



VILLAGE OF CORRALES

ORDINANCE NO. 13-019

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE VILLAGE OF CORRALES, NEW MEXICO HOLD HARMLESS GROSS RECEIPTS TAX IMPROVEMENT AND REFUNDING REVENUE BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,000,000 (THE "BONDS") FOR THE PURPOSES OF (1) ACQUIRING, CONSTRUCTING, FURNISHING AND EQUIPPING VARIOUS FACILITIES AND OTHER CAPITAL IMPROVEMENTS OF THE VILLAGE, (2) REFINANCING, PAYING AND DISCHARGING CERTAIN OUTSTANDING DEBT OF THE VILLAGE, AND (3) DEFRAYING THE COSTS OF ISSUANCE OF THE BONDS; PROVIDING THAT THE BONDS WILL BE PAYABLE FROM AND SECURED BY A PLEDGE OF (1) THE 3/8 PERCENT HOLD HARMLESS GROSS RECEIPTS TAX DISTRIBUTED TO THE VILLAGE PURSUANT TO SECTION 7-19D-18, NMSA 1978, AND VILLAGE ORDINANCE NO. 13-010, ADOPTED JULY 23, 2013 (THE "MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX") AND (2) THE GROSS RECEIPTS TAX DISTRIBUTED TO THE VILLAGE PURSUANT TO SECTION 7-1-6.4, NMSA 1978, AS AMENDED (THE "STATE-SHARED GROSS RECEIPTS TAX"); PROVIDING FOR THE FORM, EXECUTION AND OTHER DETAILS CONCERNING THE BONDS; PROVIDING FOR THE FUNDS APPERTAINING THERETO; PROVIDING FOR A SUPPLEMENTAL RESOLUTION OF THE VILLAGE COUNCIL ESTABLISHING CERTAIN DETAILS OF THE BONDS; PROVIDING FOR PAYMENT OF THE COSTS OF ISSUANCE OF THE BONDS; RATIFYING ACTIONS PREVIOUSLY TAKEN IN CONNECTION WITH THE BONDS; AND REPEALING ANY ACTION INCONSISTENT WITH THIS ORDINANCE.

Capitalized terms used in the following preambles have the same meaning as defined in Section 1 of this Ordinance unless the context clearly requires otherwise.

WHEREAS, the Village of Corrales, New Mexico (the "Village") is a legally and regularly created, established and organized municipality under the laws of the State of New Mexico; and

WHEREAS, the Village Council, the governing body ("Governing Body") of the Village, has considered the capital needs of the Village and has determined that it is necessary and advisable to authorize the issuance of the Bonds to acquire, construct, furnish and equip the Improvements; to refinance, pay and discharge certain outstanding debt of the Village; and to reimburse the Village for certain expenditures relating to the acquisition of the Project and to pay the costs of issuance of the Bonds; and

WHEREAS, pursuant to Section 7-19D-18, NMSA 1978, the Governing Body has heretofore enacted its Ordinance No. 13-010, passed, approved and adopted July 23, 2013, authorizing the imposition of a gross receipts tax in the amount of 3/8 of one percent on the total gross receipts of business locations within the Village and other places designated in Section 7-1-6.4, NMSA 1978 (the "Municipal Hold Harmless Gross Receipts Tax"), which are being pledged to the Bonds herein authorized; and

WHEREAS, the Municipal Hold Harmless Gross Receipts Tax revenues will be collected by the Revenue Division of the New Mexico Taxation and Revenue Department commencing in January 2014 and will be remitted to the Village after deduction for administrative costs pursuant to Section 7-19D-7, NMSA 1978; and

WHEREAS, pursuant to Section 7-1-6.4, NMSA 1978, as amended, the Village receives monthly from the Revenue Division of the New Mexico Taxation and Revenue Department from the gross receipts tax imposed on any person engaging in business in New Mexico a distribution of the gross receipts tax which is to be in an amount subject to any increase or decrease made pursuant to Section 7-1-6.15, NMSA 1978, as amended, equal to the product of the quotient of 1.225% divided by the tax rate imposed by Section 7-9-4, NMSA 1978, as amended (currently 5.125%), times the net receipts (*i.e.*, the total gross receipts from business locations within the Village and other places designated in Section 7-1-6.4, NMSA 1978, as amended (the "State Shared Gross Receipts Tax")), which are being pledged to the Bonds herein authorized; and

WHEREAS, except as otherwise stated herein, the Pledged Revenues are not pledged to the payment of any bonds or other obligations which are presently outstanding and unpaid; and

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interest of the Village and its residents and property owners that the Bonds be issued with a first lien, but not necessarily an exclusive first lien, on the Pledged Revenues; and

WHEREAS, the Bonds shall be issued pursuant to the Act; and

WHEREAS, for the foregoing reasons, the Governing Body considers it necessary and advisable and in the best interests of the Village, its residents and property owners that the Bonds be issued in an amount not to exceed \$4,000,000 to provide funds for the acquisition, construction, furnishing and equipping of the Project, to reimburse the Village for funds it has expended for the foregoing purposes, for the payment and discharge of the Refunded Bonds, and to pay the costs of issuance of the Bonds, as more fully provided in this Ordinance; and

WHEREAS, the proceeds of the Bonds, other available funds of the Village and the interest, income and profit to be realized upon the investment thereof, will be sufficient to pay for the acquisition, construction, furnishing and equipping of the Project and the refunding of the Refunded Bonds; and

WHEREAS, the Governing Body anticipates an offer from George K. Baum & Company to purchase the Bonds pursuant to a Bond Purchase Agreement which will provide for the net purchase price, an underwriting discount, and for payment of Expenses, in the amounts to be approved by the Governing Body in the Sale Resolution; and

WHEREAS, all required authorizations, consents or approvals of any state, governmental body, agency or authority, in connection with the authorization, execution and delivery of the Bonds which are required to have been obtained by the date hereof have been obtained, and which will be required to be obtained prior to the date of issuance of the Bonds, will have been obtained by such date.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE VILLAGE OF CORRALES, NEW MEXICO:

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

“Acquisition Account” means the fund for deposit of the proceeds of the Bonds to be used to acquire the Project created in Section 13(D) of this Ordinance.

“Act” means the general laws of the State, including without limitation 2013 N.M. Laws Chapter 160, Sections 3-31-1 through 3-31-12, NMSA 1978, as amended, Sections 6-15-1 through 6-15-28, NMSA 1978, as amended, Sections 6-14-1 through 6-14-12, NMSA 1978, as amended, Sections 7-19D-1 through 7-19D-18, NMSA 1978, as amended, and the enactments and the Sale Resolution of the Governing Body relating to the issuance of the Bonds, including this Ordinance.

“Additional Bonds” means Parity Obligations, if any, hereafter issued by the Village.

“Beneficial Owner” shall mean those entities from time to time for whose account the Participants hold Bonds.

“Bond” or **“Bonds”** means the “Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013,” issued in one or more series.

“Bond Fund” means the “Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013, Bond Fund” for the deposit of Pledged Revenues from the Revenue Fund and funds from the Debt Service Reserve Account to be used for the payment of principal of and interest on the Bonds established by Section 17(A) of this Ordinance.

“Bond Legislation” means this Ordinance, any Sale Resolution, and any other enactment of the Governing Body in connection with the issuance and sale of the Bonds.

“Bond Purchase Agreement” means the agreement for the purchase and sale of the Bonds to be entered into between the Village and the Purchaser and to be approved at the time of adoption of the Sale Resolution.

“Bondholder”, “Holder”, or “Owner” means the registered owner of any Bond as shown on the registration books of the Village for the Bonds, from time to time, maintained by the Registrar. Any reference to a majority or a particular percentage or proportion of the

Bondholders shall mean the Holders at the particular time of a majority or the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding.

“Business Day” means a day on which commercial banks in the city in which the principal office of the Paying Agent and Registrar is located are open for the conduct of substantially all of their business or a day on which the New York Stock Exchange is open.

“Cede” means Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

“Clerk” means the Village Clerk of the Village.

“Code” means the Internal Revenue Code of 1986, as amended, the federal income tax regulations of the United States Department of the Treasury (whether proposed, temporary or final) and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a section of the Code in this Ordinance means that section of the Code and such applicable regulations, rulings, announcements, notices, procedures and determinations pertinent to that section.

“Continuing Disclosure Undertaking” means the continuing disclosure undertaking with respect to the Bonds to be executed on the day of the issuance and delivery of the Bonds to the Purchaser.

“DTC” means the Depository Trust Company, Garden City, New York.

“Debt Service Reserve Account” means that account which is part of the Bond Fund for the deposit of monies or proceeds from the Reserve Fund to be used as a reserve for the payment of the principal of an interest on the Bonds, established in Section 17(B) of this Ordinance.

