT "A"

TERM SHEET

**\$150,000 WATER PROJECT LOAN/GRANT TO THE
CITY OF SANTA FE, SANTA FE COUNTY, NEW MEXICO**

Project Description: The Project is for restoration and management of watersheds. The Loan/Grant Amount will be used only for Eligible Items necessary to complete the Project. In particular, the Project will consist of vegetation management to include restoring forests, reducing the risk of fire and maintaining water quality for the Borrower/Grantee, and shall include such other related work and revisions necessary to complete the Project. The Project may be further described in the Application and in the final project plan for the Project approved by the Water Trust Board and the Finance Authority as provided by this Agreement. However, in the event of any inconsistency, the description of the Project as stated in this Term Sheet shall control.

Grant Amount: \$135,000

Loan Amount: \$15,000

Pledged Revenues: Net System Revenues

Outstanding Senior Obligations for Pledged Revenues: Series 2006D Bonds maturing in 2025; and Series 2009A&B Bonds maturing in 2039

Outstanding Parity Obligations: NMFA 1475-DW maturing in 2029; NMFA 2382-ADW maturing in 2032; NMFA 2392-DW maturing in 2032; NMFA 2696-DW maturing in 2034; NMFA 0068-WTB maturing in 2027; NMFA 0134-DW maturing in 2029; NMFA 0093-WTB maturing in 2029; NMFA 0170-WTB maturing in 2030; NMFA 0171-WTB maturing in 2020; NMFA 0202-WTB maturing in 2031; and NMFA 0203-WTB maturing in 2031

Authorizing Legislation: Borrower/Grantee Ordinance No. _____, adopted March 9, 2016

Additional Funding Amount: \$239,000
Closing Date: April 15, 2016
Project Account Amount: \$15,000
Expense Account Deposit: \$0
Administrative Fee: .25%

Conditions to be satisfied prior to first disbursement of Loan/Grant funds: Delivery to Finance Authority of (i) a copy of the agenda of the meeting of the Governing Body at which the Ordinance was adopted and at which this Agreement, the Ordinance and all other Loan/Grant documents were authorized by the Governing Body (the "Meeting"), certified as a true and correct copy by the City Clerk of the Borrower/Grantee, (ii) a copy of the minutes or record of proceedings of the Meeting, approved and signed by the Mayor and attested to by the City Clerk of the Borrower/Grantee, and (iii) a copy of the notice of meeting for the Meeting evidencing compliance with the Borrower/Grantee's Open Meetings standards in effect on the date of the Meeting.

Other Conditions applicable to the Loan/Grant: All Conditions defined in the Agreement.

EXHIBIT "B"

FORM OF REQUISITION

RE: \$150,000 Loan/Grant Agreement by and between the Finance Authority, as Lender/Grantor, and the City of Santa Fe, New Mexico, as Borrower/Grantee (the "Loan/Grant Agreement")

Loan/Grant No. 0349-WTB

Closing Date: April 15, 2016

TO: NEW MEXICO FINANCE AUTHORITY

You are hereby authorized to disburse from the Project Account – City of Santa Fe with regard to the above-referenced Loan/Grant Agreement the following:

REQUISITION NUMBER: _____

NAME AND ADDRESS OF PAYEE: _____

WIRING INFORMATION

BANK NAME:	_____
ACCOUNT NUMBER:	_____
ROUTING NUMBER:	_____

AMOUNT OF PAYMENT: \$ _____

PURPOSE OF PAYMENT: _____

ELIGIBLE ITEM CATEGORY (See below): _____

DATED: _____

By: _____
Authorized Officer

Title: _____

Each obligation, item of cost or expense mentioned herein is for a loan/grant made by the Lender/Grantor pursuant to the Water Project Finance Act to the Borrower/Grantee within the State of New Mexico, is due and payable, has not been the subject of any previous requisition and is a proper charge against the Project Account – City of Santa Fe. All representations contained in the Loan/Grant Agreement and the related closing documents remain true and correct and the Borrower/Grantee is not in breach of any of the covenants contained therein.

The proceeds of the Loan/Grant have been or will be used to pay the costs of Eligible Items, as defined in the Loan/Grant Agreement. Eligible Items are (1) matching requirements for federal and local cost shares, (2) engineering feasibility reports, (3) contracted engineering design, (4) inspection of construction, (5) special engineering services, (6) environmental or archeological surveys, (7) construction, (8) land acquisition, (9) easements and rights of way, (10) Eligible Legal Costs and (11) Eligible Fiscal Agent Fees, subject to limitations as set forth in the Loan/Grant Agreement.

All construction and all installation of equipment with proceeds of the Loan/Grant has or will be used in accordance with plans and/or specifications approved on behalf of the Finance Authority, has or will be acquired in compliance with applicable procurement laws and regulations and has or will be inspected and approved in accordance with applicable laws and regulations.

