

ORDINANCE NO. 2016-1295

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF THE CITY OF FARMINGTON, NEW MEXICO TAXABLE DIRECT PAYMENT QUALIFIED ENERGY CONSERVATION BONDS SERIES 2016A IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,743,999 TO ACQUIRE, INSTALL, RETROFIT AND REPLACE ENERGY CONSERVATION MEASURES IN MUNICIPAL FACILITIES OWNED BY THE CITY AND TO PAY COSTS OF ISSUANCE OF THE SERIES 2016A BONDS; PROVIDING THAT THE SERIES 2016A BONDS WILL BE PAYABLE FROM STATE-SHARED GROSS RECEIPTS TAX REVENUES DISTRIBUTED TO THE CITY PURSUANT TO SECTION 7-1-6.4 NMSA 1978, AND FEDERAL SUBSIDY PAYMENTS FROM THE UNITED STATES TREASURY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE SERIES 2016A BONDS, THE METHOD OF PAYING THE SERIES 2016A BONDS AND THE SECURITY THEREFOR; PRESCRIBING OTHER DETAILS CONCERNING THE PLEDGED REVENUES; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

Capitalized terms in the following preambles have the same definitions as are set forth in Section 1 unless the content provides otherwise.

WHEREAS, the City is a legally and regularly created, established, organized and existing municipal corporation under the general laws of the State of New Mexico; and

WHEREAS, pursuant to Section 7-1-6.4 NMSA 1978, the City receives monthly State-Shared Gross Receipts Tax Revenues from the New Mexico Department of Taxation and Revenue equal to one and two hundred and twenty-five thousandths percent (1.225%) of the gross receipts of persons engaging in business within the City, as determined and adjusted under the Gross Receipts and Compensating Tax Act, Chapter 7, Article 9 NMSA 1978; and

WHEREAS, the Pledged State-Shared Gross Receipts Tax Revenues are not pledged to the payment of any bonds or other obligations which are presently outstanding, other than the 2005 Bonds, the 2012 Bonds and the Series 2016 Bonds; and

WHEREAS, the City herein designates the Series 2016A Bonds as "Qualified Energy Conservation Bonds" under Section 54D(a) of the Tax Code and irrevocably elects to receive direct cash subsidies from the United States Treasury pursuant to Section 6431 of the Tax Code; and

WHEREAS, the Series 2016A Bonds shall be additionally secured with an irrevocable and exclusive first lien on the Federal Subsidy Payments received pursuant to Section 54D and Section 6431 of the Tax Code; and

WHEREAS, the Council has determined and hereby determines that it is in the best interests of the City and its citizens that (i) the Series 2016A Bonds be sold at negotiated sale to the New Mexico Finance Authority (the "Purchaser") at a purchase price equal to the par amount of \$4,743,999.00 pursuant to a Bond Purchase Agreement between the City and the Purchaser (the "Bond Purchase Agreement") and the Council hereby determines to sell, and hereby does sell such Bonds to the Purchaser pursuant to the Bond Purchase Agreement which is hereby accepted; and

WHEREAS, Section 3-31-6(C) NMSA 1978, provides as follows:

"Any law which authorizes the pledge of any or all of the pledged revenues to the payment of any revenue bonds issued pursuant to Sections 3-31-1 through 3-31-12, NMSA 1978, or which affects the pledged revenues, or any law supplemental thereto or otherwise appertaining thereto, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds, unless such outstanding revenue bonds have been discharged in full or provision has been fully made therefor."; and

WHEREAS, forms of the Bond Purchase Agreement and a Contingent Intercept Agreement have been presented to the Council and are presently is on file with the City Clerk; and

WHEREAS, the Council hereby determines that the Energy Efficiency Project being acquired in part with the proceeds of the Series 2016A Bonds is a governmental purpose and is not a project which would cause the Series 2016A Bonds to be "private activity bonds" as defined by the Code.

NOW, THEREFORE, be it ordained by the governing body of the City of Farmington:

Section 1. Definitions. The terms in this section defined for all purposes of this Ordinance and of any ordinance amendatory hereof or supplemental hereto, or relating hereto, and of any instrument or document appertaining hereto, except where the context by clear implication herein otherwise requires, shall have meanings herein specified:

"Act" means the general laws of the State, including Sections 3-31-1 through 3-31-12 NMSA 1978, as amended, and enactments of the City Council relating to the Pledged Revenues and the issuance of the Bonds, including this Bond Ordinance.

"Authorized Officer" means the following officers of the City: Mayor, City Manager, Administrative Services Director, or other officer of the City when designated by a certificate signed by the Mayor of the City from time to time, a certified copy of which shall be delivered to the Paying Agent and the Registrar.

"Bond Account" has the meaning assigned to that term in Section 20 of this Bond Ordinance.

"Bondholder," "holder," "owner" or "Owner" means the registered owner of any Bond as shown on the registration books of the City 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.

"Bond Purchase Agreement" means the bond purchase agreement to be entered into between the City and the Purchaser for the sale and purchase of the Bonds.

"Bonds", "2016A Bonds" or "Series 2016A Bonds" means, as the context shall require, the City of Farmington, New Mexico Taxable Direct Payment Qualified Energy Conservation Bonds, Series 2016A.

"Contingent Intercept Agreement" means the agreement to be entered into between the City and the Purchaser providing for the payment of amounts due on the Bonds from Pledged State-Shared Gross Receipts Tax Revenues by the Distributing State Agency to the Purchaser in the event that the City fails to make such payments on the Bonds.

"Debt Service Account" means the account established in the name of the Purchaser and held and maintained by the Purchaser in the name of the City for the deposit of amounts required to pay the principal of, and interest on the Bonds as the same become due.

"Depository" means The Depository Trust Company, New York, New York, or such other securities depository as may be designated by an officer of the City.

"Distributing State Agency" means the Taxation and Revenue Department of the State.

"Energy Efficiency Project" means (1) design, purchase, installation, equipping, rehabilitating, making additions to or making energy efficiency improvements to facilities owned by the City; and (2) paying Expenses related to the issuance of the Bonds.

"Event of Default" means any of the events stated in Section 25 of this Bond Ordinance.

"Expenses" means the reasonable and necessary fees, costs and expenses incurred by the City with respect to the issuance of the Bonds, including the fees, compensation, costs and expenses paid or to be paid to the Paying Agent and Registrar, and legal fees, financial advisor fees, expenses and applicable gross receipts taxes; provided, that Expenses payable from proceeds of the Series 2016A Bonds shall not exceed 2% of the proceeds of the Series 2016A Bonds.

"Federal Subsidy Payments" means the semi-annual payments from the United States Treasury to the City related to the City's designation of the Series 2016A Bonds as "Qualified Energy Conservation Bonds" and the direct payments pursuant to Section 54D and Section 6431 of the Tax Code. Federal Subsidy Payments are equal to the lesser of (i) the interest payable on the Series 2016A Bonds or (ii) 70% of the amount of the applicable tax credit rate determined on the date of sale of the Series 2016A Bonds under Section 54A(b)(3) of the Code; provided that the City makes certain required filings in accordance with applicable federal rules pertaining to the Federal Subsidy Payments.

"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 City as its fiscal year.

"Fitch" means Fitch Ratings Group, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

"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.

"Hold Harmless Distribution" means the distribution to the City made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the gross receipts tax revenues received pursuant to Section 7-1-6.4 NMSA 1978, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year beginning on July 1, 2015 until the distribution is eliminated after July 1, 2029.

"Income Fund" means the State-Shared Gross Receipts Tax Income Fund continued in Section 19 of this Bond Ordinance.

"Indenture" means the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Finance Authority and the Trustee, or successor trustee, or the Subordinated General Indenture of Trust dated as of March 1, 2005, as supplemented, by and between the Finance Authority and the Trustee, or successor trustee, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture (as such terms are defined in the Indenture).

"Independent Accountant" means (A) an accountant employed by the State and under supervision of the State Auditor of the State, or (B) 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 City who (i) is, in fact, independent and not under the domination of the City, (ii) does not have any substantial interest, direct or indirect, with the City, and (iii) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or similar audits of the books or records of the City.