“Defeasance Obligations” means:

- A. Government Obligations; or
- B. if permitted by law, other obligations which would result in the defeased Bonds receiving the same rate from any national rating agency then rating such series of Bonds as would have been received if the obligations described in clause (A) of this definition had been used.

“Event of Default” means any of the events stated in Section 24 of this Ordinance.

“Expenses” means all expenses relating to the issuance of the Bonds, including, without limitation, costs of advertising and publication of this Ordinance, rating agency fees and expenses, costs of printing the Preliminary Official Statement, the Official Statement and the Bonds, financial advisor fees and expenses, legal fees and expenses, fees and expenses of the Purchaser, initial fees and expenses of the Paying Agent and Registrar and all reasonable and necessary fees and administrative costs of the Village related thereto.

“Fiscal Year” means the period commencing on July 1 in 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 may hereafter establish for the Village as its fiscal year.

“Governing Body” means the Village council, the governing body of the Village.

“Government Obligations” means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or certificates or receipts, which obligations are held by a custodian in safekeeping on behalf of the holders of such receipts, established by the United States Government or its agencies or instrumentalities representing direct ownership of future interests or principal payments on direct obligations of, or obligations fully guaranteed by, the United States of American or any of its agencies or instrumentalities the obligations of which are backed by the full faith and credit of the United States and rated or assessed in its highest rating category by S&P, if then rating the Bonds, by Fitch, if then rating the Bonds, and by Moody’s, if then rating the Bonds.

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

“Improvements” means the acquisition, construction, furnishing, equipping rehabilitating and making improvements to capital projects for the Village, including but not limited to streets and roads, drainage improvements, Village buildings and land for the same, and necessary replacement of equipment, all to be financed with the proceeds of the Bonds.

“Independent Accountant” means any certified public accountant, or firm of such accountants, duly licensed to practice and practicing as such under the laws of the State, who (a) is, in fact, independent and not under the control of the Village, (b) does not have any substantial financial or business interest, direct or indirect, with the Village, and (c) is not connected with the Village as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of the books and records of the Village.

“Insured Bank” means a bank whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

“Interest Payment Date” means the dates to be established in the Sale Resolution for payment of interest on the Bonds.

“Mayor” means the duly elected mayor of the Village, or the duly elected Mayor Pro Tem in the absence of the mayor.

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

“Official Statement” means the final official statement relating to the issuance and sale of the Bonds.

“Ordinance” means this Ordinance No. 13-___.

“Outstanding” when used in reference to the Bonds means, on any particular date, the aggregate of all Bonds delivered under this Ordinance except:

A. those canceled at or prior to such date or delivered or acquired by the Village at or prior to such date for cancellation;

B. those otherwise deemed to be paid in accordance with this Ordinance;

C. those in lieu of or in exchange or substitution for which other Bonds shall have been delivered, unless proof satisfactory to the Village and the Paying Agent is presented that any Bond for which a new Bond was issued or exchanged is held by a bona fide holder in due course; and

D. those Bonds which have been refunded in accordance with this Ordinance or other ordinance or resolution of the Governing Body authorizing the issuance of the applicable bonds.

“Parity Obligations” means the Bonds and all other bonds or obligations of the Village now or hereafter issued or outstanding payable from a lien on Pledged Revenues on a parity with the Bonds.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as Securities Depository.

“Paying Agent” means initially the Senior Financial Officer of the Village or a trust company, national or state banking association or financial institution at the time appointed Paying Agent by resolution of the Governing Body, or any successor.

“Permitted Investments” means any investments permitted by the laws of the State for investment of monies by the Village.

“Pledged Revenues” means, collectively, the Municipal Hold Harmless Gross Receipts Tax distributed monthly to the Village pursuant to Section 7-19D-18, NMSA 1978, and Village of Corrales Ordinance No. 13-010, adopted July 23, 2013, equal to 0.375% of the gross receipts of any person engaging in business within the Village of Corrales, as determined and adjusted under the Gross Receipts and Compensating Tax Act, Chapter 7, Article 9, NMSA 1978 and the State Shared Gross Receipts Tax distributed monthly to the Village by the Revenue Division of the New Mexico Taxation and Revenue Department from the gross receipts tax imposed on any person engaging in business in New Mexico, in an amount subject to any increase or decrease made pursuant to Section 7-1-6.15, NMSA 1978, as amended, equal to the product of the quotient of 1.225% divided by the tax rate imposed by Section 7-9-4, NMSA 1978, as amended (currently 5.125%), times the net receipts (*i.e.*, the total gross receipts from business locations within the Village and other places designated in Section 7-1-6.4, NMSA 1978. Pledged Revenues do not include: (i) the proceeds of *ad valorem* property taxes, (ii) the proceeds of State-shared gross receipts taxes and municipal local option gross receipts taxes, except as explicitly provided herein, (iii) State appropriations, (iv) investment income on all investments of

Village funds, and (v) the proceeds of federally or State sponsored or funded grants and contracts.

“Preliminary Official Statement” means the preliminary official statement relating to the issuance and sale of the Bonds.

“Principal Payment Date” means the dates to be established in the Sale Resolution for payment of principal on the Bonds.

“Project” means, collectively, acquisition, construction, furnishing and equipping of the Improvements, the Refunding Project, and the Expenses.

“Purchaser” means George K. Baum & Company to whom the Bonds will be originally sold in accordance with a Sale Resolution and Bond Purchase Agreement.

“Rebate Fund” means the “Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013, Rebate Fund” established by Section 13(F) of this Ordinance, to be maintained by the Village.

“Record Date” means the fifteenth (15th) day of the month preceding any Interest Payment Date for the Bonds.

“Refunded Bonds” means the New Mexico Finance Authority Loan No. 2029-PP to the Village, in an original loan amount of \$1,035,000, closed on June 1, 2007, and New Mexico Environment Department (“NMED”) Loan No. CWSRF 011 in an original loan amount of \$540,000 pursuant to the Interim Loan Agreement between NMED and the Village dated January 20, 2012, or either of them.

“Refunding Project” means the refinancing, paying and discharging of the Refunded Bonds, including without limitation the payment of administrative and incidental costs pertaining to the issuance of the Bonds and the payment and discharge of the Refunded Bonds.

“Registrar” means initially the Senior Financial Officer of the Village or a trust company, national or state banking association or financial institution at the time appointed Registrar by resolution of the Governing Body, or any successor.

“Reserve Requirement” means an amount established by the Sale Resolution and equal to no less than the least of (i) the maximum annual debt service requirement on the Bonds during any future year; (ii) one hundred twenty-five percent (125%) of the average annual debt service on the Bonds; or (iii) ten percent (10%) of the principal amount of the Bonds.

“Revenue Fund” means the “Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013 Revenue Fund” for the deposit of Pledged Revenues created by Section 16 of this Ordinance.

“Sale Resolution” means a resolution to be adopted by the Governing Body, upon recommendation by the Mayor, after the sale of the Bonds, which shall specify the exact aggregate principal amount of the Bonds, the maturity dates, the amounts maturing on each

maturity date, the interest rates, and the redemption features applicable to the Bonds, and approve the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Preliminary Official Statement, the Official Statement, any other required documents, and which may contain such other terms and provisions as the Governing Body may determine.

“Securities Depository” means the Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190 (“DTC”) or, in accordance with the then current guidelines of the Securities and Exchange Commission, to other addresses and/or other such securities depositories, or to any other such depositories as the Governing Body may designate in writing.

“Senior Financial Officer” means the administrator or other senior financial officer of the Village.

“State” means the State of New Mexico.

“Village” means the Village of Corrales in Sandoval County, New Mexico.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Governing Body and the officers, agents, attorneys, advisors and employees of the Village, directed toward the acquisition of the Project, the issuance of the Bonds, and the sale of the Bonds to the Purchaser shall be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of Project. The Project is hereby authorized and ordered at a total cost not to exceed the amount of the Bond proceeds and any investment earnings thereon, excluding any such cost defrayed or to be defrayed by funds from any source other than the Bond proceeds.

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

A. The acquisition, construction, furnishing and equipping of the Improvements and the completion of the Project are necessary to meet the needs of the Village, its residents and property owners.

B. Monies available for the Project from all sources other than the issuance of the Bonds are not sufficient to defray the cost of the Project.

C. The Pledged Revenues may lawfully be pledged to secure the payment and redemption of the Bonds.

D. The issuance of the Bonds pursuant to the Act to provide funds for the financing of the Project is necessary and in the best interest of the Village, its residents and its property owners.

E. The final principal amount of the Bonds, the interest rates and sale prices of the Bonds will be established in a Sale Resolution, but in no event shall the net effective interest rate on the Bonds exceed twelve percent (12%) per annum.

