

NOTICE

INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO
\$40,000,000*
Gross Receipts Tax Improvement Revenue Bonds, Series 2026

Preliminary Official Statement, subject to completion,
Dated February 18, 2026

The Preliminary Official Statement, dated February 18, 2026 (the “Preliminary Official Statement”), relating to the above-described bonds (the “Bonds”) of the Incorporated County of Los Alamos, New Mexico (the “County”), has been posted as a matter of convenience. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat 7.0). Although this format should replicate the Preliminary Official Statement available from the County, appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat 9.5.5 may cause the Preliminary Official Statement that you view or print to differ in appearance from the Preliminary Official Statement.

The Preliminary Official Statement and the information contained therein are subject to completion or amendment or other change without notice. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration under the securities laws of any such jurisdiction.

For purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Preliminary Official Statement alone, and no other document or information on the internet, constitutes the “Official Statement” that the County has deemed “final” as of its date in respect of the Bonds, except for certain information permitted to be omitted therefrom.

No person has been authorized to give any information or to make any representations other than those contained in the Preliminary Official Statement in connection with the offer and sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorized. The information and expressions of opinion in the Preliminary Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date of the Preliminary Official Statement.

By choosing to proceed and view the electronic version of the Preliminary Official Statement, you acknowledge that you have read and understood this Notice.

Preliminary Official Statement dated February 18, 2026.

*Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 18, 2026

NEW ISSUE – BOOK-ENTRY ONLY SYSTEM

**Ratings: Moody's “___”
S&P “___”**

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in “TAX MATTERS” herein, interest on the Bonds (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax under the Code; however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of such Bonds, see “TAX EXEMPTION” herein.

\$40,000,000*

**INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO
Gross Receipts Tax Improvement Revenue Bonds,
Series 2026**

Dated: Date of Delivery

Due: June 1, as shown on inside cover

The Incorporated County of Los Alamos, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026 (the “Bonds”) are being issued by the Incorporated County of Los Alamos, New Mexico (the “County”) to provide funds for acquiring, extending, enlarging, bettering, repairing, and otherwise improving a broadband communications system and other public buildings, facilities and infrastructure and paying costs of issuance of the Bonds. See “PURPOSE AND PLAN OF FINANCING” herein. The Bonds are being issued pursuant to the general laws of the State, including Sections 3-31-1 through 3-31-12 and 4-62-1 through 4-62-10 NMSA 1978, as amended (the “Act”), and enactments of the Governing Body relating to the issuance of the Bonds, including the Bond Ordinance and Sale Approval (each as defined herein). Interest on the Bonds is payable on June 1 and December 1 of each year commencing June 1, 2026 as more fully described herein.

The Bonds are issuable only as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds will bear interest from the delivery date. The Paying Agent and Registrar for the Bonds is BOKF, NA, Albuquerque, New Mexico.

SEE MATURITY SCHEDULE SET FORTH ON THE INSIDE COVER OF THIS OFFICIAL STATEMENT.

The Bonds will be issued pursuant to a book-entry only system and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) in New York, New York. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates representing their beneficial ownership interests. So long as DTC or its nominee is the owner of the Bonds, disbursement of payments of principal and interest to DTC is the responsibility of the Paying Agent, disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants, as more fully described herein. See “DESCRIPTION OF THE BONDS - Book-Entry Only System” herein.

THE BONDS ARE SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY AS MORE FULLY DESCRIBED HEREIN. SEE “DESCRIPTION OF THE BONDS - Redemption of Bonds” HEREIN.

In connection with the issuance of the Bonds, the County will undertake to provide certain annual information and notices of certain events as described under the caption “CONTINUING DISCLOSURE.”

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of validity by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as special counsel to the County in connection with the preparation of this Official Statement and the sale of the Bonds to the Underwriter. Certain other legal matters will be passed upon for the County by the County Attorney, and for the Underwriter by Taft Stettinius & Hollister LLP, Albuquerque, New Mexico. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about March 18, 2026.

Dated: _____, 2026

BofA Securities

* Preliminary, subject to change.

[inside cover]

The Bonds will bear interest from the date of delivery at the rates described below, payable semiannually on June 1 and December 1 of each year until maturity, commencing June 1, 2026, and will mature on June 1 in each year of the years set forth below:

