

# Sandoval County Board of County Commissioners

## Agenda Item Summary

**AGENDA ITEM # 6-5-14.11A**

### **1. REQUESTED MOTION**

**ACTION REQUESTED:**

Adopt Ordinance No. 6-5-14.11A Authorizing the Issuance and Sale of Sandoval County, New Mexico, Incentive Payment Refunding Revenue Bonds, Taxable Series 2014, in an Aggregate Principal Amount of \$49,645,000 for the Purpose of Refunding the County's Incentive Payment Refunding Bonds, Series 2005 Maturing on June 1, 2015 and June 1, 2020 and Paying Costs of Issuance of the Bonds

**WHY ACTION IS NECESSARY (Summary):**

This Ordinance authorizes the issuance by the County of its Incentive Payment Refunding Revenue Bonds, Taxable Series 2014. The Series 2014 Bonds will advance refund the County's Incentive Payment Refunding Revenue Bonds, Series 2005. The Series 2014 Bonds are payable from annual PILOT payments from Intel. The Series 2014 Bonds are being issued to provide debt service savings for the County.

### **2. REQUESTOR**

COMMISSIONER SPONSORED:  YES  NO

DISTRICT:  DISTRICT 1     DISTRICT 4  
 DISTRICT 2     DISTRICT 5  
 DISTRICT 3

DIRECTOR / ELECTED:

DIVISION: Office of the County Manager

ELECTED OFFICE:

ATTACHMENTS:  YES  NO

### **3. MEETING DATE**

June 5, 2014

### **4. AGENDA (To be completed by County Manager)**

- PROCLAMATION
- PRESENTATION
- CONSENT
- REGULAR
- APPEAL

### **5. RECOMMENDATIONS**

Recommend Board of County Commission approval.

### **6. FISCAL IMPACT**

None

### **7. RECOMMENDED APPROVAL (Initials & Date)**

Department Director/Elected Official	Human Resources	Purchasing	Attorney As to Form PFT 5/30/14	Finance Budget	County Manager PPR 5/30/14	Other
_____	_____	_____		_____		_____

### **8. COMMISSION ACTION**

Approved     Denied     Deferred     Other

**SANDOVAL COUNTY, NEW MEXICO**

**ORDINANCE No. 6-5-14.11A**

AUTHORIZING THE ISSUANCE AND SALE OF SANDOVAL COUNTY, NEW MEXICO INCENTIVE PAYMENT REFUNDING REVENUE BONDS, TAXABLE SERIES 2014, IN AN AGGREGATE PRINCIPAL AMOUNT OF \$49,645,000 (THE "BONDS") FOR THE PURPOSE OF REFUNDING THE COUNTY'S INCENTIVE PAYMENT REFUNDING REVENUE BONDS, SERIES 2005 MATURING ON JUNE 1, 2015 AND JUNE 1, 2020 AND PAYING COSTS OF ISSUANCE OF THE BONDS; APPROVING THE SALE OF THE BONDS TO ROBERT W. BAIRD AND CO., INCORPORATED, AS UNDERWRITER, AND THE FORM, EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; ESTABLISHING THE PRINCIPAL AMOUNTS, INTEREST RATES, MATURITY DATES, AND PURCHASE PRICES OF THE BONDS; PROVIDING FOR THE FORM, MANNER OF EXECUTION AND OTHER DETAILS CONCERNING THE BONDS AND THE FUNDS APPERTAINING THERETO; RATIFYING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND ITS USE BY THE UNDERWRITER AND APPROVING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT FOR THE BONDS; APPROVING FORMS OF A CONTINUING DISCLOSURE UNDERTAKING AND ESCROW AGREEMENT RELATING TO THE BONDS; AUTHORIZING THE DELIVERY OF ADDITIONAL DOCUMENTS AND OTHER ACTIONS RELATING TO THE BONDS; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION HEREWITH AND REPEALING ACTION TO THE EXTENT INCONSISTENT WITH THE PROVISIONS HEREOF.

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

**WHEREAS**, the County is a legally and regularly created, established, organized and existing county under the general laws of the State of New Mexico; and

**WHEREAS**, the County is authorized by the Act, to issue incentive payment revenue bonds for the purposes of providing funds, together with other funds of the County, to refund its

outstanding Incentive Payment Revenue Bonds, Series 2005 maturing on June 1, 2015 and June 1, 2020 (the "Refunded Bonds"); and

**WHEREAS**, the Pledged Revenues are not pledged to the payment of any bonds or other obligations which are presently outstanding and unpaid, other than the Refunded Bonds; and

**WHEREAS**, the Board has determined and hereby determines that it is in the best interests of the County and its residents that the Bonds be issued with an exclusive first lien on the Pledged Revenues; and

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

**WHEREAS**, the Preliminary Official Statement dated May \_\_\_\_\_, 2014 that has been prepared and used by the Underwriter in connection with the offering and sale of the Bonds has been presented to the Board; and

**WHEREAS**, a proposed form of Continuing Disclosure Undertaking to be entered into by the County for the benefit of the owners of the Bonds and to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 has been presented to the Board; and

**WHEREAS**, a Bond Purchase Agreement pursuant to which the Underwriter has offered to purchase the Bonds in the principal amounts, interest rates, maturity dates and purchase prices stated therein and established in this Bond Ordinance has been presented to the Board; and

**WHEREAS**, a proposed form of Escrow Agreement to be entered into by the County and the Escrow Agent for the purpose of defeasing and refunding the Refunded Bonds has been presented to the Board; 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 COUNTY COMMISSION OF THE COUNTY OF SANDOVAL, NEW MEXICO:**

**SECTION 1. Definitions.** As used in this Bond 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 the plural forms of the terms defined):

**"Act"** means, collectively, Section 4-37-1 NMSA 1978, and County Ordinance No. 95-10-05.4B.

**"Agreement"** means that certain lease agreement dated as of October 26, 2004 between the County as the Lessor and Intel Corporation as Lessee.