F. Bond proceeds may be used to reimburse the Village's general fund for any prior expenses incurred for the Project.

Section 5. Bonds – Authorization and Detail.

A. *Authorization.* This Ordinance has been adopted by the affirmative vote of at least a three-fourths majority of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare of the residents of the Village, it is hereby declared necessary that the Village, pursuant to the Act, issue its negotiable, fully registered, revenue bonds to be designated the "Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013," in one or more series, in an aggregate principal amount not to exceed \$4,000,000, and the issuance, sale and delivery of the Bonds is hereby authorized. The Project is authorized and approved.

B. *Details of the Bonds.*

(i) The form, terms and provisions of the Bonds, as set forth in Section 12, are hereby approved with only such changes therein as are not inconsistent with this Ordinance and the Sale Resolution.

(ii) The Bonds shall be negotiable instruments but shall be issued only as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof, in such numbers and denominations, subject to Section 10 of this Ordinance, as may be requested by the Purchaser, but exchangeable for other fully registered Bonds of the same series. The Bonds shall be numbered separately and consecutively and shall be dated as of a date to be established in the Sale Resolution. The Bonds shall bear interest from their issue date payable on the dates to be established in the Sale Resolution, commencing on the date established in the Sale Resolution until maturity at the rate of interest to be established in the Sale Resolution. The final principal amount, authorized denominations, transfer restrictions, if any, and maturity schedule and/or maturity sinking fund schedule for the Bonds shall be established in the Sale Resolution.

(iii) The Bonds shall be sold for cash, at, above or below par at a price or prices that result in net effective interest rates that do not exceed twelve percent (12%) per annum. The Bonds will be sold at a negotiated sale to the Purchaser pursuant to a Sale Resolution and the Bond Purchase Agreement.

C. *Owners of the Bonds.* The person in whose name any Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either the principal or interest on such Bond shall be made only to or upon the order of the registered owner thereof or the registered owner's legal representative as stated herein, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 6. *Prior Redemption.*

A. *Redemption, Date and Price.* The Bonds may be subject to prior redemption at the option of the Governing Body, in whole or in part, and mandatory sinking fund redemption, on the date or dates and at the redemption price or prices to be established in the Sale Resolution.

B. *Notice.* Notice of redemption shall be given by the Registrar by sending a copy of such notice by electronic means to the Securities Depository or by first-class mail, postage prepaid, at least thirty (30) days prior to the redemption date, to the registered owners of the Bonds to be redeemed at the address shown on the registration books kept by the Registrar as of the close of business of the Registrar on the fifth day prior to the mailing of the notice. The Village shall give the Registrar written instructions to give notice of redemption to the registered owners of the Bonds to be redeemed at least forty-five (45) days prior to such redemption date. If the Bonds are subject to mandatory sinking fund redemption pursuant to the Sale Resolution, no notice from the Village to the Registrar shall be required for mandatory sinking fund redemptions. Neither the Village's failure to give such notice nor the Registrar's failure to give such notice to the registered owners of the Bonds, or any defect therein, shall affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notice of redemption shall specify the amount being redeemed, the date fixed for redemption, and that on such redemption date there will become due and be payable upon the Bonds to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem the Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not Outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bonds so called for redemption with funds deposited with the Paying Agent by the Village.

Section 7. *Execution and Authentication of the Bonds.*

A. *Execution.* The Bond shall be signed with the manual or facsimile signature of the Mayor and shall be attested with the manual or facsimile signature of the Clerk. There shall be affixed to the Bonds the printed, engraved, stamped or otherwise placed facsimile of, or imprint of, the seal of the Village. The Bonds shall be authenticated by the manual signature of an authorized officer of the Registrar. The Bonds, when authenticated and bearing the manual signature of the officers in office at the time of signing thereof, shall be valid and binding special obligations of the Village, notwithstanding that before delivery thereof and payment therefor, any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices.

B. *Authentication.* No Bond shall be valid or obligatory for any purpose unless the certificate of authentication has been duly executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been fully executed if manually signed and inscribed by an authorized officer of the Registrar.

Section 8. *Negotiability.* The Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the registered owners of the Bonds shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the State Uniform Commercial Code – Investment Securities.

Section 9. *Payment and Presentation of Bonds for Payment.* Subject to Section 10(G) of this Ordinance, principal and interest on the Bond shall be payable in lawful money of the United States of America, without deduction for exchange or collection charges. Principal and interest on the Bonds shall be payable by check or draft mailed to the registered owners thereof (or in such other manner as may be agreed upon by the Paying Agent and the registered owners), as shown on the registration books maintained by the Registrar at the address appearing therein on the fifteenth day of the calendar month next preceding the Interest Payment Date (the “Record Date). Any interest which is not timely paid or provided for shall cease to be payable to the owner thereof (or of one or more predecessor Bonds) as of the Record Date, but shall be payable to the owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to Bond owners not less than ten (10) days prior thereto. If any Bond, when presented for payment, remains unpaid at maturity or redemption, it shall continue to bear interest at the rate designated in, and applicable to, such Bond from time to time. If any Bond is not presented for payment at maturity or redemption when funds available therefor have been deposited with the Paying Agent, it shall cease bearing interest on and from the date of maturity or redemption.

Section 10. *Registration, Transfer, Exchange and Ownership of Bonds.*

A. ***Registration, Transfer and Exchange.*** The Mayor, on behalf of the Governing Body, shall cause books for registration, transfer, and exchange of the Bonds as provided herein to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any fully registered Bond at the principal office of the Registrar duly endorsed by the registered owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Registrar and duly executed, the Registrar shall authenticate and deliver in the name of the transferee or registered owner, as appropriate, a new Bond or Bonds in fully registered form of the same aggregate principal amount, maturity, series and interest rate.

B. ***Limitations.*** The Registrar shall not be required to transfer or exchange the Bond (i) during the period of fifteen (15) days next preceding the mailing of notice calling any Bonds for redemption as provided herein, or (ii) after the mailing to the registered owner of notice calling such Bonds as herein provided. The Registrar shall close books for change of registered owners’ addresses on each Record Date. Transfers will be permitted within the period from each Record Date to the subsequent Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

C. ***Owners of Bonds.*** The person to whose name any Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either the principal of or interest on such Bond shall be made only to or upon the order of the registered owner thereof or the owner’s legal representative as stated herein, but such registration may be

changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

D. *Replacement Bonds.* If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such Bond, if mutilated, and such evidence, information or indemnity relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same series, maturity and interest rate. If any such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, the Registrar may request the Paying Agent to pay such Bond in lieu of replacement.

E. *Additional Bonds.* Executed but unauthenticated Bonds are hereby authorized to be delivered to the Registrar in such quantities as may be convenient to be held in custody by the Registrar pending delivery upon transfer or exchange as herein provided.

F. *Charges.* For each new Bond issued in connection with a transfer or exchange, the Registrar may make a charge to the owner of the Bond requesting such exchange or transfer sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

G. *Book-Entry Bonds.*

(i) The Bonds shall be initially issued in the form of a single, certificated and fully registered Bond for each maturity and interest rate. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede.

(ii) With respect to Bonds registered in the name of Cede, or held by a Securities Depository, the Village, the Registrar and the Paying Agent shall have no responsibility or obligation to any Participant or Beneficial Owner including, without limitation, any responsibility or obligation with respect to (a) the accuracy of the records of the Securities Depository or any Participant concerning any ownership interest in the Bonds; (b) the delivery to any Participant, Beneficial Owner, or person other than the Owner, of any notice concerning the Bonds, including notice of redemption; or (c) the payment to any Participant, Beneficial Owner or person other than the Owner of the principal of and interest on or in connection with the Bonds. The Village, the Registrar and the Paying Agent may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest with respect to such Bond, for purposes of giving notices of redemption and other matters with respect to such bond and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on or in connection with the Bonds only to or upon the order of the Owners, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Village's obligations with respect to the payment of the same. No person, other than an Owner, shall receive a certificated Bond evidencing the obligations of the Village pursuant to this Ordinance.

(iii) DTC may determine to discontinue providing its service as a Securities Depository with respect to the Bonds at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law. Additionally, the Governing Body on behalf of the Village may terminate the services of DTC if the Governing

Body determines in its sole and absolute discretion that DTC is unable to discharge its responsibilities with respect to the Bonds or that continuation of the system of book entry transfers through DTC is not in the best interests of the Beneficial Owners or the Village. Such termination shall be effected by written notice of the same from the Governing Body to DTC and to the Registrar and Paying Agent. Upon the termination of the services of DTC, a substitute Securities Depository which is willing and able to undertake the system of book-entry transfers upon reasonable and customary terms may be engaged by the Governing Body or, if the Governing Body determines in its sole and absolute discretion that it is in the best interests of the Beneficial Owners or the Governing Body that the Beneficial Owners be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the name of Cede or other nominee of a Securities Depository but shall be registered in whatever name or names the Beneficial Owners shall designate at that time, and fully registered Bond certificates shall be delivered to the Beneficial Owners.