"Insured Bank" means any federally or state-chartered savings and loan association or federally or state-chartered commercial bank, the deposits of which are insured by the Federal Deposit Insurance Corporation and which has, or is the lead bank of a parent holding company which has (i) unsecured, uninsured and unguaranteed obligations which are rated AA or better by Fitch and S&P or (ii) combined capital, surplus and undivided profits of not less than \$10,000,000.

"Interest Payment Date" means each June 15 and December 15, commencing June 15, 2017.

"Moody's" means Moody's Investor Service, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

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

"Outstanding" or "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 cancelled at or prior to such date or delivered or acquired by the City at or prior to such date for cancellation;

B. those otherwise deemed to be paid in accordance with Section 31 or Section 34 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 City 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 or in due course.

"Parity Gross Receipts Tax Bonds" or "Parity Bonds" means the 2016 Bonds, the 2016A Bonds, the 2005 Bonds, the 2012 Bonds, and any other bonds or obligations which may in the future be issued with a lien on Pledged State-Shared Gross Receipts Tax Revenues on parity with the lien thereon of the 2016 Bonds, the 2016A Bonds, the 2005 Bonds and the 2012 Bonds.

"Paying Agent" means the City Treasurer, as agent for the City for the payment of the Bonds or any other entity at the time appointed Paying Agent by resolution of the City Council.

"Permitted Investments" means, but only to the extent permitted by applicable laws of the State, ordinances of the City or the Investment Policy of the City, as amended from time to time, including the following:

A. Certificates of deposit issued by banks and savings and loan associations located within the geographical boundaries of the City, collateralized in accordance with this policy and with a maximum stated maturity of five (5) years.

B. Obligations of the United States Government, its agencies, or instrumentalities excluding mortgage backed securities which are either direct obligations of the United States or are backed by the full faith and credit of the United States Government with a maximum stated maturity of five (5) years.

C. Repurchase agreements collateralized by obligations of the U.S. Government, its agencies, or instrumentalities.

D. The New Mexico State Treasurer's Local Government Investment Pool established pursuant to Sec. 6-10-10.1 NMSA 1978, and operated by the New Mexico State Treasurer.

E. Interest bearing demand accounts in approved depositories.

"Pledged Revenues" means the Pledged State-Shared Gross Receipts Tax Revenues and the Federal Subsidy Payments.

"Pledged State-Shared Gross Receipts Tax Revenues" means the revenues from the State gross receipts tax derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted to the City monthly by the New Mexico

Department of Taxation and Revenue pursuant to Section 7-1-6 and 7-1-6.4 NMSA 1978, and which remittances currently equal one and two hundred twenty-five thousandths percent (1.225%) of the taxable gross receipts reported for the City for the month for which such remittances is made; provided that if a greater amount of such gross receipts tax revenues are hereafter provided to be remitted to the City under applicable law, such additional amounts shall be included as revenues pledged pursuant to this Bond Ordinance; and provided further that the amount of revenues pledged pursuant to this Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City by the State as set forth above, or (ii) the maximum amount at any time provided hereafter to be remitted to the City under applicable law, and includes the Hold Harmless Distribution; and provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to this Bond Ordinance (the term "Pledged State-Shared Gross Receipts Tax Revenues" does not include any local option gross receipts tax income received by the City).

"Program Account" means the account in the name of the City established under the Indenture and held by the Trustee for deposit of the net proceeds of the Bonds for disbursement to the City for payment of the costs of the Energy Efficiency Project.

"Purchaser" means the New Mexico Finance Authority or such other purchaser as may be designated in the Bond Purchase Agreement.

"Rating Category" means a generic securities rating category, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

"Registrar" means the City Treasurer, as agent for the City for transfer and exchange of the Bonds or any other entity at the time appointed by resolution of the City Council.

"S&P" means S&P Global, its successors and their assigns, and, if such entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

"State" means the State of New Mexico.

"State-Shared Gross Receipts Tax Income Fund" means the income fund continued and maintained by the City and continued in Section 19 of this Bond Ordinance for the deposit of Pledged State-Shared Gross Receipts Tax Revenues.

"2005 Bonds" means the "City of Farmington, New Mexico State-Shared Gross Receipts Tax Revenue Bonds, Series 2005" issued in the original aggregate principal amount of \$5,725,000 and authorized by City Ordinance No. 2005-1164 adopted by the City Council on March 8, 2005, as supplemented by Resolution No. 2005-1136 adopted by the City Council on March 22, 2005.

"2012 Bonds" means the "City of Farmington, New Mexico Sales Tax Rate Improvement and Refunding Revenue Bonds, Series 2012" issued in the original aggregate principal amount of \$10,665,000 and authorized by City Ordinance No. 2012-1254 adopted by the City Council on February 28, 2012, as supplemented by Resolution No. 2012-1426 adopted by the City Council on March 27, 2012.

"2016 Bonds" means the City of Farmington, New Mexico Gross Receipts Tax Convention Center Improvement Revenue Bonds, Series 2016, to be issued in an original principal amount not to exceed \$12,500,000.

Section 2. Ratification. All action heretofore taken (not inconsistent with the express provisions of this Ordinance) by the Council and officers of the City directed toward the Project and the authorization, sale and issuance of the Series 2016A Bonds to the Purchaser as herein authorized, be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of the Energy Efficiency Project. The Energy Efficiency Project and the method of financing the Energy Efficiency Project are hereby authorized and ordered at a total cost

estimated not to exceed the amount of the Bond proceeds and any investment earnings thereon, excluding any such cost defrayed or to be defrayed by any source other than Bond proceeds.

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

A. The Energy Efficiency Project is needed to meet the needs of the City and its inhabitants.

B. Moneys available for the Energy Efficiency Project from all sources other than the issuance of Revenue Bonds are not sufficient to defray the cost of the Improvement Project.

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

D. It is economically feasible to defray, in part, the cost of the Energy Efficiency Project by the issuance of the Bonds.

E. The issuance of the Bonds pursuant to the Act, to provide funds to finance the costs of the Energy Efficiency Project, is necessary and in the interest of the public health, safety and welfare of the residents of the City.

F. The City is current in the accumulation of all amounts which are required to have been accumulated in the debt service funds and the reserve funds for the Parity Bonds.

Section 5. Authorization of the Project and the Bonds.

A. Authorization of Project. The Energy Efficiency Project is hereby authorized at a total cost of \$4,743,999, excluding any such cost defrayed or to be defrayed by any source other than the Series 2016A Bonds. The Energy Efficiency Project is hereby declared to be necessary for the health, safety and welfare of the residents of the City.

B. Authorization of Bonds. For the purpose of protecting the public health, conserving the property and advancing the general welfare of the citizens of the City, and for the purpose of defraying the cost of the Energy Efficiency Project, it is hereby declared that the interest or necessity of the City and the inhabitants thereof demand the issuance by the City of its fully registered (i.e., registered as to payment of both principal and interest) revenue bonds without coupons to be designated the "City of Farmington, New Mexico Taxable Direct Payment Qualified Energy Conservation Bonds Series 2016A" in the aggregate principal of \$4,743,999. The Bonds shall be payable and collectible, both as to principal and interest, from Pledged Revenues and shall constitute special, limited obligations of the City. The Series 2016A Bonds are further secured by an irrevocable and exclusive lien on the Federal Subsidy Payments.

C. Designation as "Qualified Energy Conservation Bonds". The Series 2016A Bonds are hereby designated as "Qualified Energy Conservation Bonds" under Section 54D(a) of the Code, and the City irrevocably elects to receive Federal Subsidy Payments from the United States Treasury in connection therewith pursuant to Section 6431 of the Code. As a result of this election, interest on the Series 2016A Bonds will be included in the gross income of holders thereof for federal income tax purposes, and the holders will not be entitled to any federal tax credits otherwise applicable to Qualified Energy Conservation Bonds in connection with their holding the Series 2016A Bonds. The Federal Subsidy Payments received by the City are pledged as security for the payment of debt service exclusively as to the Series 2016A Bonds as further described herein. The City shall make payments of the principal of and interest on the Series 2016A Bonds whether or not it receives Federal Subsidy Payments.

