NEW MEXICO ENVIRONMENT DEPARTMENT
Construction Programs Bureau
Rural Infrastructure Program

Loan Number: RIP 00073

Los Alamos County

LOAN AGREEMENT

Funding Package: $2,000,000; Loan $1,750,000; Subsidy $250,000

THIS LOAN AGREEMENT (Agreement) between the New Mexico Environment Department (NMED) and **Los Alamos County** (Borrower). This Agreement is made and entered into pursuant to the authority of the New Mexico Rural Infrastructure Act, as amended. (Sections 75-1-1 through 75-1-6 NMSA, 1978 Compilation);

Borrower has enacted Ordinance No. 745 approved on September 9, 2025 (Ordinance) which authorized the execution of this agreement, authorizes the Borrower to accept loan and grant funds (Funds) from NMED and irrevocably pledges the **Sewer System Revenue** (Pledged Funds) for repayment of this loan.

Listed below are agency contacts:

Borrower's Name and Address: Los Alamos County 1000 Central Ave Los Alamos, NM 87544	**NMED:** New Mexico Environment Department Rural Infrastructure Revolving Loan Fund P.O. Box 5469 Santa Fe, NM 87502-5469 NMENV-cpbinfo@state.nm.us
Borrower's Contact Information: Anne Laurant, County Manager (505) 663-1750, anne.laurent@lacnm.us Theresa Cull, County Council Chair 505-662-8057, theres.cull@losalamosnm.gov Philo S. Shelton III, P.E., Utilities Manager 505-662-8148, philo.shelton@losalamosnm.gov Joann Gentry, Deputy Utility Manager of Finance 505-662-8004, joann.gentry@losalamosnm.gov	**NMED Contact Information:** Sarah Rhoton, Project Engineer (505) 469-2687, sara.rhoton@env.nm.gov Andres Delgado, Infrastructure Funding Manager, (505) 660-7913, Andres.Delgado@env.nm.gov

Incorporated as part of this Agreement as though fully set forth in this Agreement:

Borrower's Loan Ordinance
Loan Amortization Schedule
Project Description Form

In consideration of these promises and mutual obligations, the parties agree to the following:

SECTION I – PROJECT DESCRIPTION:

A. This project will fund multiple upgrades to the Los Alamos Wastewater Treatment plant. This will include fixing cracks in the concrete aeration basins, fine screen will be replaced, the ultraviolet light lamps will be replaced, relacement of multiple motor controls throughout the plant and blower building and equipment upgrades to eliminate blower overheating.

B. The Borrower agrees that it will implement, in all respects, the project outlined in the attached Project Description, and made a part of this Agreement.

C. The Borrower agrees to make no change in the Project Description without first submitting a written request to NMED and obtaining NMED's written approval of the requested change, and if necessary, an amended loan agreement.

SECTION II – LOAN AMOUNT:

NMED acting as the administrator of the Rural Infrastructure Program (RIP) certifies that the Borrower has met all the eligibility requirements of the Rural Infrastructure Act. NMED agrees to loan the Borrower funds to pay for approved costs to plan, acquire and construct the Project, in an amount not to exceed:

One Millon Seven Hundred and Fifty Thousand Dollars ($1,750,000)

from the Rural Infrastructure Revolving Loan Fund. The loan amount will be available for a period of:

Two Years

from the date of this contract. The terms of the loan are: 1% annual interest rate for a repayment period not to exceed 20 years.

SECTION III – PROJECT CONDITIONS/TECHNICAL REQUIREMENTS:

Upon execution of this Agreement, the Borrower shall follow the procedures listed below unless waived by NMED.

A. The Borrower shall achieve Project Completion by the end of the loan agreement term.

   i. PROJECT COMPLETION means the date that operations of the completed works are initiated or capable of being initiated, whichever is earlier. This also applies to individual phases or segments.

ii. If the Borrower is unable to complete the project by the loan termination date, the Borrower must notify NMED at least 30 days prior to the loan termination date, otherwise, NMED may terminate this Agreement or may withhold Funds. If NMED terminates this Agreement, the Borrower shall refund any Funds disbursed to the Borrower by NMED within ninety (90) days of termination.