Section 11. *Special Limited Obligations.* All of the Bonds and all payments of principal, premium, if any, and interest thereon whether at maturity or on a redemption date, together with any interest accruing thereon, shall be special limited obligations of the Village and shall be payable and collectible solely from the Pledged Revenues which revenues are so pledged and are payable as set forth in Section 18 of this Ordinance. The Owner of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the Pledged Revenues. The Bond shall not constitute an indebtedness or a debt of the Village within the meaning of any constitutional or statutory provision or limitation, nor shall it be considered or held to be a general obligation of the Village, and each of the Bonds shall recite that it is payable and collectible solely out of the Pledged Revenues, pledged as set forth in this Ordinance, and that the holder thereof may not look to any general fund or other moneys of the Village for the payment of the principal of and interest on the Bonds, except the Pledged Revenues. Nothing herein shall prevent the Village, in its sole discretion, from applying other funds of the Village legally available therefor to the payment of the Bonds.

Section 12. *Form of Bonds.* The form, terms and provisions of the Bonds shall be substantially as set forth below, with such changes therein as are not inconsistent with this Ordinance and the Sale Resolution:

[FORM OF BOND]

UNITED STATES OF AMERICA

STATE OF NEW MEXICO

AS PROVIDED IN THE ORDINANCE REFERRED TO HEREIN, UNTIL THE TERMINATION OF REGISTERED OWNERSHIP OF ALL OF THE BONDS THROUGH THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE ORDINANCE, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE ORDINANCE TO THE CONTRARY, THE PRINCIPAL AMOUNT OUTSTANDING UNDER THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE REGISTRAR. DTC OR A TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND TO BE PAID. THE PRINCIPAL AMOUNT OUTSTANDING AND

TO BE PAID ON THIS BOND SHALL FOR ALL PURPOSES BE THE AMOUNT INDICATED ON THE BOOKS OF THE REGISTRAR.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL SINCE THE REGISTERED OWNER HEREON, CEDE & CO., HAS AN INTEREST HEREIN.

**THE VILLAGE OF CORRALES, NEW MEXICO
HOLD HARMLESS GROSS RECEIPTS TAX
REFUNDING AND REVENUE BONDS
SERIES 2013**

Bond No. R- _____ \$ _____

Interest Rate **Maturity Date** **Date of Bond** **CUSIP**
_____ % per annum _____, _____ _____, _____ _____

The Village of Corrales (the "Village"), being a duly constituted and organized municipal corporation under the Constitution and laws of the State of New Mexico, for value received, hereby promises to pay, solely from the special funds available for the purpose as hereinafter set forth, to CEDE & Co., or registered assigns, no later than the Maturity Date stated above (unless this bond is called for prior redemption, in which case on such redemption date), upon presentation and surrender hereof at the principal office of the Paying Agent, or any successor paying agent (the "Paying Agent"), the sum of _____ DOLLARS (\$ _____) and to pay from said sources interest on the unpaid principal amount at the Interest Rate stated above on _____, and on _____ and _____ of each year (each an "Interest Payment Date") thereafter to its maturity, or until redeemed if called for redemption prior to maturity. This bond will bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from its date. Interest on this bond is payable by check mailed to the registered owner hereof (or by such other arrangement as may be mutually agreed to by the Paying Agent and the registered owner) as shown on the registration books for this issue maintained by the Registrar, or any successor registrar (the "Registrar") at the address appearing therein at the close of business on the fifteenth day of the calendar month next preceding the Interest Payment Date (the "Record Date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the owner hereof as of the Record Date but shall be payable to the owner hereof at the close of business on a special record date to be fixed by the Paying Agent for the payment of interest. The special record date shall be fixed by the Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the owner of the Bonds (defined below) as then shown on the Registrar's registration books not less than ten days prior to the special record date. If, upon presentation at maturity or redemption, payment of this bond is not made as herein provided, interest hereon shall continue at the Interest Rate stated above until the principal hereof is paid in full. The principal, premium,

if any, and interest on this bond are payable in lawful money of the United States of America, without deduction for the services of the Paying Agent or the Registrar.

This bond is one of a duly authorized issue of fully registered bonds of the Village of Corrales in the aggregate principal amount of \$ _____, issued in denominations of \$5,000 or integral multiples thereof, designated as “The Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013” (the “Bonds”), issued under and pursuant to the Ordinance of the Governing Body of the Village of Corrales dated December 12, 2013 and the Sale Resolution dated _____, 2013 (collectively, the “Bond Legislation”).

The Bonds are subject to prior redemption at the option of the Governing Body, in whole or in part, as more particularly described below:

[INSERT OPTIONAL REDEMPTION]

[INSERT SINKING FUND REDEMPTION]

Notice of redemption of this bond will be given by providing at least thirty (30) days prior written notice by registered or certified first-class mail, postage prepaid, to the owner hereof or of the portion hereof to be redeemed at the address shown on the registration books as of the fifth day prior to the mailing of notice as provided in the Ordinance. Notice of redemption will specify the amount being redeemed, and shall further state that on such redemption date there will become due and payable upon each Bond to be redeemed at the office of the Paying Agent, the principal amount thereof plus accrued interest to the redemption date and the stipulated premium, if any, and that from and after such date, the redemption amount having been deposited and notice having been given, interest will cease to accrue.

Books for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer or exchange of this bond at the principal office of the Registrar, duly endorsed or accompanied by an assignment duly executed by the registered owner or the registered owner’s attorney duly authorized in writing, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the mane of the transferee or owner, a new Bond or Bonds in fully registered form of the same aggregate principal amount, maturity and interest rate. Exchanges and transfers of the Bonds shall be without charge to the owner or any transferee, but the Registrar may require the payment by the owner of any Bonds of any tax or other similar governmental charge required to be paid with respect to such exchange or transfer. The Registrar shall not be required (i) to transfer or exchange any Bond during the period of fifteen (15) days next preceding the mailing of notice calling any Bond for redemption, or (ii) to transfer or exchange any Bond or part thereof called for redemption. The Registrar will close the books for change of registered owners’ addresses on each Record Date; transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

The person in whose name any Bond is registered on the registration books kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes, except as may otherwise be provided with respect to

payment of overdue interest in the Ordinance; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or the registered owner's legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar will, upon receipt of such Bond, if mutilated, and such evidence, information or indemnity relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed, authenticate and deliver a replacement Bond, or Bonds, of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

This Bond does not constitute an indebtedness of the Village within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the Village, and is payable and collectible solely from the Pledged Revenues of the Village described in the Bond Legislation and the bondholders may not look to any general or other Village fund other than those described above for the payment of the interest and principal of this bond. The Bonds are issued with a lien, but not an exclusive first lien, on the Pledged Revenues. Additional bonds may be issued and made payable from the Pledged Revenues, upon satisfaction of the conditions set forth in the Bond Legislation, having a lien thereon either on a parity with, or subordinate or junior to, the lien on the Pledged Revenues of the Bonds, but additional bonds may not be issued with a lien thereon superior to the lien thereon of the Bonds.

The bonds are issued to provide funds for the purposes set forth in the Ordinance, to reimburse the Village for its expenditures made for the foregoing purposes and to pay the costs of issuance of the Bonds, or any combination of the foregoing purposes (the "Project").

The Village through its Governing Body agrees with the owner of this bond and with each and every person who may become the owner hereof that it will keep and perform all of the covenants of the Bond Legislation.

This bond is subject to the condition, and every owner hereof by accepting the same agrees with the obligor and every subsequent owner hereof, that the principal of and interest on this bond shall be paid, and this bond is transferable, free from and without regard to any equities, set-offs or crossclaims between the obligor and the original or any other owner hereof.

It is hereby certified that all acts and conditions necessary to be done or performed by the Village and its officers or to have happened precedent to and in the issuance of the Bonds to make them legal, valid and binding special obligations of the Village, have been performed and have happened as required by law, and that the Bonds do not exceed or violate any constitutional or statutory limitation of or pertaining to the Village.

This bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the Certificate of Authentication on this bond.

IN WITNESS WHEREOF, the Village of Corrales has caused this bond to be signed and executed on the Village's behalf with the manual signatures of the Mayor and the Clerk of the Village, and affixed with the official seal of the Village, all as of the Date of Bond.

THE VILLAGE OF CORRALES, NEW MEXICO

By: _____
Mayor

ATTEST:

By: _____
Village Clerk

(SEAL)

[FORM OF CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the Bond Legislation and has been duly registered on the registration books kept by the undersigned as Registrar/Paying Agent for the Bonds.