MATURITY SCHEDULE

\$40,000,000*

INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO
Gross Receipts Tax Improvement Revenue Bonds,
Series 2026

| Maturity (June 1) | Principal Amount* | Interest Rate | Yield | CUSIP Numbers** |
|------------------------------|------------------------------|----------------------|--------------|----------------------------|
| 2029 | \$ 1,220,000 | | | |
| 2030 | 1,255,000 | | | |
| 2031 | 1,290,000 | | | |
| 2032 | 1,330,000 | | | |
| 2033 | 1,370,000 | | | |
| 2034 | 1,410,000 | | | |
| 2035 | 1,455,000 | | | |
| 2036 | 1,505,000 | | | |
| 2037 | 1,560,000 | | | |
| 2038 | 1,615,000 | | | |
| 2039 | 1,680,000 | | | |
| 2040 | 1,750,000 | | | |
| 2041 | 1,825,000 | | | |
| 2042 | 1,900,000 | | | |
| 2043 | 1,900,000 | | | |
| 2044 | 2,080,000 | | | |
| 2045 | 2,180,000 | | | |
| 2046 | 2,290,000 | | | |
| 2047 | 2,395,000 | | | |
| 2048 | 2,510,000 | | | |
| 2049 | 2,635,000 | | | |
| 2050 | 2,765,000 | | | |

*Preliminary; subject to change.

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The Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues (as hereinafter defined). "Pledged Revenues" include (1) the County's State-Shared Gross Receipts Tax Revenues, distributions of which are made to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Sections 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 County 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 County under applicable law, such additional amounts shall be included as revenues pledged pursuant to the Bond Ordinance; and provided further that the amount of State-Shared Gross Receipts Tax revenues pledged pursuant to the Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the County by the State as set forth above, or (ii) the maximum amount at any time provided hereafter to be remitted to the County under applicable law, and includes the Hold Harmless Distribution; (2) the Municipal Gross Receipts Tax Revenues, which municipal gross receipts taxes are imposed pursuant to the Municipal Local Option Gross Receipts Taxes Act, Sections 7-19D-1 through 7-19D-12, NMSA 1978 by County Ordinance No. 311, imposing a municipal gross receipts tax of one half of one percent (0.50%), County Ordinance No. 85-08, imposing a municipal gross receipts tax of one half of one percent (0.50%) and County Ordinance No. 85-142, imposing a municipal gross receipts tax of one quarter of one percent (0.25%), each as amended by County Ordinance No. 85-228, which Municipal Gross Receipts Tax Revenues equal one and one quarter percent (1.25%), (3) the Municipal Infrastructure Gross Receipts Tax Revenues, which municipal infrastructure gross receipts tax is imposed pursuant to Section 7-19D-11, NMSA 1978 by County Ordinance No. 503 on persons engaging in business in the County, in an amount of one-eighth of one percent (0.125%) of the gross receipts of such persons, (4) the third one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues, which county gross receipts tax is imposed pursuant to Section 7-20E-9, NMSA 1978 by County Ordinance No. 520 on persons engaging in business in the County, (5) the portion of the gross receipts tax distribution to the County made pursuant to Section 7-1-6.46, NMSA 1978, which represents the amount of State-Shared Gross Receipts Tax Revenues, Municipal Gross Receipts Tax Revenues, Municipal Infrastructure Gross Receipts Tax Revenues and County Gross Receipts Tax Revenues that would have been remitted to the County but for the deductions (effective January 1, 2005) provided by Sections 7-9-92 and 7-9-93, NMSA 1978 and any similar distributions made to the County in lieu of State-Shared Gross Receipts Tax Revenues, Municipal Gross Receipts Tax Revenues, Municipal Infrastructure Gross Receipts Tax Revenues and County Gross Receipts Tax Revenues pursuant to law, and (6) any other gross receipts tax revenues received by the County, whether from distribution by the State or pursuant to gross receipts taxes imposed by the County, and hereafter pledged to the payment of the Bonds by affirmative act of the County Council pursuant to the Bond Ordinance. Pursuant to Sections 3-31-6(C) and 4-62-6(C) NMSA 1978, any law which authorizes the pledge of the Pledged Revenues pursuant to the Bond Ordinance 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.

The registered owners of the Bonds may not look to any general or other fund for the payment of the principal of, or interest on such obligations except for the Pledged Revenues. The Bonds do not constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, nor will they be considered or held to be general obligations of the County. Neither the full faith and credit of the County nor the ad valorem taxing power or general resources of the County, the State of New Mexico, or any political subdivision thereof are pledged to the payment of the Bonds.

INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO

1000 Central Avenue
Los Alamos, New Mexico 87544
(505) 663-1750

COUNTY COUNCIL

Theresa Cull, Council Chair
Suzie Havemann, Council Vice Chair
Melanee Hand, Councilor
Ryn Herrmann, Councilor
Beverly Neal-Clinton, Councilor
David Reagor, Councilor
Randall Ryt, Councilor

COUNTY ADMINISTRATION

Anne Laurent, County Manager
Linda Matteson, Deputy County Manager
Juan Rael, Deputy County Manager
Helen M. Perraglio, Administrative Services Department Director
Mrs. Melissa Dadzie, Chief Financial Officer
Michael D. Redondo, County Clerk
Alvin Leaphart, County Attorney

BOND COUNSEL AND DISCLOSURE COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A.
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P.O. Box 2168 (87103-2168)
Albuquerque, New Mexico 87102
(505) 848-1800