Capitalized terms used herein, are used as defined or used in the Loan/Grant Agreement.

EXHIBIT "C"

PAYMENT PROVISIONS OF THE LOAN

The Loan Amount shall be payable by the Borrower/Grantee to the Lender/Grantor in twenty (20) annual installments of principal pursuant to the attached debt service schedule, beginning June 1, 2016 and ending June 1, 2035. The Loan Amount shall be prepayable at any time without penalty. The Administrative Fee shall be due and payable annually on June 1 of each year while the Loan, or any portion thereof, remains outstanding.

[DEBT SERVICE SCHEDULE ATTACHED]

Detailed Bond Debt Service
City of Santa Fe
0349-WTB, Restoration Project

Loan Component (LOAN)

Period Ending	Principal	Coupon	Interest	Debt Service
6/1/2016	130	0.250%	4.90	134.90
6/1/2017	765	0.250%	37.18	802.18
6/1/2018	767	0.250%	35.26	802.26
6/1/2019	769	0.250%	33.34	802.34
6/1/2020	771	0.250%	31.42	802.42
6/1/2021	773	0.250%	29.50	802.50
6/1/2022	775	0.250%	27.56	802.56
6/1/2023	777	0.250%	25.62	802.62
6/1/2024	779	0.250%	23.68	802.68
6/1/2025	781	0.250%	21.74	802.74
6/1/2026	783	0.250%	19.78	802.78
6/1/2027	785	0.250%	17.82	802.82
6/1/2028	787	0.250%	15.86	802.86
6/1/2029	788	0.250%	13.90	801.90
6/1/2030	790	0.250%	11.92	801.92
6/1/2031	792	0.250%	9.96	801.96
6/1/2032	794	0.250%	7.98	801.98
6/1/2033	796	0.250%	5.98	801.98
6/1/2034	798	0.250%	4.00	802.00
6/1/2035	800	0.250%	2.00	802.00
	15,000		379.40	15,379.40

EXHIBIT "D"

**WATER TRUST BOARD PROJECT STATUS REPORT
PREPARED FOR THE
NEW MEXICO FINANCE AUTHORITY**

Fund Recipient Names: City of Santa Fe	WTB Project Number: 0349-WTB WTB Project Name: Vegetation Management Project
Recipient Contact: _____	Project Type: Restoration and Management
Phone Number: _____	
Quarterly Project Report <input type="checkbox"/> Final <input type="checkbox"/> Other <input type="checkbox"/>	To - ____ / ____ / ____
Report Period: From - ____ / ____ / ____	
Contract Expiration: 6/1/2035	
Total WTB Award: \$150,000 Current Balance: \$ _____	
Loan 10% Grant 90% Match 10%	
Expected WTB Award Expenditure Next Quarter: \$ _____	
Additional Funding Amount Expended to Date: \$ _____	
Expected Additional Funding Amount Expenditure Next Quarter: \$ _____	
Project Phase: Planning <input type="checkbox"/> Design <input type="checkbox"/> Construction <input type="checkbox"/>	
PROJECT TIME: Original Completion Date: _____	
Current Completion Date: _____	
Days Remaining for Completion _____	
Percent Project is Complete _____ % On Schedule? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Briefly Describe Project Progress During This Reporting Period:	
Issues Addressed During This Period (Indicate any current and/or anticipated issues that remain unresolved):	
Goals/Milestones With Timeline or Dates For The Next Reporting Period:	
Name and Title of Authorized Officer: (Print)	Authorized Officer Signature:
Date: _____	

EXHIBIT "E"

FORM OF CERTIFICATE OF COMPLETION

RE: \$150,000 Loan/Grant Agreement by and between the Finance Authority, as Lender/Grantor, and the City of Santa Fe, New Mexico, as Borrower/Grantee (the "Loan/Grant Agreement")

Loan/Grant No. 0349-WTB

Closing Date: April 15, 2016

TO: NEW MEXICO FINANCE AUTHORITY

I, _____, the _____ of the
[Name] [Title or position]

Borrower/Grantee, hereby certify as follows:

1. The project described in the Loan/Grant Agreement (the "Project"), or the applicable phase of the project if funding was for a phased Project, was completed and placed in service on _____, 20__.
2. The total cost of the Project was \$ _____.
3. Cost of the Project paid from the Loan/Grant Amount was \$ _____.
4. Cost of the Project paid from the Additional Funding Amount was \$ _____.
5. The portion of the Loan/Grant Amount unexpended for the Project is \$ _____.
6. The Project was completed and is and shall be used consistent with and subject to the covenants set forth in the Loan/Grant Agreement.

This certificate shall not be deemed to prejudice or affect any rights of or against third parties which exist at the date of this certificate or which may subsequently come into being.