Date of Authentication and

THE VILLAGE OF CORRALES, NEW MEXICO
as Registrar/Paying Agent

Registration: _____

By: _____
Administrator

[END OF FORM OF CERTIFICATE OF AUTHENTICATION]

[FORM OF ASSIGNMENT]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfer unto

(Please print or typewrite Name and Address, including Zip Code, of Assignee)

(Social Security or Federal Taxpayer Identification Number)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Registrar under the Ordinance as attorney to register the transfer of the within bond on the books kept for registration thereon, with full power of substitution on the premises.

Dated: _____

NOTICE: The signature of the registered owner to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by:

NOTICE: Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program as is acceptable to the Registrar.

[END OF FORM OF ASSIGNMENT]

[END OF FORM OF BOND]

Section 13. *Disposition of Bond Proceeds.* Except as herein otherwise specifically provided the proceeds from the sale of the Bonds shall be used as follows:

A. *Accrued Interest.* First, all moneys received as accrued interest, if any, from the sale of the Bonds shall be deposited into the Bond Fund, to be applied to the payment of interest next due on the Bonds.

B. *Debt Service Reserve Account.* Second, if necessary to achieve a successful marketing, an amount equal to the Reserve Requirement shall be credited to the Debt Service Reserve Account.

C. *Expenses.* Third, an amount necessary to pay Expenses shall be paid on behalf of the Village.

D. *Acquisition Account Created.* Fourth, there is hereby created the "Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013, Acquisition Account." After the deposits made in Paragraph C above, an amount necessary, together with funds transferred to the Acquisition Account pursuant to Section 14(A), if any, to finance the Improvements in whole or in part from the proceeds derived from the sale of the Bonds shall be credited to the Acquisition Account.

E. *Refunding.* An amount necessary from the Bonds, together with other legally available funds of the Village, shall be transferred to the owners of the Refunded Bonds to effectuate the Refunding Project.

F. *Rebate Fund Created.* Fifth, there is hereby created the “Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013, Rebate Fund,” for the purpose of payment to the United States Department of the Treasury of any rebatable arbitrage due.

The Village shall deposit into the Rebate Fund any amounts available from the proceeds of the Bonds, as will be sufficient to pay any rebate due to the United States Department of the Treasury for the applicable rebate period.

G. *Use of Proceeds.* Except as otherwise specifically provided in this Ordinance, the proceeds derived from the sale of the Bonds shall be used and paid solely for one or more of the purposes of the Project.

Section 14. *Acquisition Account.*

A. *Additional Acquisition Account Deposits.* Upon the issuance of the Bonds, the Senior Financial Officer of the Village shall cause to be withdrawn from funds legally available therefor and transferred and credited to the Acquisition Account such amount as he or she determines shall be necessary to assure that the amount of the Acquisition Account will be sufficient for the purposes set forth in Paragraph C of this Section 14.

B. *Maintenance of the Acquisition Account.* The Acquisition Account shall be maintained by the Village in an amount at the time of the deposit and at all times subsequently at least sufficient to pay the costs of the Project, both accrued and not accrued, as the same become due.

C. *Use of the Acquisition Account.* Moneys shall be withdrawn by the Village from the Acquisition Account in sufficient amounts and at times to permit the payment without default of the costs of the Project. Any moneys remaining in the Acquisition Account after provision shall have been made for the payment in full of the costs of the Project shall, subject to the provisions of Section 17(C), be applied to any lawful purposes as the Governing Body of the Village may hereafter determine.

D. *Insufficiency of the Acquisition Account.* If, for any reason, the amount in the Acquisition Account shall at any time be insufficient for the purposes of Paragraphs B and C of this Section 14, the Village shall forthwith, from the first legally available revenues, deposit in the Acquisition Account such additional moneys as shall be necessary to permit the payment in full of the costs of the Project.

Section 15. *Purchaser Not Responsible.* The Purchaser, or any subsequent owner of the Bonds, shall in no manner be responsible for the application or disposal by the Village, or by any officer or employee or other agent of the Village or the Governing Body, of the moneys derived from the sale of the Bonds or of any other moneys designated in this Ordinance.

Section 16. *Revenue Fund.* There is hereby created the “Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013 Revenue Fund.” So long as the Bonds are outstanding, the Pledged Revenues shall be set aside

and deposited into the Revenue Fund, and thereafter transferred to the Bond Fund, as hereinafter provided.

Section 17. Administration of the Revenue Fund. So long as any of the Bonds shall be outstanding, whether as to principal or interest or both, the following payments shall be made from the Pledged Revenues:

A. *Bond Fund Created.* While any Bonds are outstanding, Pledged Revenues shall first be transferred from the Revenue Fund into the “Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, Series 2013, Bond Fund” hereby created as provided below:

(i) such amounts, at least five days prior to the applicable Interest Payment Date, as will be sufficient, together with other monies, if any, then on deposit therein for such purpose, to pay the interest scheduled to come due on the Bonds on the next Interest Payment Date; and

(ii) such amounts, at least five days prior to the applicable Principal Payment Date, as will be sufficient to pay the next maturing principal payment on the Bonds.

In order to allow for variation from month to month in Pledged Revenues, the Village may make the payment of such installments in an amount greater than the above-required amounts. If on or before the applicable payment date there has been accumulated in the Bond Fund an amount in excess of the amount required to then be on deposit therein, the payment required by such date may be appropriately reduced by the excess on deposit in the Bond Fund, provided that the amount accumulated in the Bond Fund on the fifth day prior to an Interest Payment Date for the Bonds must always be sufficient to pay in full all principal and interest becoming due on such payment date on all Bonds then outstanding. Except as provided in Paragraph C of this Section, the monies in the Bond Fund shall be used only to pay the principal of and interest on the Bonds as the same become due.

B. *Debt Service Reserve Account Created.* If, for any reason and at any time after issuance of the Bonds, amounts on deposit in the Debt Service Reserve Account, if created at the times and in the amount specified in the Sale Resolution, do not satisfy the entire Reserve Requirement, and subject to the payments required and provisions contained in Paragraph A of this Section, a sufficient amount of Pledged Revenues to satisfy such deficiency shall be deposited in the Debt Service Reserve Account. No payment needs to be made into the Debt Service Reserve Account so long as the monies therein shall be equal to or greater than the Reserve Requirement. If the amount on deposit in the Bond Fund exceeds the amount then required to have been accumulated, the amount of any payment required to be made on the date on which any such excess exists may be reduced by the amount of such excess. The monies in the Debt Service Reserve Account shall be accumulated and maintained as a continuing reserve to be used, except as hereafter provided in Paragraphs C and D of this Section, only to prevent deficiencies in the payment of the principal of or interest on the Bonds resulting from the failure to deposit into the Bond Fund amounts sufficient to pay such principal and interest as the same become due.

C. *Termination upon Deposits to Maturity.* No payment need be made into the Bond Fund if the amount in the Bond Fund and the Debt Service Reserve Account is a sum at least equal to the entire amount of the Bonds then outstanding, both as to principal and interest to their respective maturities, and both accrued and not accrued, in which case, moneys in the Bond Fund and the Debt Service Reserve Account in an amount at least equal to such principal and interest requirements shall be used solely to pay such as the same accrue and any moneys in excess thereof in the Bond Fund and the Debt Service Reserve Account and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Governing Body.

D. *Use of Monies in the Debt Service Reserve Account.* The monies in the Debt Service Reserve Account shall be used solely and only for the purpose of paying the principal of and interest on the Bonds; provided, however, that any moneys in the Debt Service Reserve Account in excess of accrued and unaccrued principal and interest requirements to the respective maturities of the Bonds then outstanding may be used as provided in Paragraph C of this Section 17.

E. *Defraying Delinquencies in Bond Fund.* If at any time a deposit due pursuant to Paragraph A of this Section shall not be paid, for any reason, into the Bond Fund, then an amount shall be paid into the Bond Fund at such time from moneys on deposit in the Debt Service Reserve Account equal to the difference between that paid from the Pledged Revenues and the amount so required. From the first Pledged Revenues thereafter received which are not required to be deposited in the Bond Fund, there shall first be deposited into the Debt Service Reserve Account a sum equal to the amount withdrawn from the Debt Service Reserve Account. If, at any time, the Village shall, for any reason, fail to pay into the Debt Service Reserve Account the full amount required above from the Pledged Revenues, the difference between the amount paid and the amount required shall in a like manner be paid therein from the first Pledged Revenues thereafter received not required to be otherwise applied. The monies in the Bond Fund and the Debt Service Reserve Account shall be used solely and only for the purpose of paying the principal of and interest on the Bonds; provided, that any investment income derived from investment of amounts in the Debt Service Reserve Account, or any other moneys on deposit therein, in excess of the Reserve Requirement may at any time be withdrawn therefrom and may be used as provided below in this Section; except that any investment income derived from the Bond proceeds deposited in the Debt Service Reserve Account in excess of the Reserve Requirement shall be deposited in the Bond Fund and used to pay principal of and interest on the applicable Bonds.