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

**"Board"** means the Board of County Commissioners of Sandoval County, New Mexico or any future successor governing body of the County.

**"Bond" or "Bonds"** means the "Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Taxable Series 2014."

**"Bond Ordinance" or "Ordinance"** means this County Ordinance as amended or supplemented from time to time.

**"Bond Purchase Agreement"** means the agreement to be entered into by and between the County and the Underwriter dated the date hereof and providing for the sale of the Bonds by

the County and the purchase of the Bonds by the Underwriter pursuant to the terms of that agreement.

**"Bondholder," "Holder" or "Owner"** means the registered owner of any Bond as shown on the registration books of the County 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 of 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 operations.

**"Chairman," "Chairman of the Board", "Chair," or "Chair of the Board,"** means the duly elected Chairman of the Board or the Vice Chairman of the Board acting in the absence of the Chairman.

**"County"** means Sandoval County, New Mexico.

**"County Clerk" or "Clerk"** means the duly elected Clerk of the County or a duly appointed deputy County Clerk acting in the absence of the Clerk.

**"Debt Service Fund"** means the "Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Taxable Series 2014 Debt Service Fund" created in Section 13 of this Bond Ordinance.

**"Escrow Account"** means the account established in Section 12 hereof.

**"Escrow Agent"** means BOKF, NA, dba Bank of Albuquerque and designated as such in the Escrow Agreement.

*"Escrow Agreement"* means the Escrow Agreement between the County and the Escrow Agent.

*"Escrow Securities"* means noncallable direct obligations of the United States to be purchased with proceeds of the Bonds to be held in an irrevocable escrow by the Escrow Agent to be used solely for the payment of the principal of, interest on and premium, if any, of the Refunded Bonds.

*"Event of Default"* means any of the events stated in Section 20 of this Bond Ordinance.

*"Expenses"* means the reasonable and necessary fees, commissions, costs and expenses incurred by the County with respect to the issuance of the Bonds, including but not limited to the fees, taxes, and expenses paid to or to be paid by the County directly or to the Paying Agent, Registrar, Escrow Agent, accountant, financial advisor, rating agencies, financial printers and bond counsel.

*"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 County as its fiscal year.

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

*"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 of New Mexico, appointed and paid by the County who (a) is, in fact, independent and not under the domination of the County, (b) does not have any substantial interest, direct or indirect, with the County, and (c) is not connected with the County as an officer or employee of the County, but

who may be regularly retained to make annual or similar audits of the books or records of the County.

**"Insured Bank"** means a bank or savings and loan association insured by an agency of the United States.

**"Interest Payment Date"** means June 1 and December 1 of each year in which the Bonds are Outstanding on which date interest on the Bonds shall be due and payable.

**"NMSA 1978"** means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented.

**"Official Statement"** means the final disclosure document relating to the issuance and initial sale of the Bonds by the County to the Underwriter.

**"Outstanding"** when used in reference to bonds means, on any particular date, the aggregate of all Bonds delivered under this Bond Ordinance except:

- A. those canceled at or prior to such date or delivered or acquired by the County at or prior to such date for cancellation;
- B. those otherwise deemed to be paid in accordance with Section 23 or Section 29 of this Bond Ordinance;
- C. those in lieu of or in exchange or substitution for which other Bonds shall have been delivered, unless proof satisfactory to the County 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 Bond Ordinance or other ordinance of the County authorizing the issuance of the applicable bonds.

**"Participants"** shall mean 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 County Treasurer as agent for the County for the payment of the Bonds or any successor to the County Treasurer which shall be a trust company, national or state banking association or financial institution at the time appointed Paying Agent by resolution of the Board.

**"PILOT"** means the annual payment in lieu of taxes, defined as the Fixed PILOT in the Agreement, payable on December 31 of each year beginning December 31, 2014 as follows:

Year (December 31)	PILOT
2014	\$4,000,000
2015	\$9,100,000
2016	\$9,100,000
2017	\$9,100,000
2018	\$9,100,000
2019	\$9,100,000*

\* *Final Payment*

**"Pledged Revenues"** means the PILOT.

**"Preliminary Official Statement"** means the preliminary disclosure document setting forth information concerning the Bonds and the County omitting the offering price( s ), interest rate( s ), selling compensation, aggregate principal amount per maturity, delivery dates, ratings, and other terms of the Bonds depending on such matters.

**"Rebate Fund"** means the "Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Series 2005 Rebate Fund" established pursuant to Section 15 of County Ordinance No. 05-08-18.7 and continued in Section 13 of this Ordinance.

**"Refunded Bonds"** means the Series 2005 Bonds maturing on June 1, 2015 and June 1, 2020 in the aggregate principal amount of \$47,030,000.

**"Registrar"** means, initially, the County Treasurer as agent for the County for transfer and exchange of the Bonds or any successor to the County Treasurer which shall be a trust company, national or state banking association or financial institution at the time appointed by resolution of the Board.

**"Revenue Fund"** means the fund created in Section 13 hereof.

**"Securities Depository"** means The Depository Trust Company, New York, New York ("DTC") or, in accordance with the then current guidelines of the Securities and Exchange Commission, other such securities depositories, or any other such depositories for the Bonds as the County may designate in writing.

**"Series 2005 Bonds"** means the \$55,000,000 Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Series 2005.

**"Series 2005 Reserve Fund "** means the Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Series 2005 Reserve Fund established in County Ordinance No. 05-08-18.7 in connection with the issuance and sale of the Series 2005 Bonds.

**"State"** means the State of New Mexico.

**"Underwriter"** means Robert W. Baird & Co. Incorporated.

**SECTION 2. Ratification.** All action heretofore taken (not inconsistent with the provisions of this Bond Ordinance) by the Board directed toward the issuance of the Bonds to refund the Refunded Bonds, and the sale of the Bonds to the Underwriter be, and the same hereby is, ratified, approved and confirmed.