Section 6. Bond Details.

A. Basic Details. The Bonds shall be dated as of the Series Date, are issuable in the denomination of \$5,000 each or any integral multiple thereof (provided that no Bond may be in a denomination

which exceeds the principal coming due on any maturity date and no individual Bond will be issued for more than one maturity), shall be numbered consecutively from 1 upwards, shall bear interest from the Series Date until their respective maturities at the per annum rates hereafter designated payable semiannually on June 15 and December 15 of each year commencing on June 15, 2017.

The Series 2016A Bonds shall mature on June 15 in each of the years hereinafter designated, as follows:

Series 2016A Bonds

<u>Maturity Date (June 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$273,934	1.270%
2019	277,413	1.480%
2020	281,519	1.650%
2021	286,164	1.830%
2022	291,401	2.000%
2023	297,229	2.180%
2024	303,708	2.330%
2025	310,785	2.440%
2026	318,368	2.540%
2027	326,455	2.680%
2028	335,203	2.830%
2029	344,690	2.920%
2030	354,755	3.020%
2031	365,468	3.130%
2032	376,907	3.190%

provided, however, that the individual Series 2016A Bonds shall bear interest from the most recent interest payment date to which interest has been fully paid or duly provided for in full or, if no interest has been paid, from the Series Date.

B. Payment - Regular and Special Record Dates. The principal of and any prior redemption premium applicable to any Bond shall be payable to the registered owner thereof as shown on the registration books kept by the Registrar (which is hereby appointed as registrar, i.e., transfer agent, for the Bonds) upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent, which is hereby appointed as the paying agent for the Bonds. If any Bond shall not be paid upon such presentation and surrender at or after maturity, mandatory redemption date or on a designated optional prior redemption date on which the City may exercise its right to prior redeem the Bond pursuant to this Ordinance, 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 any Bond shall be made to the registered owner thereof as of the Regular Record Date (as herein defined) by check or draft mailed by the Registrar, 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 Regular Record Date at his address as it last appears on the registration books kept by the Registrar on the Regular Record Date (or by such other arrangement as may be mutually agreed to by the Registrar and any registered owner on such Regular Record Date). All such payments shall be made in lawful money of the United States of America. The person in whose name any Bond is registered at the close of business on any Regular 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 registered subsequent to such Regular Record Date and prior to such interest payment date; but any such interest not so timely paid or duly provided for shall cease to be payable as provided above and shall be payable to the person in whose name any Bond is registered at the close of business on a Special Record Date fixed by the Registrar for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for defaulted 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 a date selected by the Registrar, stating the Special Record Date and the date fixed for the payment of such defaulted interest.

Section 7. Prior Redemption.

A. Optional Redemption. Series 2016A Bonds maturing on and after June 15, 2027 shall be subject to redemption prior to maturity at the City's option in one or more units of principal of \$5,000 on and after June 15, 2026, in whole or in part at any time, in such order of maturities as the City may determine (and by lot if less than all of the bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as it shall consider appropriate and fair) for the principal amount of each \$5,000 unit so redeemed and accrued interest thereon to the redemption date.

B. Extraordinary Redemption. The Series 2016A Bonds shall be subject to extraordinary redemption at the option of the City, in whole or in part, on any Business Day upon the occurrence of any Extraordinary Event (hereinafter defined), at a redemption price of one hundred percent (100%) of the principal amount of the Series 2016A Bonds being redeemed plus accrued interest to the redemption date. An "Extraordinary Event" will have occurred if (i) there is a final determination by the Internal Revenue Service (after the City has exhausted all administrative appeal remedies) determining that the Series 2016A Bonds have lost their status as Qualified Energy Conservation Bonds under Section 54D of the Tax Code that are "specified tax credit bonds" under Section 6431 of the Tax Code; (ii) there is entered a final non-appealable order by a court of competent jurisdiction holding that the Series 2016A Bonds have lost their status as Qualified Energy Conservation Bonds under Section 54D of the Tax Code that are "specified tax credit bonds" under Section 6431 of the Tax Code; or (iii) Section 54D or Section 6431 of the Tax Code (or other applicable section of the Tax Code or Treasury Regulations) is modified, amended or revised in a manner pursuant to which the Federal Subsidy Payment is reduced by 10% or more below that set forth in Section 54D or Section 6431 of the Tax Code (or other applicable section of the Tax Code or Treasury Regulations) or eliminated.

C. Notice by City. At least 45 days prior to any date selected by the City for optional prior redemption of any of the Series 2016A Bonds, the City shall give written instructions to the Registrar with respect to optional prior redemption pursuant to Subsection A of this Section 7, unless waived by the Registrar and if the Registrar is not also the Paying Agent, such written instructions shall also be given to the Paying Agent. Notice of redemption shall be given by the City by sending a copy of such notice by first-class, postage prepaid mail, not less than thirty days prior to the redemption date to the Purchaser and if the Registrar is not the Paying Agent, to the Paying Agent.

D. Notice by Registrar. Notice of prior redemption shall be given by the Registrar by delivery or by sending a copy of such notice by first-class, postage prepaid mail, not more than 60 days and not less than 30 days prior to the redemption date to each registered owner as shown on the registration books kept by the Registrar as of the date of selection of units of principal for redemption. The Registrar shall not be required to give notice of any optional prior redemption pursuant to Subsection A of this Section 7 unless it has received written instructions from the City in regard thereto at least 45 days prior to such redemption date or unless it waives such 60 day written instructions requirement. Failure to give such notice by mailing to the registered owner of any Series 2016A Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Series 2016A Bonds. No notice of mandatory sinking fund redemption of the term bonds to the Registrar from the City shall be required.

E. Other Redemption Details. The notice required by Subsection C of this Section shall specify the number or numbers of the Series 2016A Bond or Bonds or portions thereof to be so redeemed if less than all are to be redeemed; and all notices required by Subsection C of this Section shall specify the date fixed for redemption, and shall further state that on such redemption date there will become due and payable upon each \$5,000 unit of principal so to be redeemed at the Paying Agent the principal thereof and that from and after such date interest will cease to accrue. Notwithstanding the provisions of this section, any notice of optional prior redemption pursuant to Subsection A may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2016A Bonds so called for redemption, and that if such funds are not available,

such redemption shall be canceled by written notice to the registered owner of the Series 2016A Bonds called for redemption in the same manner as the original redemption notice was mailed. Accrued interest to the redemption date will be paid by check or draft mailed to the registered owner (or by alternative means if so agreed to by the Paying Agent and the registered owner). Notice having been given in the manner hereinbefore provided, the Series 2016A Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof at the Paying Agent, the City will pay the Series 2016A Bond or Bonds so called for redemption. In the event that only a portion of the principal amount of a Series 2016A Bond is so redeemed, a new Series 2016A Bond representing the unredeemed principal shall be duly completed, authenticated and delivered by the Registrar to the registered owner pursuant to Section 10 hereof and without charge to the registered owner thereof.

Section 8. Negotiability. Subject to the provisions made or necessarily implied herein, the Bonds shall be fully negotiable, and shall have all the qualities of negotiable paper, and the registered owner or owners thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Uniform Commercial Code.

Section 9. Execution.

A. Filing Manual Signatures. Prior to the execution and authentication of any Bond by facsimile signature pursuant to Sections 6-9-1 through 6-9-6, both inclusive, NMSA 1978, the Mayor and City Clerk shall each forthwith file with the Secretary of State of New Mexico, his or her manual signature certified by him or her under oath; provided, that such filing shall not be necessary for any officer where any previous such filing may have legal application to the Bonds or if facsimile signatures are not used on the Bonds.