F. *Use of Surplus Pledged Revenues.* After making the payments required to be made by Paragraph A, B, D and E of this Section 17 and the payments required to be made for any then outstanding Parity Obligations, the remaining Pledged Revenues, if any, may be applied as determined by the Governing Body and applied to any other lawful purposes as the Governing Body may direct.

In taking any action required or authorized by this Section, the Governing Body shall at all times observe the covenants contained in Section 28 of this Ordinance.

Section 18. *General Administration of Funds.* The funds and accounts designated in Sections 13, 14, 16 and 17 shall be administered and invested as follows:

A. *Places and Times of Deposits.* The funds shall be separately maintained as a trust fund or funds for the purposes established and shall be deposited in one or more bank accounts in an Insured Bank or Banks, or otherwise invested in accordance with the laws of the State governing investments by the Village or provided in Paragraph B of this Section 18. Each account shall be continuously secured to the extent required by law and shall be irrevocable and not withdrawable by any person for any purpose other than the designated purposes provided herein. Payments shall be made into the proper fund or account no later than the next Business Day following receipt of Pledged Revenues by the Village. No later than five (5) Business Days prior to each Interest and Principal Payment Date, moneys sufficient to pay interest and principal then due on the Bonds shall be transferred to the Paying Agent. Nothing in this Ordinance shall prevent the Village from establishing one or more bank accounts in an Insured Bank or Banks for all the funds required by this Ordinance or shall prevent the combination of such funds and accounts with any other bank account or accounts or other funds and accounts of the Village.

B. *Investment of Moneys.* Moneys in any fund or account not immediately needed may be invested in any Permitted Investment. The obligations so purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account except as provided herein. The Senior Financial Officer shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer required from such fund.

Section 19. *Lien on Pledged Revenues.* The Pledged Revenues, the amounts and securities on deposit in the Bond fund and the Debt Service Reserve Account, and the proceeds thereof, are hereby authorized to be pledged to, and are hereby pledged and Governing Body grants a security interest therein for the payment of the principal of, premium, if any, and interest on the Bonds, subject to the uses thereof permitted by, and the priorities set forth in, this Ordinance. The bonds constitute an irrevocable first lien, but not necessarily an exclusive first lien, on the Pledged Revenues as set forth herein.

Section 20. *Bonds or Other Obligations Payable from Pledged Revenues.*

A. *Presently Outstanding Parity Obligations.* Presently outstanding Parity Obligations secured by the State Shared Gross Receipts Tax revenues are New Mexico Finance Authority (NMFA) Loan No. 2029-PP, maturing 2027, NMFA Loan No. 2575-PP, maturing 2031, and New Mexico Environment Department Interim Loan No. CWSRF 011, maturing about 2034. There are no presently outstanding Parity Obligations secured by the Municipal Hold Harmless Gross Receipts Tax revenues.

B. *Limitations upon Issuance of Parity Obligations.* No provision of this Ordinance shall be construed in such a manner as to prevent the issuance by the Village of Additional Bonds or other obligations payable from Pledged Revenues constituting a lien upon such Pledged Revenues equal to or on a parity with the Bonds, nor to prevent the issuance of bonds or other obligations refunding all or a part of the Bonds; provided, however, that before any such additional bonds are actually issued, including parity refunding bonds and obligations

which refund subordinate obligations as provided in Section 21 hereof, it must be determined that:

(i) The Village is then current in all of the accumulations required to be made into the Bond Fund and the Debt Service Reserve Account as provided in Section 17 of this Ordinance; and

(ii) No default shall exist in connection with any of the covenants or requirements of this Ordinance; and

(iii) The Pledged Revenues received by the Village for the Fiscal Year immediately preceding the date of the issuance of such Additional Bonds shall have been sufficient to pay an amount representing one hundred twenty-five percent (125%) of the combined maximum principal and interest coming due in any subsequent Fiscal Year on the then outstanding Bonds and the Parity Obligations proposed to be issued.

B. *Certificate or Opinion of Reserves.* A written certificate or opinion by the Senior Financial Officer of the Village that such annual Pledged Revenues are sufficient to pay such amounts shall be conclusively presumed to be accurate in determining the right of the Governing Body to authorize, issue, sell and deliver such Additional Bonds or other obligations on a parity with the Bonds herein authorized.

C. *Subordinate Obligations Permitted.* No provision of this Ordinance shall be construed in such a manner as to prevent the issuance by the Village of bonds or other obligations payable from the Pledged Revenues constituting a lien upon such Pledged Revenues subordinate and junior to the lien of the Bonds nor to prevent the issuance of bonds or other obligations refunding all or part of the Bonds herein authorized as permitted by Section 21 hereof.

D. *Superior Obligations Prohibited.* The Village shall not issue bonds payable from the Pledged Revenues having a lien thereon prior or superior to the Bonds.

Section 21. Refunding Bonds Payable from Pledged Revenues. The provisions of Section 20 hereof are subject to the following exceptions:

A. *Privilege of Issuing Refunding Obligations.* If at any time after the Bonds shall have been issued and remain outstanding, the Governing Body shall find it desirable to refund any outstanding bonds or other outstanding obligations payable from the Pledged Revenues, such bonds or other obligations, or any part thereof, may be refunded (but the holders of bonds to be refunded may not be compelled to surrender their bonds, unless the bonds or other obligations, at the time of their required surrender for payment, shall then mature, or shall then be callable for prior redemption at the Governing Body's option), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged Revenues is changed, except as provided in Paragraph D of Section 20 hereof and in Paragraphs B and C of this Section 21.

B. *Limitations upon Issuance of Parity Refunding Obligations.* No refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued on a

parity with the Bonds herein authorized, unless the refunding bonds or other refunding obligations are issued in compliance with Paragraph A of Section 20.

C. *Refunding Part of an Issue.* The refunding bonds or other obligations so issued shall have complete equality of lien on the Pledged Revenues with the portion of any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of such refunding bonds or such other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of the bonds or other obligations of the same issue refunded thereby. If only a part of the outstanding bonds and any other outstanding obligations of any issue or issues payable from the Pledged Revenues is refunded, then such obligations may not be refunded without the consent of the holder or holders of the unrefunded portion of such obligations, unless the refunding bonds or other refunding obligations are issued in compliance with Paragraph A of Section 20.

D. *Limitations upon Issuance of Refunding Obligations.* Any refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued with such details as the Governing Body may provide by ordinance or resolution, but without any impairment of any contractual obligations imposed upon the Governing Body and the Village by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues (including, but not necessarily limited to, the Bonds).

Section 22. *Equality of Bonds.* No Bond shall be entitled to any priority over another in the application of the Pledged Revenues, regardless of the time or times of their issuance, it being the intention of the Governing Body that there shall be no priority among the Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 23. *Protective Covenants.* The Governing Body hereby represents, covenants, warrants and agrees with each and every holder of the Bonds issued hereunder:

A. The Village, with the proceeds derived from the sale of the Bonds, shall proceed without delay to carry out the Project as herein provided.

B. The Governing Body and the Village on the direction of the Governing Body will faithfully perform at all time any and all covenants, undertakings, stipulations and provisions contained in the Bond Legislation and in each and every Bond. The Village will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond, on the dates and in the places and manner prescribed in such Bonds. The Village will, at the times and in the manner prescribed herein, deposit or cause to be deposited, from the Pledged Revenues, the amounts of money specified herein.

C. The Governing Body is duly authorized under the laws of the State to issue and deliver the Bonds. All actions on the part of the Governing Body for the authorization, issuance and delivery of the Bonds will have been duly and effectively taken, and the Bonds in the hands of the owners thereof will be valid and enforceable special obligations of the Village in accordance with their terms.

D. The Village will maintain its legal identity and existence so long as the Bonds or any portion thereof remain outstanding, unless another political subdivision or State

agency by operation of law succeeds to the liabilities and rights of the Village without adversely affecting to any substantial degree the privileges and rights of the Purchaser or any holder of the Bonds.

E. The Governing Body is lawfully qualified to pledge the Pledged Revenues to the payments of the Bonds in the manner prescribed herein.

F. The Governing Body will, from time to time, and before the same become delinquent, pay and discharge all taxes, assessments and governmental charges, if any, which shall lawfully be imposed upon the Village or the Project.

G. The Governing Body will continuously and efficiently operate and maintain or cause to be maintained in good condition the Improvements so long as the Bonds or any portion thereof are outstanding.