**SECTION 3. Authorization of the Refunding of the Refunded Bonds.** The refunding of the Refunded Bonds by the establishment of the Escrow Account pursuant to the Escrow Agreement

and this Ordinance is hereby authorized and ordered at a total cost not to exceed \$49,645,000, excluding any such cost defrayed or to be defrayed by any source other than Bond proceeds.

**SECTION 4. Findings.** The Board hereby declares that it has considered all relevant information and data and hereby makes the following findings:

**A.** The refunding of the Refunded Bonds is a necessary and appropriate method of achieving interest cost savings for the County and its inhabitants.

**B.** Moneys available for the refunding of the Refunded Bonds from all sources other than the issuance of the Bonds are not sufficient to defray the cost of refunding the Refunded Bonds.

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

**D.** It is economically feasible and in the best interest of the County to refund and defease the Refunded Bonds by issuing the Bonds in an aggregate principal amount of \$49,645,000, the proceeds of which will be used, together with amounts on deposit in the Series 2005 Debt Service Reserve Fund and other legally available moneys, to purchase Escrow Securities to be placed in the Escrow Account or to fund a cash deposit to the Escrow Account for the payment of the principal of, premium, if any, and interest on the Refunded Bonds in accordance with the Escrow Agreement.

**E.** The issuance of the Bonds pursuant to the Act, to provide funds for the refunding of the Refunded Bonds is necessary and in the interest of the future public safety and welfare of the residents of the County.

**F.** The net effective interest rate on the Bonds does not exceed twelve percent per annum as required by Section 6-14-3, NMSA 1978.

**SECTION 5. *The Bonds - Authorization and Detail.***

**A. *Authorization.*** This Bond Ordinance has been adopted by the affirmative vote of a majority of the members of the Board. For the purpose of conserving the property, protecting the general welfare and prosperity of the citizens of the County, by refunding the Refunded Bonds, it is hereby declared necessary that the County, pursuant to the Act, issue its negotiable, fully registered, refunding revenue bonds to be designated Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Taxable Series 2014, in an aggregate principal amount of \$49,645,000 (the "Bonds"). The Board hereby approves the issuance, sale and delivery of the Bonds with the principal amounts, interest rates and maturities set forth in Section 5(B) herein, in the form set forth in Section 11 herein, and with the terms for payment, redemption and other features as set forth in this Bond Ordinance. The Bonds shall be sold at a negotiated sale to the Underwriter.

**B. *Details of the Bonds.***

**(1)** There is hereby authorized and created a series of bonds designated the "Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Taxable Series 2014." The Bonds shall be issued in the original aggregate amount of \$49,645,000 for the purpose of advance refunding the Refunded Bonds and paying the Expenses relating to the issuance of the Bonds, in the principal amounts, and bearing the interest rates and maturity dates as follows:

Year Maturing <u>(June 1)</u>	Principal Amount <u>Maturing</u>	<u>Interest Rate</u>
2015		
2016		
2017		
2018		
2019		
2020		

(2) The Bonds shall be dated as of the date of delivery of the Bonds for the benefit of the Underwriter (the "Series Date"), shall be issued in one series and shall consist of bonds numbered consecutively from R-1 upward, issuable in the denomination of \$5,000 each or integral multiples thereof; shall bear interest from the Series Date to maturity at the rates per annum set forth above for the Bonds, payable to the registered owner thereof, or registered assigns, on December 1, 2014, and semiannually thereafter on June 1 and December 1 in each year in which the Bonds are outstanding and shall mature on June 1 of the years set forth above. The Bonds shall be sold by negotiated sale to the Underwriter pursuant to the Bond Purchase Agreement at the price established in the Bond Purchase Agreement which is hereby ratified and approved.

(3) The principal of and interest on the Bonds due at maturity shall be payable to the registered owner thereof as shown on the registration books kept by the County Treasurer, as registrar and paying agent for the Bonds (such entity and any successor thereto, the "Registrar/Paying Agent") for the Bonds, upon maturity and upon presentation and surrender thereof at the principal office of the Registrar/Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the rate borne by the Bond until the principal thereof is paid in full. Payment of interest on the Bonds (other than at maturity) shall be made by check or draft mailed by the Registrar/Paying Agent (or by such other arrangement as may be mutually agreed to by the Registrar/Paying Agent and such registered owner), on or before each Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on or before the next succeeding Business Day), to the registered owner thereof on the Record Date (defined below) at his address as it appears on the registration books kept by the Registrar/Paying Agent. All such payments shall be made in lawful money of the

United States of America. The term "Record Date" as used herein with respect to any Interest Payment Date shall mean the fifteenth day of the month immediately preceding the interest payment date. The person in whose name any Bond is registered on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding any transfer or exchange thereof subsequent to such Record Date and prior to such interest payment date; but interest on any Bond which is not timely paid or duly provided for shall cease to be payable as provided above and shall be payable to the person in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") fixed by the Registrar/Paying Agent for the payment of any such overdue interest. The Special Record Date shall be fixed by the Registrar/Paying Agent whenever moneys become available for payment of overdue interest, and notice of any such Special Record Date shall be given not less than ten days prior thereto, by first-class mail, to the registered owners of the Bonds as of the fifth day preceding the mailing of such notice by the Registrar/Paying Agent, stating the Special Record Date and the date fixed for the payment of overdue interest.

(4) The Bonds are not subject to redemption at the option of the County prior to maturity.