CITY OF SANTA FE, SANTA FE COUNTY,
NEW MEXICO

By: _____
Its: _____

Sources and Uses of Funds
City of Santa Fe
0349-WTB, Restoration Project

Sources:

Bond Proceeds:		
	Par Amount	15,000.00
Other Sources of Funds:		
	Water Trust Board Grant Funds	135,000.00
		<u>150,000.00</u>

Uses:

Project Fund Deposits:		
	Project Fund	15,000.00
Other Uses of Funds:		
	Water Trust Board Grant Funds	135,000.00
		<u>150,000.00</u>

Term: 20 years
Maturity: 06/01/2035
Coverage: 1.24x
Pledge: Net Systems Revenues

Bond Summary Statistics
City of Santa Fe
0349-WTB, Restoration Project

Dated Date	4/14/2016
Delivery Date	4/14/2016
Last Maturity	6/1/2035
Arbitrage Yield	0.250007%
True Interest Cost (TIC)	0.250007%
Net Interest Cost (NIC)	0.250006%
All-In TIC	0.250007%
Average Coupon	0.250006%
Average Life (years)	10.117
Duration of Issue (years)	9.959
Par Amount	15,000.00
Bond Proceeds	15,000.00
Total Interest	379.40
Net Interest	379.40
Total Debt Service	15,379.40
Maximum Annual Debt Service	802.86
Average Annual Debt Service	803.92
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	

	-
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Loan Component	15,000.00	100.000	0.250%	10.117
	15,000.00			10.117

	TIC	All-In TIC	Arbitrage Yield	
	-----	-----	-----	
Par Value		15,000.00		15,000.00
+ Accrued Interest				
+ Premium (Discount)				
- Underwriter's Discount				
- Cost of Issuance Expense				
- Other Amounts				
	-----	-----	-----	
Target Value		15,000.00		15,000.00
Target Date		4/14/2016		4/14/2016
Yield		0.250007%		0.250007%

Bond Solution
City of Santa Fe
0349-WTB, Restoration Project

Period Ending	Proposed Principal	Proposed Debt Service	Existing Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
6/1/2016	130	135	9,699,786	9,699,921	12,044,873	2,344,952	124.17496%
6/1/2017	765	802	9,705,422	9,706,224	12,044,873	2,338,649	124.09432%
6/1/2018	767	802	9,706,299	9,707,101	12,044,873	2,337,772	124.08311%
6/1/2019	769	802	9,707,038	9,707,841	12,044,873	2,337,032	124.07366%
6/1/2020	771	802	9,699,925	9,700,727	12,044,873	2,344,146	124.16464%
6/1/2021	773	803	9,582,051	9,582,854	12,044,873	2,462,019	125.69192%
6/1/2022	775	803	9,576,591	9,577,394	12,044,873	2,467,479	125.76358%
6/1/2023	777	803	9,580,632	9,581,435	12,044,873	2,463,438	125.71054%
6/1/2024	779	803	9,577,483	9,578,286	12,044,873	2,466,587	125.75187%
6/1/2025	781	803	9,578,776	9,579,579	12,044,873	2,465,294	125.73489%
6/1/2026	783	803	6,553,163	6,553,966	12,044,873	5,490,907	183.77992%
6/1/2027	785	803	6,556,458	6,557,260	12,044,873	5,487,613	183.68758%
6/1/2028	787	803	6,297,979	6,298,782	12,044,873	5,746,091	191.22544%
6/1/2029	788	802	6,246,623	6,247,425	12,044,873	5,797,448	192.79741%
6/1/2030	790	802	5,200,396	5,201,198	12,044,873	6,843,675	231.57881%
6/1/2031	792	802	5,106,279	5,107,081	12,044,873	6,937,792	235.84653%
6/1/2032	794	802	4,989,944	4,990,745	12,044,873	7,054,128	241.34416%
6/1/2033	796	802	4,897,284	4,898,086	12,044,873	7,146,787	245.90981%
6/1/2034	798	802	4,828,454	4,829,256	12,044,873	7,215,617	249.41468%
6/1/2035	800	802	4,609,300	4,610,102	12,044,873	7,434,771	261.27129%
	15,000	15,379	151,699,882	151,715,261	240,897,460	89,182,199	

City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

(Check) Bill: X Resolution: _____

(A single FIR may be used for related bills and/or resolutions)

Short Title(s): AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND LOAN/GRANT AGREEMENT BY AND AMONG THE NEW MEXICO WATER TRUST BOARD ("WATER TRUST BOARD") AND THE NEW MEXICO FINANCE AUTHORITY ("FINANCE AUTHORITY"), AND COLLECTIVELY WITH THE WATER TRUST BOARD, THE ("LENDERS/GRANTORS") AND THE CITY OF SANTA FE THE "BORROWER/GRANTEE", IN THE TOTAL AMOUNT OF \$150,000, EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF WATERSHED RESTORATION AND MANAGEMENT, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM NET SYSTEM REVENUES OF THE WATER MANAGEMENT FUND; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