H. While the Bonds are outstanding and unpaid, the Governing Body will not additionally encumber the Pledged Revenues in any manner, except as permitted by the Bond Legislation.

I. Proper books of record and account will be kept by the Village in electronic or such other format as the Governing Body and the Village administration on the direction of the Governing Body shall determine, in which full, true and correct entries will be made of all dealings, activities and transactions relating to the Pledged Revenues, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request by and at the sole expense of any owner of the Bonds.

J. Within 270 days following the close of each Fiscal Year while any of the Bonds are outstanding, the Governing Body shall cause an audit to be made of the Village's books and accounts by an Independent Accountant, such audit to be based on the Fiscal Year of the Village and to be completed in accordance with applicable law; provided, however, that if such audit cannot be conducted within 270 days following the close of any Fiscal Year because the State Auditor or other authority of the State with superintending control of the audit directs that the audit be made by a designated auditor under different timelines or by the State Auditor's office and staff, in which case the Village will use its best efforts to have the audit completed as soon as possible following the close of the Fiscal Year.

K. While any of the Bonds are outstanding, the Governing Body shall cause the Improvements and all parts thereof to be kept in reasonable repair and in good condition. The Village shall not sell, lease, mortgage, pledge, relocate or otherwise dispose of or transfer the Project or any part of the Project during its useful life.

Section 24. *Events of Default.* Each of the following events is hereby declared an "Event of Default":

A. *Nonpayment of Principal or Interest.* Failure to pay the principal of or interest on the Bonds when the same becomes due and payable.

B. *Incapability to Perform.* The Governing Body or the Village becomes, for any reason, incapable of fulfilling its obligations hereunder.

C. *Default of Any Provision.* Failure by the Governing Body or the Village in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds, in this Ordinance, or in the Sale Resolution on its part to be performed, and the continuance of such default (other than a default set forth in Paragraph A of this Section 24) for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the Village by the holder of any Bonds then outstanding.

Section 25. Remedies upon Default. Upon the happening and continuance of any of the Events of Default as provided in Section 24 of this Ordinance, then in every case, the holders of twenty-five percent (25%) in principal amount of the outstanding Bonds, including, but not limited to, a trustee or trustees therefor, may proceed against the Governing Body, the Village and their agents, officers and employees to protect and enforce the rights of any holder of the Bonds under this Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in the District Court for the Thirteenth Judicial District of the State of New Mexico, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein, or in an award relating to the execution of any power herein granted for the enforcement of any legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights provided above, or to enjoin any act or thing which may be unlawful or in violation of any right of any holder of the Bonds, or to require the Governing Body to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of the holders of the Bonds then outstanding. The failure of any Bondholder so to proceed shall not relieve the Governing Body or the Village or any of their officers, agents or employees of any liability for failure to perform any duty. Each right or obligation of such Bondholder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege.

Section 26. Duties upon Default. Upon the happening of any of the Events of Default provided by Section 24 of this Ordinance, the Mayor and the Senior Financial Officer on behalf of the Governing Body will do and perform all proper acts on behalf of the owners of the Bonds to protect and preserve the security created for the payment of the Bonds and to insure the payment of the principal of and interest on the Bonds promptly as the same become due. All proceeds derived therefrom, so long as the Bonds, either as to principal or interest, are outstanding and unpaid, shall be applied as set forth in Section 17 of this Ordinance. In the event the Governing Body, the Mayor or the Senior Financial Officer fails or refuses to proceed as provided in this Section 26, the owners of the Bonds then outstanding, or any of them, after demand in writing, may proceed and take action to protect and enforce the rights of the owners of the Bonds as hereinabove provided.

Section 27. Bonds Not Presented When Due. If the Bonds or any of them shall not be duly presented for payment when due at maturity or on the redemption date thereof, and if moneys sufficient to pay such Bonds are on deposit with the Paying Agent for the benefit of the owners of such Bonds, all liability of the Governing Body and the Village to such owners for the payment of such Bonds shall be completely discharged, such Bonds shall not be deemed to be

outstanding, and it shall be the duty of the Paying Agent to segregate and to hold such moneys in trust, without liability for interest thereon, for the benefit of the owners of such Bonds as may be provided in any agreement hereafter entered into between the Paying Agent and an authorized officer of the Village.

Section 28. Tax and Arbitrage Covenants. The Governing Body covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The Mayor and Senior Financial Officer or any other officer of the Village having responsibility for the issuance of the Bonds shall give an appropriate certificate of the Village, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the Governing Body and the Village regarding the amount and use of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds.

The Governing Body on behalf of the Village covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that (c) the Governing Body, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purposes of the borrowing, (ii) restrict the yield on investment property acquired with those proceeds, (iii) make timely rebate payments to the federal government, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Mayor, Senior Financial Officer and other appropriate officers are hereby authorized and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, as may be appropriate to assure such exclusion of that interest.

In order to facilitate compliance with the above covenants, the Village will make any necessary deposits into the Rebate Fund for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other person including, without limitation, the Bondholders.

It is the understanding of the Governing Body that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the United States Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand the provisions of the Code, as applicable to the Bonds, the Governing Body and the Village will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Governing Body agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

Section 29. *Continuing Disclosure Undertaking.* At the date the Bonds are issued, the Governing Body will make a written undertaking on behalf of the Village for the benefit of the holders of the Bonds and the Purchaser required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240, 15c2-12) (the “Rule”) in the form approved by the Senior Financial Officer and submitted to the Governing Body for review.

Section 30. *Delegated Powers.* The Mayor, Clerk, and Senior Financial Officer, acting for and on behalf of the Village and the Governing Body, and other officers of the Village shall be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing, the publication of the summary set out in Section 38 of this Ordinance (with such changes, additions and deletions as they may determine), the distribution of material relating to the Bonds, the printing of the Bonds, the printing, execution and distribution of disclosure statements relating to the Bonds, the execution of a purchase agreement for the Bonds, and the execution of such other documents as may be required by the Purchaser or bond counsel.

Section 31. *Ordinance Irrepealable.* After the Bonds have been issued, this Ordinance shall be and remain irrepealable until the Bonds, including principal thereof and interest thereon, shall be fully paid, canceled and discharged or defeased, as herein provided.

Section 32. *Severability Clause.* If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 33. *Repealer Clause.* All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent with this Ordinance are hereby repealed only to the extent of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 34. *Amendment of Ordinance.*

A. ***Limitations upon Amendments.*** This Ordinance may be amended by an ordinance of the Governing Body without the consent of the Owners:

(i) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Ordinance; or

(ii) To grant to the Owners any additional rights, remedies, powers or authority that may lawfully be granted to them; or

(iii) To obtain or maintain a rating on the Bonds from any rating agency, provided that such amendment in the judgment of bond counsel does not materially adversely affect the Owners of the Bonds; or

(iv) To achieve compliance with federal securities or tax laws; or

(v) To make any other changes in this Ordinance or the Sale Resolution which, in the opinion of bond counsel, are not materially adverse to the Owners.

B. *Other Amendments and Limitations.* Except as provided in Paragraph A of this Section 34, this Ordinance may only be amended or supplemented by Ordinance of the Governing Body in accordance with the laws of the State, without receipt by the Village of any additional consideration, but with the written consent of the Owners of a majority of the principal amount of the Bonds then outstanding which are affected by the amendment or supplement (not including the Bonds which are then owned by or for the account of the Village); provided, however, that no such amendments shall have the effect of permitting:

- (i) An extension of the maturity of any Bond; or
- (ii) A reduction in the principal amount of, premium, if any, or interest rate on any Bond; or
- (iii) The creation of a lien on or a pledge of Pledged Revenues ranking prior or superior to the lien of the Bonds on Pledged Revenues; or
- (iv) A reduction of the principal amount of the Bonds required for consent to such amendment or supplement.

Section 35. Exoneration. Nothing in this Ordinance is intended to or shall be construed to impose any personal liability on any individual member of the Governing Body or any other officer or employee of the Village, currently or in the future. The representations, warranties and covenants contained in this Ordinance are solely those of the Governing Body for and on behalf of the Village and are not those of any individual member of the Governing Body or officer or employee of the Village.