B. The Borrower agrees to employ a registered professional engineer licensed in the State of New Mexico to provide and be responsible for all engineering services on a project.

C. If these funds are to be used for engineering and/or other professional services, the Borrower must submit documentation regarding the hiring process to be used and the Request for Proposals (RFP), if applicable, to NMED for review and approval prior to selecting engineering and/or other professional services. An RFP for engineering services and/or other professional services must be performed in compliance with the New Mexico Procurement Code [Sections 13-1-21 et seq. NMSA 1978]. If, for any one circumstance, engineering fees will exceed $60,000, excluding gross receipt taxes, the Borrower is also required to contact the Professional Technical Advisory Board (PTAB) for assistance in the preparation of the RFP package. (PTAB: e-mail ptab@acecnm.org .)

D. A letter certifying that Borrower's staff engineers or other staff professionals will be used, shall be submitted to NMED for review prior to executing the agreement/contract or using Borrower's staff.

E. All Engineering agreements must be on the NMED CPB form: https://www.env.nm.gov/construction-programs/cpb-forms-and-documents/#CPB-EngineeringContractTemplateAndIncludedAttachments

F. Preliminary engineering reports (PER) or studies are required by NMED and shall be submitted to NMED for review and approval prior to starting the preparation of plans and specifications. The purpose of these studies or reports is to analyze and choose the most technically feasible and cost-effective solution to the current project defined in this Agreement. The Borrower shall not start the preparation of plans and specifications until it receives NMED's approval of the PER or authorization to proceed without preliminary engineering report or study.

G. The Borrower must submit all work related to easements, rights-of-ways, other property rights, and financing provisions completed prior to advertising for construction. The Borrower must certify in writing that this has been done prior to advertising for bids. A site certificate addressing the property upon or through which the facility is being constructed is required.

H. Competitive bidding, in accordance with applicable state laws (including local wage determinations as provided for in Section 13-4-11, NMSA, 1978), shall be used for awarding construction contracts. Contracts shall be awarded to the responsive bidder who submits the lowest acceptable bid, or as provided for by State law.

I. All plans, and specifications, for this project must be submitted to NMED for review and approval before the project is advertised for construction bids. No advertisement should start until NMED approval is received.

J. All addendum for this project must be submitted to NMED for review and approval before bids are opened.

K. Certified bid tabulation, recommendation of an award, copy of bid bond for the selected contractor and evidence of full project financing must be submitted to NMED for review prior to awarding the contract. The Borrower shall not award the contract until NMED has agreed to the award.

L. The Borrower shall provide a full-time construction inspector during construction of the project. The Borrower shall submit the inspector's résumé and inspection reports to NMED for review and approval. Any changes regarding construction inspection shall be submitted in writing to NMED for approval prior to the start of construction.

M. Following NMED approval of the proposed award, the Borrower shall provide to NMED for each contract: 1) notice of award, minutes of meeting in which awards were made, 2) notice at least one week in advance of pre-construction conference, 3) executed construction contract documents, and 4) notice to the contractor to proceed. The contractor of the construction project will be required to post a performance and payment bond in accordance with requirements of Section 13-4-18, NMSA, 1978.

N. The Borrower shall submit all modifications to plans and contract by change orders to NMED's project engineer promptly for approval prior to implementation of such modification or change. NMED's decision shall be rendered promptly in writing to the Borrower. If immediate action is needed, a verbal decision will be made, followed by a written notification.

O. NMED shall have the right to examine all installations comprising the project, including materials delivered and stored on-site for use on the project. Such examinations shall not be considered an inspection for compliance with contract plans.

P. After completion of the project, the Borrower shall obtain from its contractors, and provide to NMED proof that they have received, "as-built" plans for the project.

Q. The Borrower shall provide to NMED proof that they have received an operation and maintenance manual for the project.

R. The Borrower agrees to operate and maintain the Project so that the Project will function properly over the structural and material design life of the Project which shall not be less than twenty (20) years.

S. NMED may require proof of deposit and/or applicable, proof of payments to contractor and consultants, including the disbursement of funds other than those provided by the Agreement.

T. If this assistance is awarded for construction of water distribution lines or wastewater collection lines, the existing populations shall be connected to the collection system or distribution system within reasonable time after project completion. This shall be accomplished by adoption and annual review of an Ordinance and user charge system or other legal documents or other official act requiring such connection to the system, to the extent permitted by law.

U. The Borrower (or the system owner) shall employ properly Certified Utility Operators and shall comply with all provisions of the New Mexico Utility Operators Certification Act, NMSA 1978, Sections 61-33-1 et seq.

SECTION IV – FUNDING:

The terms of the loan are 1% annual interest for a repayment period not to exceed twenty (20) years.

Loan funding will be in the amount of **One Millon Seven Hundred and Fifty Thousand Dollars ($1,750,000).**

Grant funding will be in the amount of **Two Hundred and Fifty Thousand Dollars ($250,000).**

Loan Subsidy will be applied when 35% amount of total funding package has been expended. Loan subsidy will be fully expended; remaining disbursement will be paid as loan.

A. Project Interest accrues during construction at 1% annually from the date of each disbursement from NMED to the Borrower up to the date the final disbursement request is approved by NMED. The interest accrued during construction shall be payable as follows:

   1. Project Interest shall be due and payable in one lump sum within two weeks of receiving an option letter indicating the final loan amount from NMED; or

   2. Project Interest shall be added to the loan amount disbursed and shall become part of the repayment principal.

B. The Borrower agrees to pay principal and interest over a period of twenty (20) years. The initial payment shall be made one year after the final disbursement is approved and thereafter on such date until the principal and interest are fully paid; The Borrower may make principal payments at any time in advance of the due date as desired by the Borrower. See amortization schedule.

C. The Borrower will maintain the financial capability to assure sufficient revenues to operate and maintain the facility for its useful life and to repay the loan.

D. The Borrower agrees to have a treasurer, clerk, secretary-treasurer or other individual responsible for the financial aspects of the project who is bonded.

E. If the loan amount disbursed is less than the Agreement amount, the final loan agreement shall reflect actual loan disbursements. If the Borrowers does not pay the Project Interest within two weeks of receiving the final loan amount from the NMED, the accrued Project Interest shall be incorporated into the principal amount in the Final Loan Agreement.

F. The Borrowers is giving a security interest by dedicating the Pledged Funds defined as:

Sewer System Revenue

Except as stated in the Ordinance the Pledged Funds have not been pledged to the payment of any outstanding obligations and no other obligations are payable from the Pledged Funds on the date of the Ordinance. The loan will be payable and collectible solely from the Pledged Funds.

G. The parties to this Agreement specifically promise and agree that should the Borrower default on any payment, and at the discretion of NMED, without waiver of right, interest after default may be compounded annually and the amortization schedule shall be adjusted accordingly to reflect the compound interest.

H. It is understood and agreed that any portion of the funds committed by NMED to the Borrower for the purpose designated which remain unexpended after the project is completed shall revert to NMED for disposition.

I. The Borrower agrees to maintain an adequate rate structure to fund the operation and maintenance of the project and the replacement of parts or equipment as necessary.

J. The Borrower agrees to commit sufficient pledged revenues as stated in this Section for repayment of the loan, and to maintain a debt service reserve fund.

K. The Borrower shall submit all future audited financial reports to the State Auditor as required by the State Auditor's Rules and agrees to provide NMED additional financial reports as requested.

L. The Borrower shall implement generally accepted accounting principles.

M. The following shall constitute an event of default under the Agreement:

   1. The failure by the Borrower to pay the principal or interest required by the Agreement when due and payable, either at maturity or otherwise; or

   2. Default by the Borrower in any of its covenants or conditions set forth in the Agreement (other than default set forth in clause [1] of this subsection) for sixty (60) days after NMED has given written notice to the Borrower specifying such default and requiring the same to be remedied.

N. In the event the Borrower fails to make the prescribed loan payments or otherwise defaults on its loan responsibilities, NMED is authorized to set user rates in the Borrower's jurisdiction to provide sufficient monies for repayment of this loan and proper operation and maintenance of the described project. This authority shall be available to NMED ninety (90) days after: [1] the due date of any prescribed loan payment, or [2] upon the entry of a written finding by NMED that the Borrower has failed to abide by this Agreement.

O. Upon occurrence of an event of default:

   a. The entire unpaid principal amount of the Agreement and accrued interest thereon may be declared by NMED to be immediately due and payable and the Borrower shall pay the amounts due under the Agreement from the Net Revenues, either immediately or in the manner required by NMED in its declaration;

   b. NMED shall have no further obligation to make payments to the Borrower under the Agreement and may pursue any other appropriate remedies;

   c. NMED has the right in its sole discretion to pursue whatever legal means are available to NMED to collect any amount due and unpaid by the Borrower. The cost of any legal expenses associated with such collection efforts may be charged by NMED to the Borrower;

d. This Agreement shall be binding upon the Borrower, NMED and their respective successors. The rights and obligations under the Agreement may not be assigned by the Borrower; and

e. In the event of default or violation of the legal requirements for this agreement, NMED reserves the sole right to make demand on the entire amount of this loan at any time during the life of this Agreement.

SECTION V – GENERAL CONDITIONS:

A. This Agreement is made and entered into pursuant to the authority of the New Mexico Rural Infrastructure Act, as amended (Sections 75-1-1 through 75-1-6 NMSA, 1978 Compilation).

B. For this Agreement, NMED inspection, review and approval are only for purposes of compliance with applicable RIP requirements, procedures and regulations. NMED approval shall not be interpreted as any warranty or guarantee. Approval of plans and design of the project means only that plans are complete. NMED will bring to the Borrower's attention, any obvious defects in the project's design, materials or workmanship, but all such defects and their correction shall be the responsibility of the Borrower and its contractors and consultants. Any question raised by NMED shall be resolved exclusively by the Borrower and its contractors and consultants who shall remain responsible for the completion and success of the project.

C. Pursuant to the Ordinance of the Borrower, the Borrower is authorized to enter into this Agreement and the Final Loan Agreement. The terms of the Ordinance are incorporated as part of this Agreement as though fully set forth in this Agreement.

D. The Borrower affirms, represents and agrees that it, and its contractors, subcontractors, employees and representatives will comply with all applicable State and Federal laws and regulations, and the requirements set forth in this Agreement or any amendment to the Agreement.

E. If the Borrower seeks additional funding from any other entity for the Project, the Borrower agrees that it is solely responsible for satisfying any requirements arising as a result of funding from that other entity.

F. The Borrower affirms that the internal financial statements provided to NMED by the Borrower for approval of the loan do not contain false material statements, representations, certifications, or omissions of material fact.

G. The Borrower shall submit all future audited financial reports to the State Auditor as required by the State Auditor's Rules.

H. The parties agree that allowable costs shall be limited to those costs, which are necessary, reasonable, and directly related to the efficient achievement of the objectives of this Agreement. The Borrower must justify all expenditures for which it requests payment, according to accepted

NMED criteria and procedures. NMED may withhold payment of any item or expenditure and may reclaim improperly documented payment until the Borrower provides sufficient justification.

I. Unallowable costs include but are not limited to administrative expenses, costs of Borrower employed inspectors and employees, and other non-eligible costs, as stated in the Rural Infrastructure Act. Those costs shall be paid by the Borrower.

J. The Borrower pledges that it will take affirmative action to ensure that the project shall be conducted in conformance with federal and state laws and regulations relating to occupational health and safety. Authorized inspectors form NMED's Occupational Health and Safety Bureau shall have unobstructed access to project sites and shall not be impeded in any way from performance of their duties. These provisions shall be included in any contract between the Borrower and its contractor(s).

K. The Borrower shall give notice to all contractors that the Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978 imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for illegal bribes, gratuities, and kickbacks.

L. The Borrower will comply with New Mexico state regulations, policies, guidelines and requirements with respect to the acceptance and use of funds for this project.

M. With the exception of easements when real property is acquired by the BORROWER either through purchase or donation as a part of this project and within the project period, the Borrower shall submit documentation of the acquisition to NMED, including legal description of the property, the date the property will be acquired, a certified copy of title to the property, and an appraisal report prepared by a qualified appraiser who was selected through applicable procurement procedures. These documents must be reviewed and approved by NMED prior to the acquisition of any real property. The Borrower shall make available to NMED all documents of title pertaining to all easements or rights-of-way necessary for the completion of work under this Agreement.

N. The Borrowers shall provide written assurance, signed by an attorney, licensed professional engineer, licensed surveyor or title abstractor that the Borrower has proper title, easements and rights-of-way to the property upon or through which the water supply, wastewater, or solid waste facility is to be constructed or extended.

O. No officer or employee of the Borrower, or its designees or agents, or no member of the governing body of the locality in which the project is situated during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the process thereof, for work to be performed in connection with this project. The Borrower shall incorporate in all such contracts or subcontracts a provision prohibiting such interest pursuant this Agreement.

P. Assistance from the State of New Mexico Environment Department shall be acknowledged by the project sign erected at the project site prior to construction. The project sign shall include the name of the project, the name of the Borrower, total cost of the project, and a listing of the financial participation by dollar amount from all sources. Project signs shall be weatherproof and shall be carefully maintained until the project has been completed. Signs shall not be smaller than

4’ x 6’ or larger than 8’ x 8’, except to meet special or local requirements. No other information shall be included on project signs.

Q. The borrower must obtain the written consent of the NMED before issuing additional obligations secured by the pledged Revenues.

R. This instrument incorporates all the agreements and understandings between the parties relating to this project and all such agreements and understandings have been merged into this written instrument. Amendments of this Agreement shall be by written instrument executed by both parties. No other agreement or understanding of the parties or their agents, whether oral or written, shall be valid or enforceable unless embodied in this instrument.

S. The Borrower shall maintain records and other evidence sufficient to properly reflect all costs incurred in the performance of this Agreement. The project site and Borrower facilities which are in any part, the subject of this Agreement, and such records, and other evidence required, shall be preserved and made available to NMED, the State Auditor and/or his agent(s) during the Agreement period and for a period of three (3) years from date of final payment. If, upon termination of this Agreement, questions exist concerning proper expenditure of funds, the Borrower shall preserve and make available all records, and other evidence relating to this Agreement until such questions are settled and the Borrower has received written notification to that effect from NMED. All contracts made by the Borrower for the costs of which are to be claimed for payment shall include the substance of this record/audit and inspection clause.

T. The Borrower agrees to abide by all federal and state laws, rules and regulations, and executive orders of the Governor of the State of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws, rules, regulations, and executive orders of the Governor of the State of New Mexico, the Borrower agrees to assure that no person shall, on the grounds of race, color, national origin, sex, sexual preference, age or handicap, be excluded from employment with or participation in, be denied the benefits of or otherwise be subject to discrimination under, any activity performed pursuant this Agreement. If the Borrower is found to be not compliant with these requirements during the life of this Agreement, the Borrower agrees to take appropriate steps to correct any deficiencies.

U. The Borrower shall perform all operation and maintenance of the project after completion and acceptance of the work under the construction contract(s) to assure satisfactory operation/services to the residents of the Borrower. If applicable, the Borrower shall employ qualified utility operators and shall comply with all provisions of the New Mexico Utility Operators Certification Act, Section 61-33-1, et seq., NMSA, 1978.

SECTION VI – EFFECTIVE DATE AND TERMS OF AGREEMENT:

A. This Agreement shall become effective upon execution by NMED’s Secretary or Designee and shall terminate when all amounts due have been paid in full.

B. If this Agreement cannot be brought to full completion within the period set forth in this Agreement, the Borrower shall notify NMED in writing at least ninety days (90) days prior to the termination date so that the Borrower and NMED may review the work accomplished to date. NMED shall in its sole discretion determine whether there is need or sufficient justification to amend this Agreement to extend its term.

SECTION VII – COMPENSATION AND METHOD OF PAYMENT:

A. For satisfactory performance of all work and services performed under the terms of this Agreement, NMED shall pay the Borrower its actual costs incurred, up to the limit set forth in this Agreement. NMED shall pay the Borrower when NMED determines, in its sole discretion, that expenditures have been properly documented. Copies of all pay request vouchers shall be submitted to NMED with requests for payment. All requests for payment shall be submitted on the appropriate form. Requests shall include expenditures to date by category.

B. Interim payments shall be made as the construction work progresses. Payments shall be based upon requests for payment prepared and certified by the Borrower and/or Borrower's engineer to include value of work performed, materials on hand, and materials in place in accordance with the construction contract. Interim payments for engineering, inspection, legal services or other approved services shall be made in accordance with the approved contracts or agreements for those services. All pay requests shall be signed by the proper authority.

C. Notwithstanding the other provisions of this Section, the Borrower shall comply with the Prompt Payment Act [Section 57-28-1 *et seq.* NMSA 1978] if money is to be withheld during construction. The project will not be considered complete until the work as defined in this Agreement has been fully performed, and finally and unconditionally accepted by the Borrower and NMED.

D. Upon completion of the project, final payment shall be made after the final inspection has been conducted by NMED and the following, unless waived by NMED, have been provided to NMED, and have been reviewed and approved by NMED:

1. A final reimbursement request including the final certified construction pay request prepared by the Borrower's Project Engineer and approved by the Borrower.

2. A certificate of substantial completion including punch list items.

3. A letter certifying project acceptance by the Borrower's project engineer stating that work has been satisfactorily completed and the construction contractor has fulfilled all the obligations required under the contract documents with the Borrower, or if payment and materials performance bonds are "called", then the acceptance close-out settlement shall be submitted to NMED for final review and approval.

4. A certification letter by the Borrower that the Labor Standards Contract Provision has been met.

5. A final project inspection report prepared by the Borrower's project engineer.

6. Complete and legally effective releases or waivers (satisfactory to the Borrower) of all liens arising out of the contract documents and the labor services performed and the materials and equipment furnished. In lieu thereof and as approved by the Borrower, contractor(s) may furnish receipts or releases in full; written consent of surety company to final payment that the releases and receipts include labor, services, materials, and equipment for which a lien could be filed and that all payrolls, material and equipment

bills, and other indebtedness connected with the work for which the Borrower or its property might in any way be responsible, have been paid or otherwise satisfied.

7. Borrower's proof of all payments made by the Borrower may be requested with the final pay request, and before the final pay request can be processed by NMED.

SECTION VIII - TERMINATION:

NMED shall have the right to terminate this Agreement if at any time in the judgment of the NMED the terms of the Agreement have been violated or the activities described in the attached project description are not progressing satisfactorily. If the project as described in project description or any modification thereof, does not progress to the construction stage, because of technical, financial or whatever other reasons, NMED shall have the right to terminate this Agreement. Payment of any funds disbursed by NMED to the Borrower and applicable interest shall be due and payable within twelve (12) months of the termination of this Agreement or at the discretion of NMED, whichever is later. Any termination must be in writing and is effective upon receipt of the written notice by the Borrower or as determined by NMED in the termination letter.

The parties have executed this Agreement on the dates set forth by their respective names.

By executing this Agreement, the undersigned is duly authorized to act on behalf of the Borrower.

____
Borrower's authorized signatory
Los Alamos County

Theresa Cull
Borrower's printed name

County Council Chair
Title

September 22, 2025
Date

Issued and administered by:

New Mexico Environment Department
Wastewater Facility Construction Loan Program
Rural Infrastructure Program Loan Fund

Digitally signed by Dennis Romero Signature
Date: 2025.10.06 15:43:26 -06'00'

BY: ____
Dennis Romero, P.E., Bureau Chief, Constructions Programs Bureau
Signed pursuant to June 23, 2025, Secretary of Environment Delegation Order