B. Method of Execution. Each Bond shall be signed and executed by the manual or facsimile signature of the Mayor under a manual impression of the seal of the City or a facsimile thereof which shall be printed, stamped, engraved or otherwise placed thereon; each Bond shall be executed and attested with the manual or facsimile signature of the City Clerk; and each Bond shall be authenticated by the manual signature by an authorized officer of the Registrar as hereafter provided. The Bonds bearing the manual or facsimile signatures of the officers in office at the time of the authorization thereof shall be the valid and binding obligations of the City (subject to the requirement of authentication by the Registrar as hereinafter provided) notwithstanding that before the delivery thereof and payment therefor, or before the issuance thereof upon transfer or exchange, any or all of the persons whose manual or facsimile signatures appear thereon shall have ceased to fill their respective offices. The Mayor and Clerk of the City shall, by the execution of a signature certificate pertaining to the Bonds, adopt as and for their respective signatures the manual or facsimile signatures thereof appearing on the Bonds; and, at the time of the execution of the signature certificate, the Mayor and City Clerk may each adopt as and for his or her facsimile signature the manual or facsimile signature of his or her predecessor in office in the event that such facsimile signature appears upon any of the Bonds.

C. Certificate of Authentication. 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. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 10. Provisions Relating to Registration, Transfer, Exchange, Replacement and Cancellation of and Registration Records for the Bonds.

A. Registration Books - Transfer and Exchange - Authentication. Books for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bonds at the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not contemporaneously outstanding. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Registrar shall authenticate and deliver 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 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. Times When Transfer or Exchange Not Required. The Registrar shall not be required (1) to transfer or exchange all or a portion of any Series 2016A Bond subject to prior redemption during the period of fifteen days next preceding the mailing of notice to the registered owners calling any Series 2016A Bonds for prior redemption pursuant to Section 7 hereof or (2) to transfer or exchange all or a portion of a Series 2016A Bond after the mailing to registered owners of notice calling such Series 2016A Bond or portion thereof for prior redemption.

C. Payment - Registered Owners. The person in whose name any Bond shall be 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 interest as is provided in Section 5(C) hereof; 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 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 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 evidence, information or indemnity relating thereto as it may reasonably require, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Paying Agent to pay such Bond in lieu of replacement.

E. Delivery of Bond Certificates to Registrar. The officers of the City are authorized to deliver to the Registrar fully executed but unauthenticated Bonds in such quantities as may be convenient to be held in custody by the Registrar pending use as herein provided.

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

Section 11. Successor Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if

the City shall reasonably determine that the Registrar or Paying Agent has become incapable of fulfilling its duties hereunder, the City may, upon notice mailed to each registered owner of Bonds at the address last shown on the registration books, appoint a successor Registrar or Paying Agent, or both. Every such successor Registrar or Paying Agent shall be a bank or trust company located in the United States and having a shareholders' equity (e.g., capital stock, surplus and undivided profits), however denominated, not less than \$50,000,000. It shall not be required that the same institution serves as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 12. Special Obligations. The Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of Pledged Revenues and amounts in the Bond Account, all of which are irrevocably so pledged; the registered owner or owners thereof 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 as further provided in this ordinance; and the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision; nor shall they be considered or held to be general obligations of the City; and each of the Bonds herein authorized to be issued shall recite on its face that it is payable and collectible solely from Pledged Revenues and amounts in the Bond Account, all of which are irrevocably so pledged, and that the registered owner thereof may not look to any general or other fund for the payment of principal and interest on, and prior redemption premium due in connection with, the Bonds. The Bonds are further secured by an irrevocable and exclusive pledge of Federal Subsidy Payments.

Section 13. Forms of Bonds, Certificate of Authentication, Assignment and Legal Opinion Certificate. The Bonds, Registrar's Certificate of Authentication and Form of Assignment shall be in substantially the following form:

(Form of Series 2016A Bond)

UNITED STATES OF AMERICA
STATE OF NEW MEXICO COUNTY OF SAN JUAN
No. R- _____ \$ _____
CITY OF FARMINGTON
TAXABLE DIRECT PAYMENT QUALIFIED ENERGY CONSERVATION BONDS
SERIES 2016A

INTEREST RATE MATURITY DATE SERIES DATE CUSIP
_____% per annum _____, 20____ _____, 2016 N/A

REGISTERED OWNER: NEW MEXICO FINANCE AUTHORITY
PRINCIPAL AMOUNT: _____
DOLLARS

The City of Farmington (herein the "City"), in the County of San Juan and State of New Mexico, for value received, hereby promises to pay upon presentation and surrender of this bond, solely from the special funds provided therefor as hereinafter set forth, to the registered owner named above, or registered assigns, on the maturity date specified above (unless this bond, if subject to prior redemption, shall have been called for prior redemption, in which case, on such redemption date), upon the presentation and surrender hereof at the office of BOKF, NA (or successor in function) Albuquerque, New Mexico, or its successor (herein the "Paying Agent") as paying agent for this Bond, the Principal Amount stated above, in lawful money of the United States of America, and to pay to the registered owner hereof as of the Regular Record Date (defined in Ordinance No. _____, adopted on November 15, 2016, authorizing this bond and herein the "Bond Ordinance"), by check or draft mailed to such registered owner, on or before each interest payment date as hereinafter provided (or, if such interest payment date is not a business day, on or before the next succeeding business day), at his address as it last appears on the Regular Record Date (being the 15th day of the calendar month, whether or not a business day, preceding each regularly scheduled interest payment date) on the registration books kept for that purpose by the office of the City Treasurer, as agent for the City for transfer and

exchange of the Bonds or any other entity at the time appointed by resolution of the City Council (herein the "Registrar") or by such other arrangement as may be agreed to by the Registrar and the registered owner hereof, interest on such sum in lawful money of the United States of America from the Series Date specified above or the most recent interest payment date to which interest has been fully paid or duly provided for in full (as more fully provided in the Bond Ordinance) until maturity at the Interest Rate specified above, payable semiannually on June 15 and December 15 in each year commencing on June 15, 2017. Any such interest not so timely paid or duly provided for shall cease to be payable to the registered owner as of the Regular Record Date and shall be payable to the registered owner as of a Special Record Date (as defined in the Bond Ordinance), as further provided in the Bond Ordinance. If upon presentation and surrender to the Paying Agent at or after maturity or on any designated optional prior redemption date on which the City may have exercised its right to prior redeem this bond pursuant to the Bond Ordinance, payment of this bond is not made as herein provided, interest hereon shall continue at the rate herein designated until the principal hereof is paid in full. All capitalized terms herein shall have the same meanings as set forth in the Bond Ordinance unless otherwise expressly defined herein.

The bonds of the series of which this bond is a part maturing on and after June 15, 2027 are subject to prior redemption at the City's option in one or more units of principal of \$5,000 on and after June 15, 2026, in whole or in part at any time, in such order of maturities as the City may determine (and by lot if less than all of the bonds of any maturity is called, such selection by lot to be made by the Registrar in such manner as it shall consider appropriate and fair) for the principal amount of each \$5,000 unit of principal so redeemed and accrued interest thereon to the redemption date. Redemption shall be made upon mailed notice to each registered owner as shown on the registration books kept by the Registrar in the manner and upon the conditions provided in the Bond Ordinance.

The Bonds are subject to extraordinary redemption at the option of the City, in whole or in part, on any Business Day upon the occurrence of any Extraordinary Event, at a redemption price of one hundred percent (100%) of the principal amount of the Bonds being redeemed plus accrued interest to the redemption date. An "Extraordinary Event" will have occurred if (i) there is a final determination by the Internal Revenue Service (after the City has exhausted all administrative appeal remedies) determining that the Bonds have lost their status as Qualified Energy Conservation Bonds under Section 54D of the Tax Code that are "specified tax credit bonds" under Section 6431 of the Tax Code; (ii) there is entered a final non-appealable order by a court of competent jurisdiction holding that the Bonds have lost their status as Qualified Energy Conservation Bonds under Section 54D of the Tax Code that are "specified tax credit bonds" under Section 6431 of the Tax Code; or (iii) Section 54D or Section 6431 of the Tax Code (or other applicable section of the Tax Code or Treasury Regulations) is modified, amended or revised in a manner pursuant to which the Federal Subsidy Payment is reduced by 10% or more below that set forth in Section 54D or Section 6431 of the Tax Code (or other applicable section of the Tax Code or Treasury Regulations) or eliminated. "Federal Subsidy Payments" means the amount payable by the United States Treasury to the City pursuant to Section 6431 of the Tax Code in an amount equal to the lesser of (i) interest payable on the Series 2016A Bonds or (ii) 70% of the amount of the applicable tax credit rate determined on the date of sale of the Series 2016A Bonds under Section 54A(b)(3) of the Tax Code; provided that the City makes certain required filings in accordance with applicable federal rules pertaining to the Federal Subsidy Payments.

The bonds of the series of which this is one are fully registered (i.e., registered as to payment of both principal and interest), and are issuable in the denomination of \$5,000 or any denomination which is an integral multiple of \$5,000 (provided that no bond may be in a denomination which exceeds the principal coming due on any maturity date and no bond may be issued for more than one maturity). Upon surrender of any of such bonds at the Registrar with a written instrument satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney, such bond may, at the option of the registered owner or his duly authorized attorney, be exchanged for an equal aggregate principal amount of such bonds of the same maturity of other authorized denominations, subject to such terms and conditions as set forth in the Bond Ordinance.

This bond is fully transferable by the registered owner hereof in person or by his duly authorized attorney on the registration books kept by the Registrar upon surrender of this bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this bond, subject to such terms and conditions as set forth in the Bond Ordinance. The City and the Registrar and Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of making payment and for all other purposes, except to the extent otherwise provided above and in this Ordinance with respect to Regular and Special Record Dates for the payment of interest.

The Registrar shall not be required (1) to transfer or exchange all or a portion of any bond subject to optional prior redemption during the period of fifteen days next preceding the mailing of notice to the registered owners calling any bonds for prior redemption pursuant to the Bond Ordinance or (2) to transfer or exchange all or a portion of a bond after the mailing to registered owners of notice calling such bond or portion thereof for prior redemption.

This bond is one of a series of bonds designated "City of Farmington, New Mexico Taxable Direct Payment Qualified Energy Conservation Bonds Series 2016A," of like tenor and date, except as to interest rate, number, maturity and prior redemption provision. The Series 2016A Bonds are authorized for the purpose of financing the costs of (1) design, purchase, installation, equipping, rehabilitating, making additions to or making energy efficiency improvements to facilities owned by the City; and (2) paying Expenses related to the issuance of the Bonds.

This bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the City, and is payable and collectible solely out of Pledged Revenues, Federal Subsidy Payments pursuant to Section 54D and Section 6431 of the Tax Code, and amounts in the Bond Account, which are irrevocably so pledged; and the registered owner hereof may not look to any general or other fund for payment of the principal of, interest on, and any prior redemption premium due in connection with this obligation, except the special funds pledged therefor. Payment of the principal of and interest on the bonds of the series of which this is one shall be made solely from, and as security for such payment there are pledged, pursuant to the Bond Ordinance, a special fund identified as the "City of Farmington, New Mexico Taxable Direct Payment Qualified Energy Conservation Bonds Series 2016A Bond Account (the "Bond Account"), into which the City covenants to pay from the Pledged Revenues and Federal Subsidy Payments, sums sufficient to pay when due the principal of and the interest on the bonds of the series of which this is one and to create (except to the extent created from other funds, in the required amount may be credited thereto after the issuance of this bond). For a description of the funds and the nature and extent of the security afforded thereby for the payment of the principal of and interest on the bonds, reference is made to the Bond Ordinance.

The bonds of the series of which this is one are equitably and ratably secured by a lien on the Pledged Revenues and the bonds constitute an irrevocable first lien, but not necessarily an exclusive first lien, on the Pledged Revenues. The bonds are further secured by an irrevocable and exclusive first lien on the Federal Subsidy Payments. Bonds in addition to the series of which this is one may be issued and made payable from the Pledged Revenues, having a lien thereon inferior and junior to the lien or, subject to designated conditions, having a lien thereon on parity with the lien of the bonds of the series of which this is one, in accordance with the provisions of the Bond Ordinance. No additional bonds may be issued with a lien on the Federal Subsidy Payments.

The City covenants and agrees with the registered owner of this bond and with each and every person who may become the registered owner hereof that it will keep and perform all of the covenants of the Bond Ordinance.

This bond is subject to the conditions, and every registered owner hereof by accepting the same agrees with the obligor and every subsequent registered owner hereof that the principal of and the interest on this bond shall be paid, and this bond is transferable, free from, and without regard to any equities between the obligor and the original or any intermediate registered owner hereof for any setoffs or cross-claims.

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the City Council and officers of the City in the issue of this bond; and that it is issued pursuant to and in strict conformity with the Constitution and laws of the State of New Mexico, and particularly the terms and provisions of Sections 3-31-1 through 3-31-12, NMSA 1978, as amended, and all laws thereunto enabling and supplemental thereto.

This bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication herein.

IN WITNESS WHEREOF, the City of Farmington has caused this bond to be signed, subscribed, executed, and attested with the manual or facsimile signatures of its Mayor and its City Clerk, respectively; and has caused its corporate seal to be affixed hereon either manually or by facsimile, all as of the Series Date.

(Manual or Facsimile Signature)
Mayor

(MANUAL OR FACSIMILE SEAL)
Attest:

(Manual or Facsimile Signature)
City Clerk

(Form of Registrar's Certificate of Authentication)

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____, 2016

City Treasurer of the City of
Farmington, New Mexico, as
Registrar

By _____
Authorized Officer

(End of Form of Registrar's Certificate of Authentication)
(Form of Assignment)

For value received, _____ hereby
sells, assigns and transfers unto _____ the within
bond and hereby irrevocably constitutes and appoints
_____ attorney, to transfer the same on the books of
the Registrar, with full power of substitution in the premises.

Signature

Dated: _____
Signature Guaranteed:

Name and address of transferee:

Social Security or other Tax
Identification Number of
Transferee: _____

(End of Form of Assignment)

(End of Form of Series 2016A Bond)

Section 14. Sale of Bonds and Approval of Documents. The City hereby agrees to sell the Bonds to the Purchaser in accordance with the Bond Purchase Agreement. The forms, terms and provisions of the Bond Purchase Agreement and the Contingent Intercept Agreement, in the forms heretofore on file with the City Clerk and presented at the meeting, are in all respects approved, authorized and confirmed. The Mayor is authorized and directed, and the City Clerk is authorized and directed to affix the seal of the City to and attest, the Bond Purchase Agreement and the Contingent Intercept Agreement with such changes therein as are not inconsistent with this Ordinance and as shall be approved by the Mayor, his execution thereof to constitute conclusive evidence of his approval of any and all changes or revisions thereof from the form now before this meeting. From and after the execution and delivery of the Bond Purchase Agreement, the officers, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Bond Purchase Agreement as executed.

Section 15. Delivery of Bonds and Registration. When the Bonds have been duly executed, authenticated, registered and sold, the Registrar shall deliver them to the Purchaser upon receipt of the agreed purchase price. The Registrar shall initially register the Bonds in the name of the Purchaser.

Section 16. Use of Proceeds - Period of Usefulness. Except as herein otherwise specifically provided, the proceeds derived from the sale of the Bonds shall be used and paid solely for the purpose of the Project. The Energy Efficiency Project is hereby determined to have a period of usefulness of not less than 15 years from the date of this ordinance.

Section 17. Disposition of Proceeds and Other Funds. On the date of delivery of the Bonds, the net proceeds from the sale of the Bonds shall be deposited or used as follows:

A. The accrued interest of \$-0- received on the date of delivery of the Bonds shall be deposited into the Debt Service Account established for the Purchaser pursuant to the Indenture.

B. \$4,666,142.13 (representing the par amount of \$4,743,999.00 of the Series 2016A Bonds, less the \$35,579.99 processing fee (the "Processing Fee") which shall be withheld by the Purchaser, and less \$42,276.88 which shall be applied to Expenses, shall be deposited in the Program Fund, together with \$1,176,857.87 in other legally available funds of the City, which Program Fund is hereby established and which shall be maintained by or on behalf of the City by the Trustee pursuant to the Indenture. Until the completion of the Energy Efficiency, the money in the 2016A Program Account shall be used and paid out solely for the purpose of the Energy Efficiency Project in compliance with applicable law. As soon as practicable after completion of the Energy Efficiency Project, and in any event not more than 60 days after completion of the Energy Efficiency Project, any proceeds remaining unspent (other than any amount retained by the City for any Energy Efficiency Project costs not then due and payable) shall be transferred and deposited in the Debt Service Account and used by the City to pay principal and interest on the Series 2016A Bonds as the same become due.

C. Expenses of \$42,276.88 related to issuance of the Series 2016A Bonds, together with the Processing Fee of \$35,579.99, do not exceed 2% of the proceeds of the Series 2016A Bonds.

The City Finance Director shall be, and hereby is, authorized to make any necessary adjustments in the amounts to be deposited in the funds and accounts described in this Section on the Closing Date.

Section 18. Purchaser Not Responsible. The validity of the Bonds is neither dependent on nor affected by the validity or regularity of any proceedings related to the completion of the Project. The Purchaser of the Bonds, and any subsequent owner of any Bonds, shall in no manner be responsible for the application or disposal by the City or by any officer or any employee or other agent of the City of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

Section 19. State-Shared Gross Receipts Tax Income Fund. So long as any of the Bonds or Parity Gross Receipts Tax Bonds shall be

outstanding, either as to principal or interest, or both, the Pledged State-Shared Gross Receipts Tax Revenues shall be set aside and deposited monthly into a separate account hereby continued and held by the City known as the "City of Farmington, New Mexico State-Shared Gross Receipts Tax Income Fund" (the "SSGRT Income Fund").

Section 20. Administration of Income Fund. So long as any of the Bonds shall remain outstanding, either as to principal or interest or both, the following payments shall be made monthly from the Pledged Revenues:

A. Bond Account Payments. The following amounts shall be withdrawn, in the order provided in subparagraph (3) of this subsection A, from the SSGRT Income Fund (and on parity with other outstanding Parity Gross Receipts Tax Bonds, and shall be concurrently credited to the "City of Farmington, New Mexico Taxable Direct Payment Qualified Energy Conservation Bonds Series 2016A Bond Account (the "Bond Account") for transfer to the Debt Service Account as provided in Subsection C of this Section 20:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of principal of the outstanding Bonds and monthly thereafter, commencing on each principal payment date, one-twelfth (1/12) of the amount necessary to pay the next maturing installment of principal on the Bonds then outstanding.

(3) Unless the City determines that such amounts shall be withdrawn from such funds in some other order, for the purpose of making the transfers set forth in subparagraphs (1) and (2) of this subsection A, moneys shall be withdrawn in the following order:

FIRST: from the State-Shared Gross Receipts Tax Income Fund for credit to the Bond Account; to the extent that amounts available for such withdrawal from the State-Shared Gross Receipts Income Fund are not sufficient to pay the amounts required in subparagraphs (1) and (2) of this subsection A,

SECOND: upon receipt semi-annually, the City shall deposit Federal Subsidy Payments directly into the Bond Account to be used for debt service payments on the Series 2016A Bonds. Nothing herein shall prevent the City, in its discretion, from making any of the foregoing deposits from other legally available funds. If, prior to any interest payment date or principal payment date, there has been accumulated in the Bond Account the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payments required in subparagraph (1) or (2) (whichever is applicable) of this Section 20(A) may be appropriately reduced, and the required monthly amounts shall be credited to such account commencing on such interest payment date or principal payment date (whichever is applicable). The moneys in the Bond Account are irrevocably and exclusively pledged to the payment of the Bonds.

B. Credit. In making the deposits required to be made into the Bond Account, if there are any amounts then on deposit in the Bond Account available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to subsection A above shall be reduced by the amount available in such fund for such purpose.

C. Transfer of Money out of Bond Account. Each payment of principal and interest becoming due on the Bonds shall be transferred from the Bond Account to the Paying Agent for transfer to the Debt Service Account on or before two Business Days prior to the due date of such payment, i.e. two Business Days prior to each June 15 and December 15 while the Bonds are outstanding.

D. Defraying Delinquencies in the Bond Account. If, in any month, the City shall, for any reason, fail to pay into the Bond Account the full amount required, the difference between the amount paid and the amount so stipulated shall be paid therein from the first Pledged Revenues thereafter received and not required to be otherwise applied.

E. Payment of Parity Obligations. Concurrently with the payment of the Pledged Revenues required by subsections A and D of this Section, any amounts on deposit in the State-Shared Gross Receipts Tax Income Fund shall be used by the City for the payment of principal of, interest on and debt service reserve fund deposits relating to outstanding Parity Gross Receipts Tax Bonds payable from such Pledged State-Shared Gross Receipts Tax Revenues, as the same become due. If funds on deposit in the Income Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Bonds and any other outstanding Parity Bonds, then the available funds in the Income Fund will be used, first, on a pro-rata basis, based on the amount of principal and interest then due with respect to each series of outstanding Parity Bonds, for the payment of principal of and interest on all series of outstanding Parity Bonds and, second, to the extent of remaining available funds in the Income Fund on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding Parity Bonds.

F. Termination upon Deposits to Maturity. No payment shall be made into the Bond Account if the amounts in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Bonds to their respective maturities or applicable redemption dates, in which case moneys in the Bond Account in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in the Bond Account may be used as provided below.

G. Payment of Subordinate Lien Obligations. Subsequent to the payments required by subsections A, D and E of this Section, any balance remaining in the Income Fund, after making the payments hereinabove provided shall be used by the City for the payment of interest on and the principal of additional bonds or other obligations, if any, having a lien on any of the Pledged Revenues subordinate to the lien thereon of the Bonds hereafter authorized, issued and payable from the Pledged Revenues, as the same become due. Payments with respect to principal, interest and reserve funds for any such subordinate lien obligations may be made at any intervals as may be provided in the ordinance or resolution authorizing such additional obligations.

H. Surplus Revenues. After making all the payments hereinabove required to be made by this Section, the remaining Pledged Revenues, if any, may be applied to any other lawful purpose, as the City may from time to time determine.

Section 21. General Administration of Funds. The funds and accounts designated in this ordinance shall be administered as follows:

A. Investment of Money. Any moneys in any fund or account designated in Sections 17 through 20 hereof held and maintained by the City may be invested in any Permitted Investment then permitted by New Mexico law, except as is provided in Section 34 hereof with respect to defeasance. Money held by the Purchaser on behalf of the City shall be invested as directed by the Purchaser. The obligations so purchased as an investment of moneys in any such fund or account shall be deemed at all times to be part of said fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to the fund or account, and any loss resulting from each investment shall be charged to the fund or account. The City Treasurer 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 from such fund or account.

B. Deposits of Funds and Accounts. The moneys and investments comprising each of the funds and accounts hereinabove designated in Sections 17 through 20 of this Ordinance shall be maintained and kept separate from all other funds and accounts in an

Insured Bank or Insured Banks. The amounts prescribed shall be paid to the appropriate funds or accounts as specified in Sections 17 through 20. Each payment shall be made into the proper bank account and credited to the proper fund or account not later than the last day designated; provided that when the designated date is a Saturday, Sunday or a legal holiday, then such payment shall be made on the next preceding business day. Nothing herein shall prevent the establishment of one such bank account or more (or consolidation with any existing bank account), for all of the funds and accounts in Sections 17 through 20 of this Ordinance.

Section 22. Lien on Net Revenues of the System and Federal Subsidy Payments. The Bonds constitute an irrevocable and valid first lien (but not an exclusive first lien) on the Pledged State-Shared Gross Receipts Tax Revenues. The Bonds constitute an irrevocable, exclusive and valid first lien on the Federal Subsidy Payments.

Section 23. Additional Bonds and Other Obligations.

A. Limitations upon Issuance of Other Parity Gross Receipts Tax Obligations. Nothing contained in this Bond Ordinance shall be construed in such a manner as to prevent the issuance by the City of additional bonds or other obligations payable from the Pledged State-Shared Gross Receipts Tax Revenues and constituting a lien upon said revenues on a parity with, but not prior nor superior to, the lien of the Bonds herein authorized, nor to prevent the issuance of bonds or other obligations refunding all or a part of the Bonds herein authorized, provided, however, that before any such additional Parity Gross Receipts Tax Obligations are authorized or actually issued, including those refunding obligations which refund subordinate bonds or other subordinate obligations, as permitted in subsection B of this Section 23 (but excluding any Parity Gross Receipts Tax Obligations which refund outstanding Parity Gross Receipts Tax Bonds and other parity lien obligations as permitted by Sections 23B(1) and 23D(1) hereof):

(1) The City is then current in all of the accumulations required to be made into the Bond Account pursuant to Section 19 of this Bond Ordinance; and

(2) The Pledged State-Shared Gross Receipts Tax Revenues received by the City for the Fiscal Year immediately preceding the date of the issuance of such additional Parity Obligations shall have been sufficient to pay an amount representing at least 200% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on the then outstanding Bonds, all other than outstanding Parity Gross Receipts Tax Obligations and the Parity Gross Receipts Tax Obligations proposed to be issued (excluding any accumulation for reserves therefor).

For purposes of the tests set forth in clauses (1) and (2) above, if on the date of issuance of any such Parity Gross Receipts Tax Obligations the full amount of a reserve fund requirement for the Parity Gross Receipts Tax Obligations is immediately funded or capitalized from the proceeds of such Parity Gross Receipts Tax Obligations, the amount of such reserve fund requirement so funded shall be deducted from the principal and interest coming due in the final Fiscal Year for the proposed additional Parity Gross Receipts Tax Obligations.

B. Certificate or Opinion of Earnings. A written certification or opinion by an Independent Accountant or the City's Administrative Services Director that said annual Pledged State-Shared Gross Receipts Tax Revenues for such preceding Fiscal Year are sufficient to pay the amounts set forth in Subsection A(2) of this Section, as applicable, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver said additional bonds or other obligations on parity with the Bonds herein authorized.

C. Subordinate Obligations Permitted. Nothing in this Bond Ordinance contained shall be construed in such a manner as to prevent the issuance by the City of additional bonds or other obligations payable from the Pledged State-Shared Gross Receipts Tax Revenues and constituting a lien upon said Pledged State-Shared Gross Receipts Tax Revenues subordinate or junior in all respects to the lien of the Bonds herein authorized.

D. Superior Obligations Prohibited. Nothing herein contained shall be construed so as to permit the City to issue bonds or other obligations payable from the Pledged State-Shared Gross Receipts Tax Revenues having a lien thereon prior and superior to the Bonds.

Section 24. Refunding Bonds. The provisions of Section 23 hereof are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time after the Bonds, or any part thereof, shall have been issued and remain outstanding, the City shall find it desirable to refund any outstanding bonds or other outstanding obligations payable from Pledged State-Shared Gross Receipts Tax Revenues, such bonds or other obligations, or any part thereof, may be refunded (but only with the consent of the registered owner or owners thereof, 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 City's option), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged State-Shared Gross Receipts Tax Revenues is changed (except as provided in subsection D of Section 23 and in subsections B and C of this Section).

B. Limitations Upon Issuance of Parity Refunding Obligations. No refunding bonds or other refunding obligations payable from the Pledged State-Shared Gross Receipts Tax Revenues shall be issued on parity with the lien thereon of the Bonds herein authorized, unless:

(1) The lien on the Pledged State-Shared Gross Receipts Tax Revenues of the outstanding obligations so refunded is on a parity with the lien thereon of the Bonds herein authorized; or

(2) The refunding bonds or other refunding obligations are issued in compliance with Subsection A of Section 23 hereof.

C. Refunding Part of an Issue. The refunding bonds or other obligations so issued shall enjoy complete equality of lien with the portion of any bonds or other obligations of the same issue which is not refunded, if any there be; and the registered owner or owners of such refunding bonds or such other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the registered owner or owners of the bonds or other obligations of the same issue refunded thereby.

D. Limitations Upon Issuance of any Refunding Obligations. Any refunding bonds or other refunding obligations payable from the Pledged State-Shared Gross Receipts Tax Revenues shall be issued with such details as the City may by ordinance or resolution provide, subject to the inclusion of any such rights and privileges designated in Subsection C of this Section, but without any impairment of any contractual obligations imposed upon the City 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 issue herein authorized). If only a part of the outstanding bonds and any other outstanding obligations of any issue or issues payable from the Pledged State-Shared Gross Receipts Tax Revenues is refunded, then such obligations may not be refunded without the consent of the registered owner or owners of the unrefunded portion of such obligations, unless:

(1) The refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest requirements evidenced by such refunding obligations and by the outstanding obligations not refunded on and prior to the last maturity date of such unrefunded obligations, or

(2) The refunding bonds or other refunding obligations are issued in compliance with Subsection A of Section 23 hereof, or

(3) The lien on the Pledged State-Shared Gross Receipts Tax Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any obligations not refunded.

Section 25. Equality of Parity Gross Receipts Tax Bonds. The Parity Bonds from time to time outstanding shall not be entitled to any priority one over the other in the application of the Pledged State-Shared Gross Receipts Tax Revenues regardless of the time or times of their issuance or the date incurred, it being the intention of the City Council that, except as set forth herein, there shall be no priority among Parity Gross Receipts Tax Bonds regardless of whether they are actually issued and delivered or incurred at different times.

Section 26. Protective Covenants. The City hereby covenants and agrees with each and every holder of the Bonds issued hereunder:

A. Use of Bond Proceeds. The City will proceed without delay to apply the proceeds of the Bonds as set forth in Section 16 of this Bond Ordinance.

B. Payment of Bonds Herein Authorized. The City will promptly pay the principal of and the interest on every Bond 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. City's Existence. The City will maintain its corporate identity and existence so long as any of the Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the City, without adversely affecting to any substantial degree the privileges and rights of any owner of the Bonds.

D. Extension of Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the City will not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on any of the Bonds, and the City will not directly or indirectly be a party to or approve any arrangements for any such extension.

E. Records. So long as any of the Bonds remain outstanding, proper books of record and account will be kept by the City, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues.

F. Audits and Budgets. The City will, within two hundred and seventy (270) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the Pledged Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues.

G. Other Liens. Other than as described and identified by this Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

H. Impairment of Contract. The City agrees that any law, ordinance or resolution of the City 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 any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to Section 33 of this Bond Ordinance.

I. Bond Account. The Bond Account shall be used solely and only, and those funds are hereby pledged, for the purposes set forth in this Bond Ordinance.

J. Surety Bonds. Each municipal official and employee being responsible for receiving Pledged Revenues shall be bonded at all times, which bond shall be conditioned upon the proper application of such funds.

K. Performing Duties. The City will faithfully and punctually perform all duties with respect to the Bonds required by the Constitution and laws of the State of New Mexico and the ordinances and resolutions of the City relating to the Bonds.

L. Tax Covenants.

(1) Ownership and Location of the QECB Projects. The projects financed with the Series 2016A Bonds are and will be owned by the City and constitute a "Green Community Program" under Section 54D(f)(1)(A)(ii) of the Tax Code. Accordingly, the Series 2016A Bonds are being issued for "qualified conservation purposes" under Section 54D(f)(1)(A)(i) of the Tax Code. The facilities comprising the projects are located within the territorial limits of the City.

(2) Qualified Expenditures of the Series 2016A Bonds. The City reasonably expects and hereby covenants that one hundred percent (100%) of the available project proceeds (which includes investment earnings) will be used with diligence for qualified expenditures as defined in Tax Code Section 54D(f).

(3) No Financial Conflicts of Interest. The City certifies that (i) applicable New Mexico and local law requirements governing conflicts of interest are satisfied with respect to the Series

2016A Bonds, and (ii) if in accordance with Section 54A(d)(6)(B) of the Tax Code the Secretary of the Treasury prescribes additional conflicts of interest rules governing members of Congress, federal, state and local officials, and their spouses, the City will satisfy such additional rules with respect to the Series 2016A Bonds.

(4) Wage and Labor Standards Requirements. The City expressly acknowledges that Davis Bacon Act, 40 U.S.C. §276a ("Davis-Bacon Act") applies to the projects financed with proceeds of the Series 2016A Bonds. The Davis-Bacon Act contains labor standards and prevailing wage rates applicable to certain contracts for laborer and mechanics utilized in the construction installation and equipping of Qualified Energy Conservation Bond projects as described in subchapter IV of Chapter 31 of Title 40 of the United States Code and in the American Recovery and Reinvestment Act of 2009, Pub.L.No. 111-5, 123 Stat. 115 (2009). The City represents and warrants that it will comply with the Davis-Bacon Act requirements with respect to the projects financed with proceeds of the Series 2016A Bonds.

Section 27. Continuing Disclosure Undertaking. The officers of the City are authorized to sign such documents and to take such actions in the future with respect to the City's continuing disclosure obligations as are necessary or desirable to comply with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, including, if required by the Purchaser, the execution of a continuing disclosure undertaking (a "Continuing Disclosure Undertaking"). Notwithstanding any other provisions of this Bond Ordinance, failure of the City to comply with a Continuing Disclosure Undertaking shall not be considered an "event of default" under Section 28 hereof, and holders and beneficial owners of Bonds shall be entitled to exercise only such rights with respect thereto as are provided in the Continuing Disclosure Undertaking.

Section 28. Events of Default. Each of the following events is hereby declared an "event of default":

A. Nonpayment of Principal. Failure to pay the principal of any of the Bonds when the same becomes due and payable, either at maturity, or by proceedings for redemption, or otherwise.

B. Nonpayment of Interest. Failure to pay any installment of interest when the same becomes due and payable.

C. Incapable of Performing. If the City shall for any reason be rendered incapable of fulfilling its obligations hereunder.

D. Default of any Provision. Default by the City 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 (other than a default set forth in subsections A and B of this Section), and the continuance of such default for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the City by the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding.

E. Bankruptcy. The City (i) files a petition or application seeking reorganization or arrangement of debt under Federal Bankruptcy law, or other debtor relief under the laws of any jurisdiction, or (ii) is the subject of such petition or application which the City does not contest or is not dismissed or discharged within sixty (60) days.

Section 29. Remedies upon Default. Upon the happening and continuance of any of the events of default as provided in Section 28 of this Bond Ordinance, then and in every case, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the City, the City Council and its agents, officers and employees, but only in their official capacities, to protect and enforce the rights of any holder of 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 City Council 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 all holders of the Bonds then outstanding. The failure of any Bondholder so to proceed shall not relieve the City or any of its officers, agents or employees of any responsibility for failure to perform, in their official capacities, 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 30. Duties upon Default. Upon the happening of any of the events of default provided in Section 28 of this Bond Ordinance, the City, in addition, will do and perform all proper acts on behalf of and for 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 any of the Bonds, either as to principal or interest, are outstanding and unpaid, shall be applied as set forth in Section 17 of this Bond Ordinance. In the event the City fails or refuses to proceed as provided in this Section, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of the owners of the Bonds as hereinabove provided.

Section 31. Bonds Not Presented When Due. If any Bonds 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 City to such owners for the payments 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 officer of the City.

Section 32. Delegated Powers. The officers of the City be, and they hereby 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 title and general summary of this Bond Ordinance set out in Section 39 (with such changes, additions and deletions as they may determine), the printing of the Bonds, the execution of a Continuing Disclosure Undertaking if required by the Purchaser, and of such other documents or certificates as may be required by the Purchaser or bond counsel.

Section 33. Amendment of Bond Ordinance. This Bond Ordinance may be amended without the consent of the holder of any Bond 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 Purchaser, the provisions of this Bond Ordinance may be amended with the written consent of the Purchaser, with respect to any changes which are not inconsistent with the substantive provisions of this Bond Ordinance. In addition, this Bond Ordinance may be amended without receipt by the City of any additional consideration, but with the written consent of the holders of seventy-five percent (75%) of the Bonds then outstanding (not including Bonds which may be held for the account of the City); 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 of any Bond; 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 prior to the lien or pledge created by this Bond Ordinance; or

D. A reduction of the principal amount of Bonds required for consent to such amendatory ordinance; or

E. The establishment of priorities as between Bonds issued and outstanding under the provisions of this Bond Ordinance; or

F. The modification of or otherwise affecting the rights of the holders of less than all the outstanding Bonds.

Section 34. Defeasance. When all principal and interest in connection with the Bonds hereby authorized have been duly paid, the pledge and lien on the Pledged Revenues 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 any Bond or Bonds when the City has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations, as defined below) to meet all requirements of principal and interest as the same become due to their final maturities or upon designated redemption dates. Any Defeasance Obligations shall become due when needed in accordance with a schedule agreed upon between the City and such bank at the time of the creation of the escrow. Defeasance Obligations within the meaning of this Section shall include only (1) cash, (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGs"), and (3) obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

Section 35. Bond Ordinance Irrepealable. After any of 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 of the Bonds as herein provided.

Section 36. 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 37. 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 38. Effective Date. Upon due adoption of this Bond Ordinance, it shall be recorded in the book of ordinances of the City kept for that purpose, authenticated by the signatures of the Mayor or Mayor Pro-Tem and City Clerk, and the title and general summary of the subject matter contained in this Bond Ordinance (set out in Section 36 below) shall be published in a newspaper which maintains an office and is of general circulation in the City and this Bond Ordinance shall be in full force and effect in accordance with law.

Section 39. 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:

(Form of Summary of Bond Ordinance for Publication)

City of Farmington, New Mexico

Notice of Adoption of Ordinance

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 City Council of the City of Farmington, on November 15, 2016, relating to the authorization and issuance of the City's Taxable Direct Payment Qualified Energy Conservation Bonds, Series 2016A. Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the City Clerk, Farmington City Hall, 800 Municipal Drive, Farmington, New Mexico.

The title of the Ordinance is:

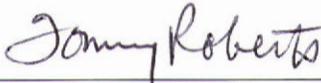
AN ORDINANCE PROVIDING FOR THE ISSUANCE OF THE CITY OF FARMINGTON, NEW MEXICO TAXABLE DIRECT PAYMENT QUALIFIED ENERGY CONSERVATION BONDS SERIES 2016A IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,743,999 TO ACQUIRE, INSTALL, RETROFIT AND REPLACE ENERGY CONSERVATION MEASURES IN MUNICIPAL FACILITIES OWNED BY THE CITY AND TO PAY COSTS OF ISSUANCE OF THE SERIES 2016A BONDS; PROVIDING THAT THE SERIES 2016A BONDS WILL BE PAYABLE FROM STATE-SHARED GROSS RECEIPTS TAX REVENUES DISTRIBUTED TO THE CITY PURSUANT TO SECTION 7-1-6.4 NMSA 1978, AND FEDERAL SUBSIDY PAYMENTS FROM THE UNITED STATE TREASURY; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE SERIES 2016A BONDS, THE METHOD OF PAYING THE SERIES 2016A BONDS AND THE SECURITY THEREFOR; PRESCRIBING OTHER DETAILS CONCERNING THE PLEDGED REVENUES; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

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

(End of Form of Notice of Adoption of Ordinance)

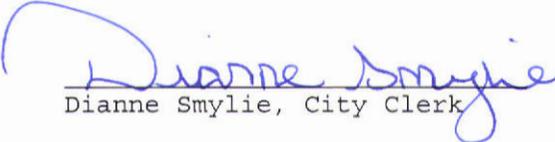
DONE AND APPROVED this 15th day of November, 2016.

APPROVED:



Tommy Roberts, Mayor

ATTEST:



Dianne Smylie, City Clerk