Section 36. Defeasance. When all principal, interest and prior redemption premiums, if any, in connection with the Bonds have been duly paid, the pledge and lien therefor on the Pledged Revenues and all obligations of the Governing Body and the Village hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of the Bond Legislation. There shall be deemed to be such payment when the Village has caused to be placed in escrow and in trust with a bank doing business in the State which is an Insured Bank and exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations or Tax-Exempt Obligations, defined below, in which such amounts are initially invested) to meet all requirements of principal, interest and prior redemption premium, if any, on the Bonds as the same become due to their final maturities or upon designated prior redemption dates. The Defeasance Obligations or Tax-Exempt Obligations shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Governing Body and such bank at the time of the creation of the escrow, or the Defeasance Obligations or Tax-Exempt Obligations shall be subject to redemption at the option of the holders or owners thereof to assure such availability as needed to meet such schedule. Tax-Exempt Obligations within the meaning of this Section 36 are those obligations exempt from federal income tax having a rating within the highest rating category assigned to such obligations by Moody's Investors Service or Standard & Poor's Corporation to the extent then allowed by the laws of the State to be

purchased by the Governing Body for the purpose of paying the Bonds. If any Bond is to be redeemed prior to maturity, notice of redemption shall have been given or arrangements satisfactory to the Paying Agent and Registrar shall have been made for the giving of such notice. No Bonds may be refunded unless they mature or are callable for prior redemption under their terms within fifteen (15) years, or such other period as may then be allowed by the laws of the State, from the date of issuance of the refunding bonds or unless the owners thereof voluntarily surrender them for exchange or payment.

Section 37. *Effective Date.* Upon due adoption of this Ordinance, it shall be recorded upon the records of the Village of Corrales and notice of the adoption hereof shall be published one time in a newspaper of general circulation in the Village, substantially in the form hereinafter, set forth, and this Ordinance shall be in full force and effect from five (5) days after such publication, in accordance with law.

Section 38. *General Summary for Publication.* Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

[NOTICE FOR PUBLICATION]

VILLAGE OF CORRALES

NOTICE OF ADOPTION OF ORDINANCE NO. 13-019

Notice is hereby given of the title and of a general summary of the subject matter contained in Ordinance No. 13-019, duly adopted and approved by the Governing Body of the Village of Corrales, New Mexico on December 10, 2013, relating to the authorization and issuance by the Village of Corrales of the Village of Corrales, New Mexico, Hold Harmless Gross Receipts Tax Refunding and Revenue Bonds, in one or more series, in an aggregate principal amount not to exceed \$4,000,000. Complete copies of the Ordinance are available for public inspection during normal and regular business hours in the office of the Village Clerk, 4324 Corrales Road, Corrales, New Mexico.

The title of the Ordinance is:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE VILLAGE OF CORRALES, NEW MEXICO HOLD HARMLESS GROSS RECEIPTS TAX IMPROVEMENT AND REFUNDING REVENUE BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,000,000 (THE "BONDS") FOR THE PURPOSES OF (1) ACQUIRING, CONSTRUCTING, FURNISHING AND EQUIPPING VARIOUS FACILITIES AND OTHER CAPITAL IMPROVEMENTS OF THE VILLAGE, (2) REFINANCING, PAYING AND DISCHARGING CERTAIN OUTSTANDING DEBT OF THE VILLAGE, AND (3) DEFRAYING THE COSTS OF ISSUANCE OF THE BONDS; PROVIDING THAT THE BONDS WILL BE PAYABLE FROM AND SECURED BY A PLEDGE OF (1) THE 3/8 PERCENT HOLD HARMLESS GROSS RECEIPTS TAX DISTRIBUTED TO THE

VILLAGE PURSUANT TO SECTION 7-19D-18, NMSA 1978, AND VILLAGE ORDINANCE NO. 13-010, ADOPTED JULY 23, 2013 (THE “MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX”) AND (2) THE GROSS RECEIPTS TAX DISTRIBUTED TO THE VILLAGE PURSUANT TO SECTION 7-1-6.4, NMSA 1978, AS AMENDED (THE “STATE-SHARED GROSS RECEIPTS TAX”); PROVIDING FOR THE FORM, EXECUTION AND OTHER DETAILS CONCERNING THE BONDS; PROVIDING FOR THE FUNDS APPERTAINING THERETO; PROVIDING FOR A SUPPLEMENTAL RESOLUTION OF THE VILLAGE COUNCIL ESTABLISHING CERTAIN DETAILS OF THE BONDS; PROVIDING FOR PAYMENT OF THE COSTS OF ISSUANCE OF THE BONDS; RATIFYING ACTIONS PREVIOUSLY TAKEN IN CONNECTION WITH THE BONDS; AND REPEALING ANY ACTION INCONSISTENT WITH THIS ORDINANCE.

The following is a general summary of the subject matter contained in the Ordinance:

Preambles recite and include such matters as the status of the Village of Corrales as a municipality organized under the laws of the State of New Mexico; the status of the Village Council (“Governing Body”) as governing body of the Village; the Governing Body’s intent to issue the Bonds, which are to be secured by a pledge of the hold harmless gross receipts taxes imposed by and distributed to the Village and other sources of revenue as specified in the Ordinance (collectively, “Pledged Revenues”), for the purpose of providing funds for defraying in part the cost of acquiring, constructing, furnishing and equipping certain improvements to the roads, drainage installations, and other facilities and capital improvements of the Village and to refund outstanding debt of the Village (collectively, the “Project”) and to pay all costs incidental to the foregoing and to the issuance of the Bonds; the authority of the Governing Body and the Village to issue the Bonds; and that the Bonds will be sold to George K. Baum & Company (“Purchaser”) in accordance with a subsequent resolution (the “Sale Resolution”) to be adopted by the Governing Body.

Sections 1 through 4 define terms used in the Ordinance; ratify and confirm all previous actions taken by the Village directed toward the authorization of the Bonds; authorize the issuance of the Bonds for the Project and to pay costs and expenses incidental thereto; and set forth certain findings of the Governing Body, including that moneys available for acquiring the Project other than from issuance of revenue bonds are not sufficient to defray the costs of the Project.

Section 5 authorizes the issuance of the Bonds in the principal amount not to exceed \$4,000,000 to be payable and collectible solely from the Pledged Revenues; provides for the negotiated sale of the Bonds to the Purchaser at a price to be approved in the Sale Resolution; provides that the maturity schedule and interest for the Bonds will be established in the Sale Resolution; and provide that the Bonds shall be issued as fully registered bonds.

Sections 6 through 8 provide that details with respect to the prior redemption of the Bonds will be as stated in the Sale Resolution; provide details with respect to the notice of redemption; for the execution and authentication of the Bonds; and that the Bonds are fully negotiable.

Sections 9 through 12 provide details relating to payment of the Bonds and presentation of the Bonds for payment; for the registration, transfer, exchange and ownership of the Bonds;

that the Bonds constitute special limited obligations of the Village; for the form of the Bonds; and provide that the Bonds will be issued in book entry form.

Sections 13 through 19 provide details relating to disposition of the proceeds of the Bonds; for creation and administration of special funds and accounts for deposit of the revenues pledged to the payment of the Bonds; provide for the deposit and flow of funds to pay the Bonds, security for the payment of the Bonds and other obligations of the Village relating thereto.

Sections 20 and 21 provide details relating to the issuance of additional bonds and refunding bonds secured by Pledged Revenues.

Sections 22 through 26 provide protective covenants relating to such matters as the use of the Bond proceeds, the payment of the Bonds, the existence of the Village as a corporate entity, other liens, and impairment of contract; define events of default; and provide for remedies and duties upon default.

Sections 27 and 28 relate to the extent of liability for the Bonds not presented when due; provide for amendments to the Ordinance; and provide for compliance with certain provisions of the Internal Revenue Code of 1986, as amended.

Section 29 contains the Village's undertaking to provide continuing disclosure with regard to the Bonds at the date of issuance of the Bonds.

Sections 30 through 38 delegate powers to the officers of the Village to effectuate the provisions of the Ordinance; provide for defeasance of the Bonds; state that the Ordinance is irrevocable while Bonds are outstanding; provide for severability and repealer clauses; provide an effective date for the Resolution; and provide a form for publication of notice of adoption.

This notice constitutes compliance with Section 6-14-6, NMSA 1978, as amended, and the publication requirement of Section 3-17-5(A), NMSA 1978, as amended.

Dated: December 10, 2013.

The Village of Corrales
Juan J. Reyes, Village Clerk

[END OF NOTICE FOR PUBLICATION]

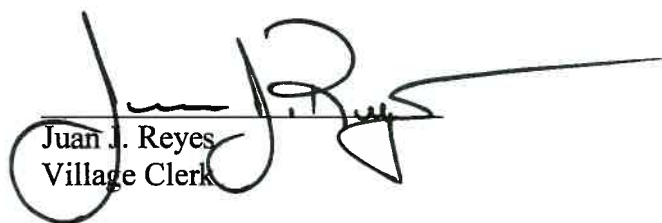
PASSED, APPROVED AND ADOPTED BY THE GOVERNING BODY OF THE VILLAGE OF CORRALES, NEW MEXICO, THIS 10th DAY OF DECEMBER, 2013.

VILLAGE OF CORRALES



The Honorable Philip Gasteyer
Mayor

ATTEST:



Juan J. Reyes
Village Clerk