Sponsor(s): Councilors Lindell, Dominguez, Rivera, and Trujillo

Reviewing Department(s): Public Utilities Department, City Attorney's Office and Finance Department

Persons Completing FIR: Alan G. Hook Date: 1/22/16 Phone: 955-4205

Reviewed by City Attorney: Kelley A. Brennan Date: 1/21/16
(Signature)

Reviewed by Finance Director: [Signature] Date: 1-26-2016
(Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution:

This bill authorizes the execution and delivery of a water project fund grant/loan agreement between the City of Santa Fe and the Water Trust Board & NM Finance Authority in the amount of \$150,000 to be utilized toward financing the costs of watershed restoration and management within the Santa Fe Municipal Watershed.

Section C. Fiscal Impact

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

Finance Director: [Signature]

- a. The item must be on the agenda at the Finance Committee and City Council as a “Request for Approval of a City of Santa Fe Budget Increase” with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: “A” if current budget and level of staffing will absorb the costs
 “N” if new, additional, or increased budget or staffing will be required
- c. Indicate: “R” – if recurring annual costs
 “NR” if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY 2015-16	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
All Other Operating Costs (Debt Service) ⁱ	\$ 15,000	_____	_____	\$ _____	_____	_____	_____	_____
Total:	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
Total:	\$ _____	_____	\$ _____	_____	_____	_____

¹ Please see attachment: Jan 11, 2016 Debt Service Schedule by New Mexico Finance Authority

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

This Bill is for a grant/loan agreement in the amount of \$150,000 of which \$135,000 is a grant and \$15,000 is a loan from the NM Water Trust Fund and financed by the NM Finance Authority. Attached is the City of Santa Fe 0349-WTB Restoration Project funding details with the loan terms and detailed bond debt service.

Section D. General Narrative

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

This bill does not conflict with any other bill/resolution or City code. However, this bill and the subsequent grant/loan agreement pays for the majority of the Water Division's share of the cost-share agreement with the USFS, approved by City Council, to provide source water protection and forest management within the SFe Municipal Watershed.

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

Yes, not enacting this bill means the City would not be accepting the \$150,000 grant/loan award from the Water Trust Board.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

The positive effect of passing this bill is to accept the \$150,000 grant/loan from the NM Water Trust Board & NM Finance Authority. Over the next 3 years, this agreement will offset the majority of the Water Division's costs toward the 50-50 cost-share collection agreement the City has with the USFS to provide watershed restoration and management within the Santa Fe Municipal Watershed. Given the City of Santa Fe water utility customers receive 40-45% of their drinking water supply from the municipal reservoirs on the Santa Fe River, source water protection is critical to providing the customers a safe, reliable supply of drinking water.


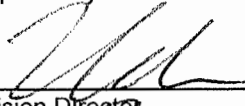
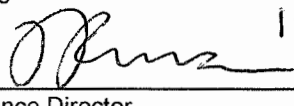

16.01.003.FB
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City of Santa Fe, New Mexico

BUDGET ADJUSTMENT REQUEST (BAR)

DEPARTMENT / DIVISION / SECTION / UNIT NAME				DATE		
Finance/Admin				01/26/2016		
ITEM DESCRIPTION	BU / LINE ITEM	<--(Finance Dept Use Only)-->		INCREASE	DECREASE	
		SUBLEDGER / SUBSIDIARY	DR / (CR)			
Bond Proceeds	51300.471300		(CR)	(15,000)		
NMFA Grant	51300.490310		(CR)	(135,000)		
Transfer out - Operating	52300.700150		DR	150,000		
Transfer in - CIP	51359.600150		(CR)	(150,000)		
Water CIP Project	52359.510300		DR	150,000		
DS Principal	52300.590100		DR	15,000		
Compliance Contracts - NMFA Fees	52300.510250		DR	5		
JUSTIFICATION: (use additional page if needed) --Attach supporting documentation/memo				TOTAL	\$ 15,005	\$ -

Budget NMFA Grant and Loan (Bond Proceeds), transfer out of operating and into project fund, CIP project line and debt service payment for principal and fees.

Helene Hausman  Prepared By Date: 01/26/16	CITY COUNCIL APPROVAL City Council Approval Required <input checked="" type="checkbox"/>	ASJW Budget Officer Date: 1/26/16
 Division Director Date:	City Council Approval Date:	 Finance Director Date: 1-26-2016
 Department Director Date: 1/26/16	Agenda Item #:	City Manager Date: