

INCORPORATED COUNTY OF LOS ALAMOS ORDINANCE NO. 731

AN ORDINANCE AUTHORIZING THE INCORPORATED COUNTY OF LOS ALAMOS (BORROWER) TO ENTER INTO A LOAN AGREEMENT WITH THE NEW MEXICO ENVIRONMENT DEPARTMENT (NMED) FOR THE PURPOSE OF OBTAINING PROJECT LOAN FUNDS IN THE PRINCIPAL AMOUNT OF \$800,000 PLUS (0.01%) ACCRUED INTEREST; AND LOAN SUBSIDY GRANT FUNDS IN THE AMOUNT OF \$200,000 FOR A TOTAL FUNDED AMOUNT OF \$1,000,000; DESIGNATING THE USE OF THE FUNDS FOR THE BAYO NON-POTABLE BOOSTER STATION REFURBISHMENT AS APPROVED BY NMED; DECLARING THE NECESSITY FOR THE LOAN; PROVIDING THAT THE LOAN WILL BE PAYABLE AND COLLECTIBLE SOLELY FROM THE BORROWER'S PLEDGED REVENUES DEFINED BELOW; PRESCRIBING OTHER DETAILS CONCERNING THE LOAN AND THE SECURITY THEREFOR

Capitalized terms used in the following preambles are defined in Section 1 of this Ordinance unless the context requires otherwise.

WHEREAS, the Borrower is a legally and regularly created public body organized under the general laws of the State of New Mexico ("State"); and

WHEREAS, the Borrower now owns, operates, and maintains a public utility constituting of a Wastewater Collection and Treatment system ("System"), which includes a system for disposing of wastes by surface and underground methods; and

WHEREAS, the present System is insufficient and inadequate to meet the needs of the Borrower; and

WHEREAS, the Loan Agreement and Note shall be payable solely from the Pledged Revenues; and

WHEREAS, the funds for the Project will include funds from a one-time federal grant to the New Mexico Environment Department (NMED) from the Environmental Protection Agency (EPA); and

WHEREAS, the Project is subject to specific requirements of the federal grant; and

WHEREAS, the Borrower has the following obligations outstanding, to which the Pledged Revenues have already been pledged:

Funding Source (e.g., Revenue Bond, NMED, NMFA, etc.) and Series# or Loan/Project #	Principal Amount Outstanding at 06/30/2023 (use the most current fiscal year end date)	Is the listed funding source superior, subordinate or on parity with this funding?
ARRA CWSRF 09L	\$122,888.32	Super Subordinate Lien

CWSRF 083	Projected Balance as of August 2022 of \$6.5 Million	Super Subordinate Lien
CWSRF 1438143R	\$5,583,380.20	Super Subordinate Lien
2014 NMFA PPRF-3150	\$6,700,000	Subordinate Lien
WTB-3557	\$46,088	Super Subordinate Lien
WTB-0340	\$143,152	Super Subordinate Lien
NMFA WTB-0089	\$29,039	Super Subordinate Lien
NMFA WTB-0220	\$343,426	Super Subordinate Lien
NMFA WTB-0221	\$77,865	Super Subordinate Lien
WTB 156	\$67,288	Super Subordinate Lien
NMFA WTB-157	\$22,809	Super Subordinate Lien
WPF 0063	\$19,876	Super Subordinate Lien
WTB 4826	\$320,000	Super Subordinate Lien
WTB 5081	\$360,000	Super Subordinate Lien
NMFA 5426-WPF	\$1,300,000	Super Subordinate Lien
DWSRF 5456	\$3,709,891	Subordinate Lien
2010 NMFA PPRF-2461	\$8,250,000	Senior Lien

WHEREAS, the Governing Body of the Borrower has determined that it is in the best interest of the Borrower to accept and enter into the Loan Agreement and to execute and to deliver the Note to the NMED.

NOW THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE INCORPORATED COUNTY OF LOS ALAMOS:

Section 1. DEFINITIONS. As used in the Ordinance, the following terms shall have the meanings specified below, unless the context clearly requires otherwise (*such meanings to be equally applicable to both the singular and the plural forms of the terms defined unless the plural form is separately defined*):

ACT. The general laws of the State, including the Wastewater Facility Construction Loan Act at sections 74-6A-1 to 74-6A-15 NMSA 1978, as amended; enactments of the governing

Body of the Borrower relating to the Note and the Loan Agreement made by resolution or ordinance, including this Ordinance; and the powers of the Borrower as a public body under authority given by the Constitution and Statutes of the State.

ANNUAL AUDIT or SINGLE AUDIT. Financial statements of the Borrower as of the end of each Fiscal Year, audited by an Independent Accountant, consistent with the Federal Single Audit Act and the State Auditor's rules.

AUTHORIZED OFFICER. The Borrower's Council Chair, chief administrative officer, or other officer or employee of the Borrower as designated by the Borrower's Resolution Number 24-10, adopted by the governing body of the Borrower, as amended.

BORROWER. The entity requesting funds pursuant to the Act.

FISCAL YEAR. The twelve-month period commencing on the first day of July of each year and ending on the last day of June of the succeeding year, or any other twelve-month period which the Borrower hereafter may establish as the fiscal year or the System.

FUNDS. Loan and Loan Subsidy Grant funds.

GOVERNING BODY OF THE BORROWER. The Council of the Incorporated County of Los Alamos.

LOAN. A loan of funds from NMED made pursuant to the Loan Agreement.

LOAN AGREEMENT. The loan agreement between the Borrower and the NMED, pursuant to which funds shall be loaned to the Borrower for the Project and to pay eligible costs relating thereto; and the final Loan Agreement which shall state the final amount the NMED loaned to the Borrower, which shall be executed upon completion of the Project and dated on the date of execution.

LOAN SUBSIDY GRANT. A sub-grant of funds to the Borrower from a one-time federal grant of funds to the NMED by EPA, for the purpose of subsidizing the amount loaned to the Borrower under the Loan Agreement and Note.

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

NOTE. The interim and final promissory notes issued by the Borrower to the NMED evidencing the obligation of the Borrower to the NMED incurred pursuant to the Ordinance and Loan Agreement.

OPERATION AND MAINTENANCE. All reasonable and necessary current expenses of the System, paid or accrued, related to operating, maintaining, and repairing the System.

ORDINANCE. This Ordinance as amended or supplemented from time to time.

PARITY BONDS or PARITY OBLIGATIONS. Revenue Bonds and other bonds or other obligations payable from the Pledged Revenues issued with a lien on the Pledged Revenues on parity with the bonds or obligations as listed in this Ordinance.

PLEDGED REVENUES. Joint Utility System Revenues.

PROJECT. The most current NMED approved Project Description listed on the Project Description Form on file with NMED.

PROJECT COMPLETION DATE. Means the date that the final project documents are submitted to and approved by the NMED.

REGULATIONS. Regulations promulgated by the Water Quality Control Commission at 20.7.5 NMAC and New Mexico Environment Department at 20.7.6 – 20.7.7 NMAC.

SUBORDINATE OBLIGATIONS. Other obligations payable from the Pledged Revenues issued with a lien on the Pledged Revenues subordinate to the lien of the Loan Agreement and Note as may be listed in this Ordinance.

Section 2. RATIFICATION. All action heretofore taken (not inconsistent with the provisions of the Ordinance) by the Council, the officers, and employees of the Borrower, directed toward the Loan Agreement and the Note, is hereby ratified, approved and confirmed.

Section 3. FINDINGS. The Governing Body of the Borrower hereby declares that it has considered all necessary and relevant information and data and hereby makes the following findings:

(A) The execution and delivery of the Loan Agreement and the Note pursuant to the Act to provide funds to finance the Project, is necessary and in the interest of the public health, safety, and welfare of the residents of the Borrower and will result in savings of finance costs to the Borrower.

(B) The money available for the Project from all sources other than the Loan Agreement is not sufficient to pay when due the cost of the Project.

(C) The Project is and shall be part of the System.

(D) The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement and Note.

Section 4. SYSTEM. The System shall continue to constitute a Wastewater Collection and Treatment system and shall be operated and maintained as such.

Section 5. AUTHORIZATION OF PROJECT. The Project and payment of eligible items from proceeds of the Loan Agreement and Note is hereby authorized at a cost not to exceed the principal Loan amount of Eight Hundred Thousand Dollars (\$800,000.00) and the Loan Subsidy Grant amount of Two Hundred Thousand Dollars (\$200,000.00) excluding any cost of the Project to be paid from any source other than the proceeds of the Loan Agreement and Note.

Section 6. AUTHORIZATION OF LOAN AGREEMENT.

(A) For the purpose of protecting the public health, conserving the property, and protecting the general welfare of the residents of the Borrower and acquiring the Project, it is hereby declared necessary that the Borrower, pursuant to the Act and the Regulations execute and deliver the Loan Agreement and Note, and the Borrower is hereby authorized to execute and deliver the Loan Agreement and the Note, to be payable and collectible solely from the Pledged Revenues. The NMED has agreed to disburse the proceeds according to the terms of the Loan Agreement to the Borrower over the active period of the Project. The principal Loan amount of

the Note shall not exceed Eight Hundred Thousand Dollars (\$800,000.00), plus accrued interest without the adoption of another Ordinance amending the Ordinance by the Governing Body of the Borrower, *and the annual interest rate on that principal amount shall not exceed 0.01 percent per annum. Interest shall be computed as a percentage per year on the outstanding principal amount on the Loan on the basis of a 365-day year, actual number of days lapsed.* The final maturity date on the Note shall not extend beyond the agreed upon useful life of the project if the funding agreement. The Loan shall be repaid in substantially equal annual installments in the amount and on the dates provided in the Loan Agreement with the first annual installment due no later than one (1) year after completion of the project. The Borrower must maintain a debt service coverage ratio of no less than 1.2 and must also obtain the written consent of the NMED before issuing additional obligations secured by the Pledged Revenues.

(B) The Borrower is hereby authorized to accept a Loan Subsidy Grant under the terms of the Loan Agreement. By accepting a Loan Subsidy Grant, the Borrower is a sub-recipient of a one-time federal grant of funds to NMED by EPA. As a sub-recipient, the Borrower is responsible for complying with the specific requirements and the conditions of the one-time federal grant. If the Borrower fails to satisfy any federal grant requirements or conditions, the Borrower may be required to refund any federal grant funds disbursed to the Borrower from NMED.

(C) The form of the Loan Agreement and the Note are approved. The Authorized Officer is hereby directed to execute and deliver the Loan Agreement and the Note and any extensions of or amendments to any such document to be executed after completion of the Project, or any substitution therefore, with such changes therein consistent with the Ordinance and as shall be approved by an Authorized Officer whose execution thereof, or any extension thereof, or substitution therefore, in their final forms shall constitute conclusive evidence of their approval and compliance with this section.

(D) From and after the date of the initial execution and delivery of the Loan Agreement and the Note, Authorized Officers, agents, and employees of the Borrower are 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 this Ordinance, the Loan Agreement, and the Note.

Section 7. SPECIAL LIMITED OBLIGATIONS. The Loan Agreement and the Note and all payments thereon shall be special limited obligations of the Borrower and shall be payable and collectible solely from the Pledged Revenues which are irrevocably pledged as set forth in this Ordinance. The NMED may not look to any general or other fund for the payment on the Loan Agreement and the Note except the designated special funds pledged, therefore. The Loan Agreement and the Note shall not constitute indebtedness or debts within the meaning of any constitutional, charter or statutory provision or limitation, nor shall they be considered or be held to be general obligations of the Borrower and shall recite that they are payable and collectible solely from the Pledged Revenues the income from which is so pledged.

Section 9. USE OF PROCEEDS. The NMED shall disburse Funds pursuant to the Loan Agreement for NMED approved costs incurred by the Borrower for the Project.

Section 10. APPLICATION OF REVENUES.

(A) PARITY OBLIGATIONS AND OTHER APPROVED DEBT(S). The Borrower shall pay the principal, interest, and administrative fees (if applicable) of parity obligations and other approved debts which are secured from the Pledged Revenues as scheduled.

(B) EQUITABLE AND RATABLE DISTRIBUTION. Obligations of the Borrower secured by the Pledged Revenues on parity with the Loan Agreement and the Note, from time to time outstanding, shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of their issuance or creation.

(C) SUBORDINATE OBLIGATIONS. The Pledged Revenues used for the payment of Subordinate Obligations shall be applied first to the payment of the amounts due the Loan Agreement and the Note, including payments to be made to other obligations payable from the Pledged Revenues which have a lien on the Pledged Revenues on parity with the Loan Agreement and the Note.

Section 11. LIEN OF LOAN AGREEMENT AND NOTE. The Loan Agreement and the Note shall constitute irrevocable liens upon the Pledged Revenues with priorities on the Pledged Revenues as set forth in this Ordinance. The Borrower hereby pledges and grants a security interest in the Pledged Revenues for the payment of the Note and any other amounts owed by the Borrower to the NMED pursuant to the Loan Agreement.

Section 12. OTHER OBLIGATIONS. Nothing in the Ordinance shall be construed to prevent the Borrower from issuing bonds or other obligations payable from the Pledged Revenues and having a lien thereon subordinate to the liens of the Loan Agreement and the Note. The Borrower must obtain the written consent of the NMED before issuing additional obligations secured by the Pledged Revenues.

Section 13. DEFAULT. The following shall constitute an event of default under the Loan Agreement:

(A) The failure by the Borrower to pay the annual payment due on the repayment of the Loan set forth in the Loan Agreement and Note when due and payable either at maturity or otherwise; or

(B) Default by the Borrower in any of its covenants or conditions set forth under the Loan Agreement (*other than a default described in the previous clause of this section*) for 60 days after the NMED has given written notice to the Borrower specifying such default and requiring the same to be remedied.

UPON OCCURRENCE OF DEFAULT:

(A) The entire unpaid principal amount of the Interim and Final Promissory Note plus accrued interest and any fees thereon may be declared by the NMED to be immediately due and payable and the Borrower shall pay the amounts due under Note from the Pledged Revenues, either immediately or in the manner required by the NMED in its declaration, but only to the extent funds are available for payment of the Note. However, if insufficient funds are available for payment of the Note(s), the NMED may require the Borrower to adjust the rates charged by the System to ensure repayment of the Note.

(B) If default by the Borrower is of covenants or conditions required under the federal grant, the Borrower may be required to refund the amount of the Loan and Loan Subsidy Grant disbursed to the Borrower from NMED.

(C) The NMED shall have no further obligation to make payments to the Borrower under the Loan Agreement.

Section 14. ENFORCEMENT VENUE. The NMED retains the right to seek enforcement of the terms of the Loan Agreement. If the NMED and the Borrower cannot reach agreement regarding disputes as to the terms and conditions of this Loan Agreement, such disputes are to be resolved promptly and expeditiously in the district court of Santa Fe County. The Borrower agrees that the district court for Santa Fe County shall have exclusive jurisdiction over the Borrower and the subject matter of this Loan Agreement and waives the right to challenge such jurisdiction.

Section 15. REMEDIES UPON DEFAULT. Upon the occurrence of any of the events of default as provided in the Loan Agreement or in this Ordinance, the NMED may proceed against the Borrower to protect and enforce its rights under the 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 in the Ordinance for the enforcement of any proper legal or equitable remedy as the NMED may deem most effective 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 the NMED, or to require the Borrower to act as if it were the trustee of an express trust, or any combination of such remedies. Each right or privilege of the NMED is in addition and cumulative to any other right or privilege under the Ordinance or the Loan Agreement and Note and the exercise of any right or privilege by the NMED shall not be deemed a waiver of any other right or privilege.

Section 16. DUTIES UPON DEFAULT. Upon the occurrence of any of the events of default as provided in this Ordinance, the Borrower, in addition, will do and perform all proper acts on behalf of and for the NMED to protect and preserve the security created for the payment of the Note to ensure the payment on the Note promptly as the same become due. All proceeds derived from the System, so long as the Note is outstanding, shall be treated as revenues. If the Borrower fails or refuses to proceed as required by this Section, the NMED, after demand in writing, may proceed to protect and enforce the rights of the NMED as provided in the Ordinance and the Loan Agreement.

Section 17. TERMINATION. When all obligations under the Loan Agreement and Note have been paid, the Loan Agreement and Note shall terminate and the pledge, lien and all other obligations of the Borrower under the Ordinance shall be discharged. The principal amount of the Note, or any part thereof, may be prepaid at any time without penalty at the discretion of the Borrower and the prepayments of principal shall be applied as set forth in the Loan Agreement.

Section 18. AMENDMENT OF ORDINANCE. This Ordinance may be amended with the prior written consent of the NMED.

Section 19. ORDINANCE IRREPEALABLE. After the Loan Agreement and Note have been executed and delivered, the Ordinance shall be and remain irrevocable until the Note has been fully paid, terminated and discharged, as provided in the Ordinance.

Section 20. SEVERABILITY CLAUSE. If any section, paragraph, clause or provision of the 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 the Ordinance.

Section 21. REPEALER CLAUSE. All bylaws, orders, 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, or Ordinance, or part thereof, heretofore repealed.

ADOPTED BY THE GOVERNING BODY OF THE INCORPORATED COUNTY OF LOS ALAMOS this 9th day of April 2024.

**COUNCIL OF THE INCORPORATED
COUNTY OF LOS ALAMOS**

**Denise Derkacs,
Council Chair**

ATTEST: (Seal)

**Naomi D. Maestas,
Los Alamos County Clerk**