**SECTION 6.** *Execution and Authentication of the Bonds.* The Bonds shall bear the facsimile or manual signature of the Chairman of the Board and shall be attested by the facsimile or manual signature of the County Clerk and shall bear the facsimile or manual seal of the County. The Bonds shall be authenticated by the manual signature of an authorized officer of the Registrar/Paying Agent. The Bonds bearing the signatures or facsimile signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of

the County, notwithstanding that before the delivery of the Bonds and payment therefor, or before the issuance thereof upon transfer or exchange, any or all of the persons whose signatures appear on the Bonds shall have ceased to fill their respective offices. The Chairman of the Board and County Clerk may, by the execution of a signature certificate pertaining to the Bonds, adopt as and for their respective signatures the facsimiles thereof appearing on the Bonds; and, at the time of the execution of the signature certificate, the Chairman and Clerk may each adopt as and for his or her facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears upon any of the Bonds. The Chairman and County Clerk, pursuant to Sections 6-9-1 through 6-9-6, inclusive, NMSA 1978, may each forthwith file his or her manual signature, certified under oath, with the Secretary of State of New Mexico, provided that such filing shall not be necessary for any officer where any previous filing shall have application to the Bonds.

No Bond shall be valid or obligatory for any purpose unless the certificate of authentication, substantially in the form hereinafter provided, has been duly executed by the Registrar/Paying Agent. The Registrar/Paying Agent's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer of the Registrar/Paying Agent, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

**SECTION 7. *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 Uniform Commercial Code-Investment Securities.

**SECTION 8.** *Payment and Presentation of Bonds for Payment.* Principal of and interest on the Bonds shall be payable in lawful money of the United States of America, without deduction for exchange or collection charges. Principal of 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 May 15 and November 15 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 days prior thereto. If any Bond, when presented for payment remains unpaid at maturity, 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 when funds available therefor have been deposited with the Paying Agent, it shall cease bearing interest on and from the date of maturity.

**SECTION 9.** *Registration, Transfer, Exchange and Ownership of Bonds.*

**A.** *Registration, Transfer and Exchange.* The County shall cause books for registration, transfer, and exchange of the Bonds as provided herein to be kept at the principal office of the County Treasurer, as Registrar/Paying Agent. Upon the surrender for transfer of any bond at the principal office of the Registrar/Paying Agent, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly

authorized in writing, the Registrar/Paying Agent shall authenticate and deliver, not more than three Business Days after receipt of the bond to be transferred in the name of the transferee or transferees, a new bond or bonds in fully registered form of the same aggregate principal amount of authorized denominations, and of the same maturity, interest rate and series, bearing a number or numbers not contemporaneously outstanding. Bonds may be exchanged at the principal office of the Registrar/Paying Agent for an equal aggregate principal amount of bonds of other authorized denominations, and of the same maturity, series and interest rate. The Registrar/Paying Agent shall authenticate and deliver, not more than three Business Days after receipt of the bond to be exchanged, a bond or bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of bonds as herein provided shall be without charge to the owner or any transferee, but the Registrar/Paying Agent may require the payment by the owner of any bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

**B.** *Interest on Reissued Bonds.* Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent Interest Payment Date to which interest has been fully paid or provided for in full or, if no interest has been paid, from the Series Date.

**C.** *Owners of the Bonds.* The person in whose name any Bond is registered on the registration books kept by the Registrar/Paying Agent shall be deemed and regarded as the absolute owner 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 as is provided in Section 5 hereof; and payment of or on account of either principal of or interest on such Bond shall be

made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of such bond in the manner and subject to the conditions and limitations provided herein. 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. *Lost 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, the Registrar may request the Paying Agent to pay such Bond in lieu of replacement.

E. *Additional Bonds.* Officers of the County are hereby authorized to deliver executed but unauthenticated Bonds to the Registrar/Paying Agent in such quantities as may be convenient to be held in custody by the Registrar/Paying Agent pending delivery upon transfer or exchange as herein provided.

F. *Cancellation of Bonds upon Surrender.* Whenever any bond shall be surrendered to the Registrar/Paying Agent upon payment thereof, or to the Registrar/Paying Agent for transfer, exchange or replacement as provided herein, such bond shall be promptly canceled by the Registrar/Paying Agent, and counterparts of a certificate of such cancellation shall be furnished by the Registrar/Paying Agent to the County.

G. *Book-Entry Bonds.* Notwithstanding any other provision herein, the Bonds may be issued or registered, in whole or in part, in book-entry form from time to time with no physical distribution of bond certificates made to the public, with The Depository Trust

Company of New York, New York ("Depository") acting as securities depository for the Bonds. A single certificate for each maturity date of the Bonds issued in book-entry form will be delivered to the Depository and immobilized in its custody. The book-entry system will evidence ownership of the Bonds in authorized denominations, with transfer of ownership effected on the books of the Depository and its participants ("Participants"). As a condition to delivery of the Bonds in book-entry form, the Underwriter will, immediately after acceptance of delivery thereof, deposit, or cause to be deposited, the bond certificates with the Depository, registered in the name of the Depository or its nominee. Principal and interest will be paid to the Depository or its nominee as the registered owner of the Bonds. The transfer of principal and interest payments to Participants will be the responsibility of the Depository; the transfer of principal and interest payments to the beneficial owners of the Bonds (the "Beneficial Owners") will be the responsibility of Participants and other nominees of Beneficial Owners maintaining a relationship with Participants (the "Indirect Participants"). The County will not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Depository, Participants or Indirect Participants.

If (i) the Bonds are not eligible for the services of the Depository, (ii) the Depository determines to discontinue providing its services with respect to the Bonds or (iii) the County determines that a continuation of the system of book-entry transfers through the Depository ceases to be beneficial to the County or the Beneficial Owners, the County will either identify another similar depository to perform such functions or certificates for the Bonds will be delivered to the Beneficial Owners or their nominees, and the Beneficial Owners or their nominees, upon authentication of Bonds and registration of those Bonds in the Beneficial Owners' or nominees' names, will become the owners of the Bonds for all purposes. In that

event, the County shall mail an appropriate notice to the Depository for notification to Participants, Indirect Participants and Beneficial Owners of the substitute Depository or the issuance of bond certificates to Beneficial Owners or their nominees, as applicable.

Officers of the County are authorized to sign agreements with or letters to the Depository relating to the matters set forth in this Section.

Notwithstanding any other provision herein, so long as all of the Bonds are registered in the name of the Depository or its nominee, all payments of principal and interest on the Bonds, and all notices with respect to the Bonds, shall be made and given by the Registrar/Paying Agent or the County to the Depository as provided in this Bond Ordinance and by the Depository to its Participants or Indirect Participants and notices to the Beneficial Owners of the Bonds in the manner provided in an agreement or letter of the County to the Depository.

**SECTION 10. *Special Limited Obligations.*** All of the Bonds and all payments of principal, premium, if any, and interest thereon at maturity, together with any interest accruing thereon, shall be special limited obligations of the County and shall be payable and collectible solely from the Pledged Revenues which revenues are so pledged and are payable as set forth in Section 16 of this Bond Ordinance. The owner of any Bond may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt of the County within the meaning of any constitutional or statutory provision or limitation, nor shall the Bonds be considered or held to be a general obligation of the County, 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 Bond Ordinance, and that the holder thereof may not look to any general or other County fund for the payment of the principal of and interest on the Bonds. Nothing herein shall

prevent the County, in its sole discretion, from applying other funds of the County legally available therefor to the payment of the Bonds.

SECTION 11. *Form of the 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 Bond Ordinance.

[Form of Bond]

UNITED STATES OF AMERICA

STATE OF NEW MEXICO

AS PROVIDED IN THE BOND 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 BOND ORDINANCE, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE BOND ORDINANCE TO THE CONTRARY, THE PRINCIPAL AMOUNT OUTSTANDING UNDER THIS BOND MAY BE PAID 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 HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

SANDOVAL COUNTY, NEW MEXICO  
INCENTIVE PAYMENT REFUNDING REVENUE BOND,  
TAXABLE SERIES 2014

Bond No. \_\_\_\_\_ \$ \_\_\_\_\_

INTEREST RATE	MATURITY DATE	DATE OF BOND	CUSIP
_____% per annum	_____	_____, 2014	_____

The County of Sandoval (the "County"), in the State of New Mexico, a county duly organized and existing 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, upon presentation and surrender hereof at the principal office of the County Treasurer as 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 December 1, 2014 and on June 1 and December 1 of each year (each an "Interest Payment Date") thereafter to its 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 County Treasurer as registrar, or any successor registrar (the "Registrar") at the address appearing therein at the close of business on the 15<sup>th</sup> 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 owner of the Bonds (defined below) as then shown on the Registrar's registration books not less than ten (10) days prior to the special record date. If, upon presentation at maturity, 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 County in the aggregate principal amount of \$49,645,000, issued in denominations of \$5,000 or integral multiples thereof, designated as Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Taxable Series 2014 (the "Bonds") issued under and pursuant to County Ordinance No. \_\_ (the "Bond Ordinance").

The Bonds are not subject to redemption prior to maturity.

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 his 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 name 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 will close 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 Bond Ordinance; and payment of or on account of either principal of or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his 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 Bond 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, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

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

The Bonds are issued to provide funds to advance refund the Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Series 2005 maturing on June 1, 2015 and June 1, 2020 (the "Refunded Bonds").

The County covenants and 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 Ordinance.

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 County or to have happened precedent to and in the issuance of the Bonds to make them a legal, valid and binding special obligations of the County 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 County.

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

IN WITNESS WHEREOF, the County of Sandoval, New Mexico has caused this bond to be signed and executed on the County's behalf with the manual or facsimile signature of the Chairman of the Board, to be countersigned with the manual or facsimile signature of the County Clerk and has caused a facsimile of the corporate seal of the County to be affixed hercon, all as of the Date of Bond.

SANDOVAL COUNTY, NEW MEXICO

By           /s/            
Chairman

SEAL

By           /s/            
County Clerk

[Form of Registrar's Certificate of Authentication]

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the Bond Ordinance, and this bond has been registered on the registration books kept by the undersigned as Registrar for the Bonds.

DATED: \_\_\_\_\_, 2014

COUNTY TREASURER, REGISTRAR

By           /s/            
Authorized Signature

[End of Form of Registrar's Certificate of Authentication]

[Form of Assignment]

ASSIGNMENT

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

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(Social Security or Federal Taxpayer Identification Number)

---

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

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Registrar under the Indenture as Attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in 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 acceptable to the Trustee.

**[End of Form of Assignment]  
[End of Form of Bond]**

**SECTION 12.** *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 [].* Upon the sale of the Bonds, all moneys received as accrued interest (if any), shall be deposited into the Debt Service Fund to be applied to the payment of interest next due on the Bonds.

**B.** *Escrow Account Created.* The County shall establish with the Escrow Agent, pursuant to the Escrow Agreement, a "Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Taxable Series 2014 Escrow Account" (hereinafter referred to as the "Escrow Account") to be used solely for the payment of the principal of, premium, if any, and interest on the Refunded Bonds in accordance with the terms and provisions of the Escrow

Agreement. The County shall deposit with the Escrow Agent, upon the issuance, sale and delivery of the Bonds, the amounts set forth in the Escrow Agreement, being proceeds from the sale of the Bonds, together with the amounts on deposit in the Series 2005 Reserve Fund and other legally available moneys. Such amounts shall be sufficient, when invested and reinvested by the Escrow Agent as provided in the Escrow Agreement, to pay when due, the principal of, and accrued interest on the Refunded Bonds, including any required redemption premiums.

The Escrow Agent is authorized from time to time to redeem at maturity all or a portion of the United States Government noncallable direct obligations in the Escrow Account, in sufficient amounts so that the proceeds therefrom and the interest thereon as the same accrues, will be sufficient to pay the principal of, premium, if any, and interest on the Refunded Bonds as hereinabove set forth.

**C.** *Payment of Expenses.* The balance of the proceeds from the sale of the Bonds shall be used for the payment of Expenses and, to the extent not needed to pay Expenses, shall be deposited in the Debt Service Fund.

**SECTION 13.** *Funds and Accounts.* The County hereby creates or continues the following special and separate funds and accounts, which shall be under the control of the County:

**A.** *Revenue Fund.* There is hereby continued the Revenue Fund created and maintained by the County pursuant to Ordinance No. 05-08-18.7.

**B.** *Debt Service Fund.* There is hereby created the "Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Taxable Series 2014 Debt Service Fund" to be maintained by the County.

C. *Rebate Fund.* There is hereby continued the "Sandoval County, New Mexico Incentive Payment Refunding Revenue Bonds, Series 2005 Rebate Fund" created in Ordinance No. 05-08-18.7 within the treasury of the County for the purpose of payment to the United States Department of the Treasury of any rebatable arbitrage due in connection with the Series 2005 Bonds.

The County shall deposit into the Rebate Fund any amounts available, from the proceeds of the Bonds or of the Refunded Bonds, as specified in the Tax Matters Certificate of the County delivered in connection with the Series 2005 Bonds, in the Rebate Fund as will be sufficient to pay any rebate due to the United States Department of the Treasury for the applicable rebate period. Moneys in the Rebate Fund shall be invested in accordance with the Tax Matters Certificate delivered in connection with the Series 2005 Bonds. Excess moneys shall be released from the Rebate Fund at the end of the applicable rebate period and may be used by the County as permitted by law.

**SECTION 14. *Deposit and Transfer of Pledged Revenues.***

A. *Revenue Fund.* So long as the Bonds are outstanding, the Pledged Revenues shall, upon receipt by the County, be set aside and deposited into the Revenue Fund, and thereafter transferred to the Debt Service Fund, as hereinafter provided.

B. *Debt Service Fund.* From moneys in the Revenue Fund there shall be transferred to the Debt Service Fund the following:

(1) *Interest Payments.* Annually, commencing on the first Business Day following the receipt of the PILOT, and in no event later than January 5<sup>th</sup> in each year, an amount necessary, together with any moneys in the Debt Service Fund available therefor, to pay the next two maturing installments of interest on the Bonds then outstanding; and

(2) *Principal Payments.* Annually, commencing on the first Business Day following the receipt of the PILOT, and in no event later than January 5 in each year, an amount necessary, together with any moneys in the Debt Service Fund available therefor, to pay the next maturing installment of principal on the Bonds.

C. *Defraying Delinquencies in the Debt Service Fund.* If the County shall, for any reason, fail to pay into the Debt Service Fund the full amount above stipulated from the Pledged Revenues, then an amount shall be paid into the Debt Service Fund from the next Pledged Revenues becoming available to the County equal to the difference between that paid from the Pledged Revenues and the full amount so stipulated.

D. *Termination Upon Deposits to Maturity.* No payments shall be made into the Debt Service Fund if the amount in such fund totals a sum at least equal to the entire aggregate amount due as to principal of and interest on the Bonds to their final maturity, in which case moneys in the Debt Service Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same accrue, and any moneys in excess thereof in the Debt Service Fund may be used as provided below.

F. *Use of Surplus Revenues.* After making all the payments hereinabove required to be made by this Section 14, any moneys remaining in the Revenue Fund and the Debt Service Fund may be applied to any other lawful purpose.

**SECTION 15.** *General Administration of Funds.* The funds and accounts designated in Sections 12 and 13 shall be administered and invested as follows:

A. *Places and Times of Deposits.* The funds shall be separately maintained as trust funds for the purposes established and shall be deposited in bank accounts in an Insured Bank or Insured Banks. Each account shall be continuously secured to the extent required by

law and shall be irrevocable and not withdrawable by anyone for any purpose other than the designated purpose. Deposits of Pledged Revenues shall be made into the Revenue Fund on the first Business Day following receipt thereof, and payments from the Revenue Fund into the Debt Service Fund shall be made in accordance with Section 14(B) of this Bond Ordinance. The funds and accounts required by this Bond Ordinance shall be maintained as separate funds and accounts and shall not be combined with each other or with other funds and accounts of the County.

**B.** *Investment of Moneys in the Debt Service Fund.* Moneys in the Debt Service Fund shall be invested in cash, cash equivalents or government securities (direct obligations of the United States and obligations the principal and interest on which are unconditionally guaranteed by the United States); provided that any such investments shall mature at least one day prior to any Interest Payment Date in amounts necessary to make any interest or principal payment due on the Bonds. The obligations so purchased as an investment of moneys in the Debt Service Fund shall be deemed to be part of such fund, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund. The County Treasurer shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the Debt Service Fund whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from the Debt Service Fund.

**C.** *Investment of Moneys in Revenue Fund.* Moneys in the Revenue Fund, after the annual deposits into the Debt Service Fund required by Section 14(B), may be invested in any investment permitted by law and the County's then current Investment Policy. The obligations so purchased as an investment of moneys in the Revenue Fund shall be deemed to be

part of such fund, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund.

**SECTION 16.** *Lien on Pledged Revenues.* The Pledged Revenues, the amounts and securities on deposit in the Debt Service Fund, if any, and the proceeds thereof, are hereby authorized to be pledged to, and are hereby pledged, and the County 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 Bond Ordinance. The Bonds constitute an irrevocable, exclusive first lien on the Pledged Revenues as set forth herein.

**SECTION 17.** *Bonds or Other Obligations Payable from Pledged Revenues.*

**A.** *Limitations upon Issuance of Parity Revenue Bonds.* The County shall not issue 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.

**B.** *Subordinate Obligations Permitted.* No provision of this Bond Ordinance shall be construed in such a manner as to prevent the issuance by the County of additional 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.

**C.** *Superior Obligations Prohibited.* The County shall not issue bonds payable from the Pledged Revenues having a lien thereon prior and superior to the Bonds.

**SECTION 18.** *Refunding Bonds.* If at any time after the Bonds shall have been issued and remain outstanding, the County shall find it necessary or desirable to refund all of the Outstanding Bonds, such Bonds may be refunded only upon defeasance of the Bonds in accordance with Section 29 hereof.

**SECTION 19. *Protective Covenants.*** The County hereby covenants and agrees with each and every holder of the Bonds issued hereunder:

**A. *Use of Bond Proceeds.*** The County will proceed without delay to apply the proceeds of the Bonds to the refunding of the Refunded Bonds.

**B. *Payment of the Bonds Herein Authorized.*** The County will promptly pay the principal of or interest on the Bonds at the place, on the date and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

**C. *County's Existence.*** The County will maintain its corporate identity and existence so long as the Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the County, without adversely affecting, to any substantial degree, the privileges and rights of any owner of the Bonds.

**D. *Prohibition of any Extension of Interest Payments.*** In order to prevent any accumulation of claims for interest after maturity, the County will not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on the Bonds, and the County will not directly or indirectly be a party to or approve any arrangements for any such extension. If the time for payment of any such interest shall be extended, such installment or installments of interest, after such extension or arrangement, shall not be entitled in case of default hereunder to the benefit or security hereof, except subject to the prior payment in full of the principal of the Bonds hereunder and then outstanding and of the matured interest on such Bonds, the payment of which has not been extended.

**E. *Records for Pledged Revenues.*** So long as the Bonds remain outstanding, proper books of record and account will be kept by the County, separate and apart from all other

records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues.

F. *Audits.* The County will, at the time of the annual audit required by law, cause an audit of its books and accounts relating to the Pledged Revenues to be performed by an Independent Accountant showing the receipts and disbursements in connection with such revenues. The County agrees to furnish forthwith a copy of each of such audits and reports to the owners of the Bonds upon written request.

G. *Other Liens.* Upon defeasance of the Refunded Bonds, there will be no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues. Additionally, the County shall not take any action that would result in a reduction of the annual amount of Pledged Revenues unless the Bonds have been defeased pursuant to Section 29 hereof.

H. *Impairment of Contract.* The County agrees that any law, ordinance or resolution of the County that in any manner affects the Pledged Revenues or the Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely the Bonds Outstanding, unless such Bonds have been discharged in full or provision has been fully made therefore or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to Section 28 of this Bond Ordinance.

**SECTION 20.** *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. *Incapable to Perform.* The County shall, for any reason, be rendered incapable of fulfilling its obligations hereunder.

C. *Default of any Provision.* Default by the County in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in this Bond Ordinance on its part to be performed, and the continuance of such default (other than a default set forth in subparagraph A of this Section) for sixty (60) days after written notice specifying such default and requiring the same to be remedied has been given to the County by the registered owners of twenty-five percent (25%) in principal amount of the Bonds then outstanding.

**SECTION 21.** *Remedies Upon Default.* Upon the happening and continuance of any of the events of default as provided in Section 20 of this Bond Ordinance, then in every case the registered owner of any Bonds Outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the County, the Board and its agents, officers and employees to protect and enforce the rights of any holder of the Bonds under this Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, 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 Bondholder, or to require the Board 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 County or any of its officers, agents or employees of any liability for failure to perform any duty. Each right or privilege of such holder (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 22. *Duties Upon Default.*** Upon the happening of any of the events of default provided in Section 20 of this Bond Ordinance, the County, in addition, will do and perform all proper acts on behalf of and for the owners of the Bonds, including, without limitation, the exercise of such remedies available under the Agreement, as are necessary 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 14 of this Bond Ordinance. In the event the County fails or refuses to proceed as provided in this Section, the owners of the Bonds then outstanding, after demand in writing, may proceed, protect and enforce the rights of the owners of the Bonds as hereinabove provided.

**SECTION 23. *Bonds Not Presented when Due.*** If the Bonds shall not be duly presented for payment when due at maturity, 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 County 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 by law.

**SECTION 24.** *Approval of Preliminary Official Statement; Official Statement.* The Preliminary Official Statement, in substantially the form presented in connection with this Bond Ordinance, is hereby approved, with such revisions as the County Manager determines, in consultation with bond counsel and disclosure counsel to the County, are necessary or convenient. The use and distribution by the Preliminary Official Statement by the Underwriter is hereby ratified. The Chairman of the Board is hereby authorized to execute and deliver the final Official Statement as provided in the Bond Purchase Agreement.

**SECTION 25.** *Approval of Escrow Agreement.* The Escrow Agreement, in substantially the form presented in connection with this Bond Ordinance, is hereby approved, with such revisions as the County Manager determines, in consultation with bond counsel and disclosure counsel to the County, are necessary or convenient. The Chairman is hereby authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent in connection with the delivery of the Bonds.

**SECTION 26.** *Continuing Disclosure Undertaking.* The Continuing Disclosure Undertaking, in substantially the form presented in connection with this Bond Ordinance, is hereby approved, with such revisions as the County Manager determines, in consultation with bond counsel and disclosure counsel to the County, are necessary or convenient. The Chairman is hereby authorized and directed to execute and deliver the Continuing Disclosure Undertaking in connection with the delivery of the Bonds.

**SECTION 27.** *Delegated Powers.* The officers of the County are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Bond Ordinance, including, without limiting the generality of the foregoing, the publication of the summary set out in Section 34 of this Bond 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 documents relating to the Bonds and the execution thereof, execution of the Bond Purchase Agreement for the Bonds and of such other documents as may be required by the Underwriter or bond counsel.

**SECTION 28.** *Amendment of Bond Ordinance.* This Bond Ordinance may be amended without the consent of the holder of any Bonds to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained herein. Prior to the date of the initial delivery of the Bonds to the Underwriter, the provisions of this Bond Ordinance may be amended without the written consent of the Underwriter with respect to any changes which are not inconsistent with the substantive provisions of this Bond Ordinance. Except as provided above, this Bond Ordinance may be amended without receipt by the County of any additional consideration, but with the written consent of two-thirds of all holders of the Bonds then Outstanding; but no ordinance adopted without the written consent of the holders of all Outstanding Bonds shall have the effect of permitting:

- A. An extension of the maturity or scheduled payment of any Bonds; or
- B. A reduction of the principal amount or interest rate of any Bond; or
- C. The creation of a lien upon the Pledged Revenues ranking on parity with or prior to the lien or pledge of the Pledged Revenues created by this Bond Ordinance; or
- D. A reduction of the principal amount of the Bonds required for consent to such amendatory ordinance. Any amendment to this Bond Ordinance which is not inconsistent with the terms hereof, may be made by resolution of the Board; any other amendment to this Bond Ordinance shall be made by subsequent ordinance of the Board.

**SECTION 29. *Defeasance.*** When all principal and interest in connection with the Bonds hereby authorized have been duly paid, the pledge and lien for the payment of the Bonds shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of this Bond Ordinance. Payment shall be deemed made with respect to the Bonds when the Board has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from federal securities) to meet all requirements of principal, interest and prior redemption premiums, if any, as the same become due to their final maturities or upon designated redemption dates. Any federal securities shall become due when needed in accordance with a schedule agreed upon between the Board and such bank at the time of the creation of the escrow. Federal securities within the meaning of this Section 29 shall include only direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

**SECTION 30. *Ordinance Irrepealable.*** After the Bonds are issued, this Bond Ordinance shall be and remain irrepealable until the Bonds and the interest thereon shall be fully paid, canceled and discharged, as herein provided, or there has been defeasance as herein provided.

**SECTION 31. *Severability Clause.*** If any section, paragraph, clause or provision of this Bond 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 Bond Ordinance.

**SECTION 32. *Repealer Clause.*** All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

SECTION 33. *Effective Date.* Pursuant to paragraph C of Section 4-37-9 NMSA 1978, as amended and supplemented, the Board declares that it is necessary for the public peace, health and safety that this Bond Ordinance take effect immediately after passage and upon due adoption of this Bond Ordinance, it shall be recorded in the book of ordinances of the County kept for that purpose, authenticated by the signature of the County Clerk, and this Bond Ordinance shall be in full force and effect immediately thereafter in accordance with law.

SECTION 34. *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 Bond Ordinance shall be published in substantially the following form:

**SANDOVAL COUNTY, NEW MEXICO**

**NOTICE OF ADOPTION OF ORDINANCE NO. \_\_\_\_\_**

Notice is hereby given of the title and of a general summary of the subject matter contained in an ordinance duly adopted and approved by the Board of County Commissioners of Sandoval County, New Mexico, on June 5, 2014, relating to the authorization and issuance of the County's Incentive Payment Refunding Revenue Bonds, Taxable Series 2014. Complete copies of the ordinance are available for public inspection during the normal and regular business hours of the County Clerk, \_\_\_\_\_ Bernalillo, New Mexico.

The Title of the Ordinance Is:

SANDOVAL COUNTY, NEW MEXICO

ORDINANCE NO. \_\_\_\_\_

AUTHORIZING THE ISSUANCE AND SALE OF SANDOVAL COUNTY, NEW MEXICO INCENTIVE PAYMENT REFUNDING REVENUE BONDS, TAXABLE SERIES 2014, IN AN AGGREGATE PRINCIPAL AMOUNT OF \$49,645,000 (THE "BONDS") FOR THE PURPOSE OF REFUNDING THE COUNTY'S INCENTIVE PAYMENT REFUNDING REVENUE BONDS, SERIES 2005 MATURING ON JUNE 1, 2015 AND JUNE 1, 2020 AND PAYING COSTS OF ISSUANCE OF THE BONDS; APPROVING THE SALE OF THE BONDS TO ROBERT W. BAIRD AND CO., INCORPORATED, AS UNDERWRITER, AND THE FORM, EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; ESTABLISHING THE PRINCIPAL AMOUNTS, INTEREST RATES, MATURITY DATES, AND PURCHASE PRICES OF THE BONDS; PROVIDING FOR THE FORM, MANNER OF EXECUTION AND OTHER DETAILS CONCERNING THE BONDS AND THE FUNDS APPERTAINING THERETO; RATIFYING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND ITS USE BY THE UNDERWRITER AND APPROVING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT FOR THE BONDS; APPROVING FORMS OF A CONTINUING DISCLOSURE UNDERTAKING AND ESCROW AGREEMENT RELATING TO THE BONDS; AUTHORIZING THE DELIVERY OF ADDITIONAL DOCUMENTS AND OTHER ACTIONS RELATING TO THE BONDS; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION HEREWITH AND REPEALING ACTION TO THE EXTENT INCONSISTENT WITH THE PROVISIONS HEREOF.

A summary of the Bond Ordinance is contained in its title. This notice constitutes compliance with Section 6-14-6, NMSA 1978.

WITNESS my hand and the seal of the County of Sandoval, New Mexico, this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_/s/  
County Clerk

[END OF FORM OF NOTICE]

ADOPTED AND APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2014, in Bernalillo, Sandoval  
County, New Mexico.

**BOARD OF COUNTY COMMISSIONERS  
SANDOVAL COUNTY, NEW MEXICO**

By: \_\_\_\_\_  
Darryl Madalena, Chairman

\_\_\_\_\_  
Orlando Lucero, Vice Chairman

\_\_\_\_\_  
Nora Manierre Scherzinger,  
Commissioner

\_\_\_\_\_  
Don G. Chapman, Commissioner

\_\_\_\_\_  
Glenn Walters, Commissioner

**ATTEST:**

\_\_\_\_\_  
Eileen Garbagni,  
County Clerk

[SEAL]

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