REGISTRAR AND PAYING AGENT

BOKF, NA, Albuquerque, New Mexico

UNDERWRITER

BofA Securities, Inc., Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the Incorporated County of Los Alamos, New Mexico (the "County") or the Underwriter to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information set forth or included in this Official Statement has been provided by the County and from other sources believed by the County to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the County described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Bonds have not been registered under the Securities Act of 1933, in reliance upon exemptions contained in such Act. The registration of the Bonds in accordance with applicable provisions of the securities law of the states in which the Bonds have registered and the exemption from registration in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement is "deemed final" by the County as of its date except for the omission of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The County has covenanted to provide annual financial statements and other information in the manner as may be required by regulations of the Securities and Exchange Commission or other regulatory body.

This Official Statement contains statements that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, as amended. When used in this Official Statement, the words "estimate," "project," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. A number of such risks and uncertainties are described under the heading "SPECIAL FACTORS RELATING TO THE BONDS."

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE

MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Copies of the ordinance authorizing the issuance and sale of the Bonds are available upon request at the office of the County Clerk, 1000 Central Avenue, Suite 240, Los Alamos, New Mexico 87544, (505) 662-8010.

**INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO
GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS,
SERIES 2026**

SUMMARY OF INFORMATION

The following is a summary of certain provisions discussed in this Official Statement. THIS SUMMARY DOES NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE COMPLETE OFFICIAL STATEMENT. This summary is only a brief statement and a full review of the entire Official Statement should be made by potential investors.

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| Issuer: | The Incorporated County of Los Alamos, New Mexico (the “County”) is a political subdivision of the State of New Mexico (the “State”), organized and existing under the Constitution and the general laws of the State. The County operates under a Council-Manager of government and is located in northern New Mexico. The County has a land area of approximately 112 square miles and an estimated population of 19,000 and is classified as a Class H County. See “THE COUNTY” herein. |
| Dated: | Date of Delivery. |
| Principal Payment: | The Bonds are registered bonds maturing on June 1 of the years set forth on the inside cover page of this Official Statement. |
| Interest Payment: | Interest will be payable semiannually on June 1 and December 1, commencing June 1, 2026. |
| Purpose: | The proceeds of the Bonds will provide funds for acquiring, extending, enlarging, bettering, repairing, and otherwise improving a broadband communications system and other public buildings and infrastructure and to pay costs of issuance of the Bonds. See “PURPOSE AND PLAN OF FINANCING” herein. |
| Authorization: | The Bonds are being issued pursuant to the general laws of the State, including Sections 3-31-1 through 3-31-12 and 4-62-1 through 4-62-10 NMSA 1978, as amended (the “Act”), and enactments of the County Council relating to the issuance of the Bonds, including the Bond Ordinance and Sale Certificate. |

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| Security: | The Bonds are special limited obligations, payable solely from, and secured by, an irrevocable and first lien (but not necessarily an exclusive first lien) upon the Pledged Revenues, as herein defined. See "SECURITY FOR THE BONDS" herein. |
| Special Obligations: | THE PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE PAYABLE SOLELY FROM PLEDGED REVENUES, AND WILL NOT BE PAYABLE FROM ANY FUNDS OF THE COUNTY EXCEPT THE DESIGNATED SPECIAL FUNDS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT CONSTITUTE AN INDEBTEDNESS NOR A DEBT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION NOR WILL THEY BE CONSIDERED OR HELD TO BE GENERAL OBLIGATIONS OF THE COUNTY. NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, AND NO OWNER HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE COUNTY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT UNDER THE BOND ORDINANCE. |
| Reserve Fund: | No deposit to the Reserve Fund will be made from the proceeds of the Bonds. No deposit shall be required in the Reserve Fund so long as the Pledged Revenues in each Fiscal Year equal or exceed 200% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding Parity Obligations. If the Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the County shall acquire a Reserve Fund Insurance Policy in an amount equal to the Minimum Reserve or shall begin making substantially equal monthly deposits in the Reserve Fund from the first legally available Pledged Revenues so that after 24 months an amount equal to the Minimum Reserve will be held in the Reserve Fund. |
| Minimum Reserve: | The Minimum Reserve shall be an amount equal to the least of (i) ten percent of the principal amount of the outstanding Bonds, (ii) the maximum annual debt service on the outstanding Bonds, or (iii) 125% of the average annual debt service on the outstanding Bonds. The Minimum Reserve shall be recalculated every year on or about June 1. |
| Optional Redemption: | The Bonds maturing on and after June 1, 2036 are subject to prior redemption at par at the option of the County, in one or more units of principal of \$5,000 on and after June 1, 2035, in whole or in part at any time. If the Bonds are optionally redeemed in part, the Bonds to be so redeemed shall be selected by lot by the Registrar in such manner as the Registrar shall consider appropriate and fair. The redemption price will be the principal amount of each \$5,000 unit so redeemed, accrued interest thereon to the redemption date. |

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| Additional Bonds: | In addition to the Bonds, additional bonds may hereafter be issued and secured by and paid from the Pledged Revenues on parity with the Bonds. The County will not issue additional bonds payable from the Pledged Revenues with a lien on the Pledged Revenues prior and superior to the lien of the Bonds thereon. Nothing contained in the Bond Ordinance will be construed in such a manner as to prevent the issuance by the County of additional bonds payable from the Pledged Revenues with a lien thereon subordinate and junior to the lien of the Bonds thereon, nor to prevent the issuance of Bonds or other obligations refunding all or part of the Bonds as permitted by the Bond Ordinance. See “ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES” herein. |
| Outstanding Parity Obligations: | \$38,235,000 Incorporated County of Los Alamos, New Mexico Gross Receipts Tax Revenue Refunding Bonds, Series 2013, of which aggregate principal amount of \$12,760,000 remains outstanding (the “Series 2013 Bonds”). |
| Secondary Market Disclosure: | The County will enter into an undertaking (the “Undertaking”) for the holders of the Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12). See “CONTINUING DISCLOSURE” herein. |
| Delivery: | The delivery of the Bonds to the Underwriter is expected on or about March 16, 2026 |
| Paying Agent/Registrar: | BOKF NA, Albuquerque, New Mexico |

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OFFICIAL STATEMENT
\$40,000,000*
INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO
Gross Receipts Tax Improvement Revenue Bonds,
Series 2026

INTRODUCTION

This Official Statement, which includes the cover pages and the appendices hereto, sets forth certain information in connection with the offering of \$40,000,000* aggregate principal amount of the Incorporated County of Los Alamos, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2026 (the “Bonds”) to be issued by the Incorporated County of Los Alamos, New Mexico (the “County”), pursuant to Ordinance No. 750 adopted on November 18, 2025, as may be supplemented and amended from time to time (the “Bond Ordinance”) and the Sale Certificate delivered on _____, 2026.

The Bonds are payable solely from the Pledged Revenues (as hereinafter defined). The Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. “Pledged Revenues” include (1) the County's State-Shared Gross Receipts Tax Revenues, distributions of which are made to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Sections 7-1-6 and 7-1-6.4, NMSA 1978, at the rate authorized (currently 1.225% of the gross receipts of persons engaging in business within the County) from the proceeds of a state-wide gross receipts tax imposed pursuant to Chapter 7, Article 9, NMSA 1978, (2) the Municipal Gross Receipts Tax Revenues, which municipal gross receipts taxes are imposed pursuant to the Municipal Local Option Gross Receipts Taxes Act, Sections 7-19D-1 through 7-19D-12, NMSA 1978 by County Ordinance No. 311, imposing a municipal gross receipts tax of one half of one percent (0.50%), County Ordinance No. 85-08, imposing a municipal gross receipts tax of one half of one percent (0.50%) and County Ordinance No. 85-142, imposing a municipal gross receipts tax of one quarter of one percent (0.25%), each as amended by County Ordinance No. 85-228, which Municipal Gross Receipts Tax Revenues equal one and one quarter percent (1.25%), (3) the Municipal Infrastructure Gross Receipts Tax Revenues, which municipal infrastructure gross receipts tax is imposed pursuant to Section 7-19D-11, NMSA 1978 by County Ordinance No. 503 on persons engaging in business in the County, in an amount of one-eighth of one percent (0.125%) of the gross receipts of such persons, (4) the third one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues, which county gross receipts tax is imposed pursuant to Section 7-20E-9, NMSA 1978 by County Ordinance No. 520 on persons engaging in business in the County, (5) the portion of the gross receipts tax distribution to the County made pursuant to Section 7-1-6.46, NMSA 1978, which represents the amount of State-Shared Gross Receipts Tax Revenues, Municipal Gross Receipts Tax Revenues, Municipal Infrastructure Gross Receipts Tax Revenues and County Gross Receipts Tax Revenues that would have been remitted to the County but for the deductions (effective January 1, 2005) provided by Sections 7-9-92 and 7-9-93, NMSA 1978 and any similar distributions made to the County in lieu of State-Shared Gross Receipts Tax Revenues, Municipal Gross Receipts Tax Revenues, Municipal Infrastructure Gross Receipts Tax Revenues and County Gross Receipts Tax Revenues pursuant to law, and (6) any other gross receipts tax revenues received by the County, whether from distribution by the State or pursuant to gross receipts taxes imposed by the County, and hereafter pledged to the payment of the Bonds by affirmative act of the County Council pursuant to the Bond Ordinance. Pursuant to Sections 3-31-6(C) and 4-62-6(C) NMSA 1978, any law which authorizes the pledge of the revenues pledged pursuant to the Bond Ordinance 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. Additional information concerning recent amendments to the statutes pursuant to which gross receipts are taxed and gross receipts tax revenues, including the Pledged Revenues, are collected, appears in “SPECIAL FACTORS RELATING TO THE BONDS - State Legislation” herein.

The Bonds are being issued to provide funds for acquiring, extending, enlarging, bettering, repairing, and otherwise improving a broadband communications system and other public buildings and infrastructure, and paying costs of issuance of the Bonds. See “THE IMPROVEMENT PROJECT” herein.

Pursuant to the Bond Ordinance, the County has covenanted not to repeal or amend any law, ordinance, or resolution in a manner that impairs any of the outstanding Bonds.

Additional bonds may hereafter be issued and secured by the Pledged Revenues having a lien on the Pledged Revenues on parity with, or subordinate and junior to, the lien on the Pledged Revenues securing the Bonds. Additional Obligations may not be issued with a lien superior to the lien on the Pledged Revenues securing the Bonds. See “ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES – Additional Bonds Test” herein.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Bond Ordinance.

THE IMPROVEMENT PROJECT

The Bonds are being issued for the purpose of providing funds for acquiring, extending, enlarging, bettering, repairing, and otherwise improving a broadband communications system and other public buildings, facilities and infrastructure, and paying costs of issuance of the Bonds (the “Improvement Project”). See “PURPOSE AND PLAN OF FINANCING” herein.

SPECIAL FACTORS RELATING TO THE BONDS

Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of debt service on the Bonds and could affect the market price of the Bonds to an extent that cannot be determined at this time.

Gross Receipts Tax Collections are Subject to Fluctuation

Gross receipts tax collections are subject to the fluctuations in spending which determine the amount of gross receipts taxes collected. This causes gross receipts tax revenues to increase along with the increasing prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced spending. The County's economic base and the future collections of Pledged Revenues are directly affected by economic activities in the County. The County's retail sales are affected by general economic circumstances.

The Pledged Revenues are based on the gross receipts generated by businesses operating in the County. Various circumstances and developments, most of which are beyond the control of the County, may have an adverse effect on the future level of Pledged Revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the County, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the County, the State and the region and various other factors.

Taxpayer Concentration-- Los Alamos National Laboratory

Los Alamos National Laboratory ("LANL") is a United States Department of Energy (DOE) national laboratory, managed and operated by Los Alamos National Security, LLC ("LANS"), located in Los Alamos, New Mexico. The laboratory is one of the largest multidisciplinary institutions in the world. LANL was started in 1943 to operate the Manhattan Project, and is a designated National Historic Landmark of the United States.

LANL is the largest institution and the largest employer in northern New Mexico with over 10,000 employees and contractor personnel. LANL's primary responsibility is ensuring the safety, security, and reliability of the nation's nuclear deterrent. Los Alamos is one of two laboratories in the United States where classified work towards the design of nuclear weapons is undertaken. In addition to its core national security mission, LANL also performs work in bioscience, chemistry, computer science, earth and environmental sciences, materials science, and physics disciplines. Approximately one-third of the laboratory's technical staff members are physicists, one-fourth are engineers, one-sixth are chemists and materials scientists, and the remainder work in mathematics and computational science, biology, geoscience, and other disciplines. Professional scientists and students also come to Los Alamos as visitors to participate in scientific projects. The staff collaborates with universities and industry in both basic and applied research to develop resources for the future. LANL's annual budget is approximately \$5.2 billion for Fiscal Year ended September 30, 2025 and a budget request of close to \$6 billion for Fiscal Year ended September 30, 2026.

LANL is the largest employer in the County and a major contributor to taxable gross receipts generated within the County. Prior to June 1, 2006, the prime management and operating contractor for LANL was the University of California, a non-profit entity whose activities were largely exempted from gross receipts tax under New Mexico State Law. On June 1, 2006, that contractor was replaced by Los Alamos National Security, LLC ("LANS"), a for-profit entity whose activities were generally subject to Gross Receipts Tax, which resulted in an increase in such tax revenues distributed to the County. The term of the LANS contract ended on September 30, 2018, and LANL entered into a new agreement with Triad National Security, LLC ("Triad"), the members of which include Battelle Memorial Institute, Texas A&M University, and the University of California. The term of the Triad contract expires in 2028. As a limited liability company the members of which are non-profit entities, Triad's activities would have been largely exempt from gross receipts tax. However in 2019 a legislative change (SB-11) alleviated the risk associated with the tax status of the LANL contractor. Under that law, any federal or state lab contractor will be subject to Gross Receipts Tax, regardless of non-profit status.

The County estimates that LANL activities now generate approximately 75% of the County's total gross receipts tax revenue. In the County's most recent Long Range Financial Projection update, the County has estimated a cumulative decrease in LANL related gross receipts tax revenues of approximately 14% over the next fiscal year, establishing a new baseline projection with normal inflationary growth of roughly 3% thereafter. The main contributor to the decline is related to the taxability of certain manufacturing activities that are exempt from Gross Receipts Tax, and not in conjunction with the overall spending budget. The United States Department of Energy accounts for approximately 85% of LANL revenue, and other federal agencies account for substantially all remaining revenue. Consequently, the gross receipts and the related gross receipts tax revenue generated by LANL and received by the County are subject to fluctuations that may arise from, among other things, federal budgeting decisions and federal debt ceiling negotiations, or changes to the activities subject to Gross Receipts Tax, which may impact debt service coverage on the Bonds. See "Pledged Gross Receipts Tax Revenues" herein.

Limitations on Remedies Available to Owners of Bonds

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the County in issuing the Bonds, are subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles, which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Cybersecurity Risks

The County operates a large and complex information technology infrastructure to support internal and external operations. As is the case with any such environment, the threat of cybersecurity incidents is a constant one. These incidents may arise from multiple sources, including unintentional events or actions, intentional insider threat, and deliberate malicious attacks or actions from outside entities. The effect of these threats may include unauthorized access to County systems, data or resources, inappropriate exposure or use of County information, disruption of County services, and damage to County systems. The County carries insurance against losses relating to cybersecurity incidents with coverage at a level it believes to be comparable to coverage carried by other local governments of similar size.

Climate Change and Natural Disasters

The State could experience, and is susceptible to additional, weather events and natural disasters that could be deemed extreme including, without limitation, periods of heat, droughts, floods, mud slides, tornadoes and other wind conditions and wildfires, which could result in negative economic impacts on the State and the County. Such effects may be exacerbated by a longer term shift in the climate over several decades, commonly referred to as climate change. Numerous scientific studies on climate change show that, among other effects on the global ecosystem, extreme temperatures may become more common, and extreme weather events may become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. As a result, the County could lose tax revenues and many residents, businesses, and governmental operations could be displaced. Additionally, climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels (including but not limited to air, water, hazardous substances and waste regulations) that could have a material adverse effect on the operations and/or financial condition of the County. The County cannot predict the occurrence or extent of any future extreme weather events or natural disasters or the economic impacts that the occurrence of any such events may have on the State or the County.

Public Health Emergencies

Regional, national or global public health emergencies could have materially adverse regional, national or global economic and social impacts causing, among other things, the promulgation of local or state orders limiting certain activities, extreme fluctuations in financial markets and contraction in available liquidity, prohibitions of gatherings and public meetings in such places as entertainment venues, extensive job losses and declines in business activity across important sectors of the economy, impacts on supply chain and availability of resources, declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession. The County cannot predict the extent to which its operations or financial condition may decline nor the amount of increased costs, if any, that may be incurred by the County associated with operating during any public health emergencies, including, but not limited to, the amount of (1) costs to clean, sanitize and maintain its facilities, (2) costs to hire substitute employees, (3) costs to acquire supporting goods and services, or (4) costs to operate remotely and support the employees of the County. Accordingly, the County cannot predict the effect any public health emergencies will have on the finances or operations of the County or whether any such effects will have a material adverse effect on its ability to pay debt service on the Bonds.

State Legislative Modifications Related to Pledged Revenues

Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the County. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds (including gross receipts tax bonds such as the Bonds) include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenue “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.”

In 2004, the Legislature adopted legislation creating a deduction from gross receipts tax for receipts from retail sales of food (not including restaurant sales and certain sales of prepared foods) as defined for federal food stamp program purposes. Retailers are required to report receipts from sales of such groceries and then claim the deduction. The statute provides for payments to be made from the State general fund to reimburse local governments for revenues lost as a result of the new deduction (the “Hold Harmless Distributions”). Those distributions are included within Pledged Revenues. In the same year the Legislature created a deduction from gross receipts tax for receipts of licensed medical care providers from Medicare Part C and managed health plans that by contract do not reimburse providers for gross receipts tax. This legislation includes provision for payments from the State general fund to reimburse local governments for revenues lost as a result of this deduction. Those distributions are included within Pledged Revenues but, as described below, are being phased out over a 15-year period that began on July 1, 2015. See “CERTAIN INVESTMENT CONSIDERATIONS-- Gross Receipts Tax Hold Harmless Distributions”, “Pledged Revenues,” and “SECURITY FOR THE BONDS—Additional Gross Receipts Tax Obligations” herein.

Other amendments to State laws affecting taxed activities and distribution of gross receipts tax revenues have been proposed from time to time, including a significant tax reform package that was proposed in the 2017 regular legislative session but was not ultimately enacted. The extent and

likelihood of passage of tax reform cannot be determined at this time. Such changes or amendments could be proposed in the future by the Legislature. There is no assurance that any future amendments will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the County. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds (including gross receipts tax bonds such as the Bonds) include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenue “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.”

Gross Receipts Tax Hold Harmless Distributions

In 2013 the New Mexico Legislature enacted House Bill 641 which amended several provisions of New Mexico’s tax code, including a phased reduction in the Hold Harmless Distributions to certain municipalities and counties over 15 years starting in the Fiscal Year beginning July 1, 2015. In order to offset the reduced Hold Harmless Distributions, the law allows municipalities and counties to impose a local option gross receipts tax up to 3/8ths of a percent (the “Hold Harmless Gross Receipts Tax”). In 2019, the Legislature enacted House Bill 479, which repealed prior restrictions on the permitted uses of several municipal local option gross receipts taxes and also repealed several local option increments of gross receipts tax, including the Hold Harmless Gross Receipts Tax, and authorized an increase in the unrestricted municipal local option rate from 1.5 percent to 2.5 percent.

The law as currently enacted will result in annual reductions and ultimately the elimination of the Hold Harmless Distributions to the County beginning on July 1 2015, as follows:

| <u>Fiscal year beginning July 1</u> | <u>% of Total Hold Harmless Distribution *</u> |
|-------------------------------------|--|
| 2015 | 94% |
| 2016 | 88% |
| 2017 | 82% |
| 2018 | 76% |
| 2019 | 70% |
| 2020 | 63% |
| 2021 | 56% |
| 2022 | 49% |
| 2023 | 42% |
| 2024 | 35% |
| 2025 | 28% |
| 2026 | 21% |
| 2027 | 14% |
| 2028 | 7% |
| 2029 | -0- |

*Based on percentage of total deductions from gross receipts claimed for sale of food at retail food stores and services provided by health care practitioners.

It is possible that the New Mexico Legislature will further amend the recently enacted law and provide for additional decreases in Hold Harmless Distributions.

Limited Obligations

The Bonds constitute a lien only on the Pledged Revenues. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the County's receipt of the Pledged Revenues in amounts sufficient to meet the debt service requirements of the Bonds. See "SECURITY FOR THE BONDS" herein. The Bonds and the interest thereon do not constitute a debt or indebtedness of the County within the meaning of any provision or limitation of the Constitution or laws of the State and do not give rise to a pecuniary liability of the County or a charge against its general credit or taxing power. The Bonds are not obligations of the State, and the owners of the Bonds may not look to the State for payment of the principal of or interest on the Bonds.

Additional Obligations

The County may issue additional first lien and subordinate lien Gross Receipts Tax Obligations without Bondholder consent, upon meeting coverage or other financial tests. See "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES– *Additional Bonds Test.*" The issuance of such additional obligations may have an adverse effect on the ability of the County to pay debt service on the Bonds. If Pledged Revenues are insufficient to pay debt service on the Bonds and the Gross Receipts Tax Obligations in any year, debt service will be paid on a proportionate basis.

County Cannot Increase Distribution of Taxes

The County has no control over the rate at which the Pledged Revenues are distributed to the County; the rate of distribution can be increased only by action of the State Legislature. Although it is possible that the State Legislature will increase the rate of distribution to the County, there is currently no legislation proposed or pending to increase the rate of distribution to the County.

Secondary Market

No guarantee can be made that a secondary market for the Bonds will be established and maintained. Owners of Bonds should be prepared to hold their Bonds to maturity or prior redemption.

Bond Ratings

There is no assurance that the ratings assigned to the Bonds will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price or the marketability of the Bonds. See the information herein under the caption "RATINGS."

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be

material and could impact the availability of Pledged Revenues to pay debt service on the Bonds.

DESCRIPTION OF THE BONDS

General

The Bonds are being issued in the aggregate principal amount of \$40,000,000* to provide funds for the Improvement Project and to pay costs of issuance of the Bonds. See “PURPOSE AND PLAN OF FINANCING” herein.

The Bonds will be dated the date of delivery. The Bonds will bear interest from their dated date at the rates, and will mature in the amounts and on the dates, as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2026. The Bonds will bear interest from the most recent interest payment date to which interest has been fully paid or duly provided for or, if no interest has been paid, from the date of issuance. The Bonds will be issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof.

Payment-Regular Record Date

The principal of any Bond shall be payable to the registered owner thereof as shown on the registration books kept by BOKF NA, Albuquerque, New Mexico (the “Registrar and Paying Agent”) for the Bonds, upon maturity or prior redemption thereof and upon presentation and surrender at the office of the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity or on a designated prior redemption date on which the County may have exercised its right to prior redeem any Bond, 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 will be made by check or draft mailed by the Paying Agent, 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 as of the fifteenth (15th) day of the calendar month (whether or not a business day) preceding each regularly scheduled interest payment date on the Bonds (the “Regular Record Date”) at the address as it last appears on the registration books with respect to the Bonds on the Regular Record Date (or by such other arrangements as may be mutually agreed to by the Paying Agent and any registered owner on such Regular Record Date) notwithstanding any transfer or exchange thereof subsequent to such Regular Record Date and prior to such interest payment date. Any interest not so timely paid or duly provided for will cease to be payable as described above and will be payable to the person in whose name any Bond is registered at the close of business on a special record date to be fixed by the Registrar (the “Special Record Date”) whenever moneys become available for payment of any such defaulted interest. Notice of the Special Record Date will be given not less than ten (10) days prior thereto, by first-class mail, to the registered owners of the Bonds.

All payments of principal and interest on the Bonds will be made in lawful money of the United States of America. The County and the Registrar may treat the registered owner of a Bond as the absolute owner thereof for all purposes except as otherwise provided in the Bond Ordinance with respect to the Regular Record Date and the Special Record Date for the payment of interest. Payment of or on account of either principal or redemption price or interest on any Bond will be made only to or upon the written order of the registered owner thereof or his legal representative. All such payments

*Preliminary; subject to change.

will be valid and effectual to discharge the liability upon the Bond to the extent of the sum or sums so paid.

Optional Redemption of Bonds

The Bonds maturing on or after June 1, 2036 are subject to prior redemption at the County's option in one or more units of principal of \$5,000 on and after June 1, 2035 in whole or in part at any time, in such order of maturities as the County may determine (and by lot if less than all Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as considered appropriate and fair) for the principal amount of each \$5,000 unit of principal so redeemed plus accrued interest to the redemption date.

Redemption Procedures

In the event any of the Bonds are to be redeemed, notice of redemption shall be given by the Registrar by sending a copy of such notice by first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the Registrar on the fifth (5th) day prior to the mailing of notice on the registration books kept by the Registrar. The County shall give notice of optional redemption of the Bonds to the Registrar at least forty-five (45) days prior to the redemption date (unless such deadline is waived by the Registrar). The Registrar's failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Bonds to be redeemed (if less than all are to be redeemed) and if less than the full amount of any Bond is to be redeemed, the amount of such Bond to be redeemed, the date fixed for redemption, and that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption with funds deposited with the Paying Agent by the County.

Conditional Redemption

If money or Federal Securities⁽¹⁾ sufficient to pay the optional redemption price of the Bonds to be called for optional redemption are not on deposit with the Paying Agent prior to the giving of notice of optional redemption referred to above, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Bonds to

⁽¹⁾ As defined in Section 27 of the Bond Ordinance, Federal Securities include only direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and which are not callable prior to maturity by the issuer of such obligations.

be redeemed shall be selected in the manner deemed reasonable and fair by the County and the Registrar shall give notice, in the manner in which the original notice of optional redemption was given, that such money was not received. In that event, the Registrar shall promptly return to the Owners thereof the Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

Registration, Transfer and Exchange of Bonds

The County shall cause books for registration, transfer, and exchange of the Bonds to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any fully registered Bond at the principal office of the Registrar duly endorsed by the registered owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Registrar and duly executed, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or registered owner, as appropriate, a new Bond or Bonds in authorized denominations, in fully registered form of the same aggregate principal amount, maturity and interest rate.

The Registrar shall not be required to transfer or exchange any Bond (i) during the period of fifteen (15) days next preceding the mailing of notice calling any Bonds for redemption, or (ii) after the mailing to registered owners of notice calling such Bonds or portion thereof for redemption. The Registrar shall close books for change of registered owners' addresses on each Record Date; and transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

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

Book-Entry Only System

Unless otherwise noted, the information contained under the caption “General” below has been provided by DTC. The County makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

THE COUNTY THE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND ORDINANCE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The County undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material

contained on that website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.

Purchases of the Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

While the Bonds are in the book-entry only system, redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility

of the County or agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates representing the Bonds will be printed and delivered to DTC.

The information in this Official Statement concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but neither the County nor the Underwriter takes any responsibility for the accuracy thereof.

Source of Payment

The Bonds are payable and collectible solely from an irrevocable and first lien (but not necessarily an exclusive first lien) on, the Pledged Revenues. "Pledged Revenues" include (1) the County's State-Shared Gross Receipts Tax Revenues, distributions of which are made to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Sections 7-1-6 and 7-1-6.4, NMSA 1978, at the rate authorized (currently 1.225% of the gross receipts of persons engaging in business within the County) from the proceeds of a state-wide gross receipts tax imposed pursuant to Chapter 7, Article 9, NMSA 1978, (2) the Municipal Gross Receipts Tax Revenues, which municipal gross receipts taxes are imposed pursuant to the Municipal Local Option Gross Receipts Taxes Act, Sections 7-19D-1 through 7-19D-12, NMSA 1978 by County Ordinance No. 311, imposing a municipal gross receipts tax of one half of one percent (0.50%), County Ordinance No. 85-08, imposing a municipal gross receipts tax of one half of one percent (0.50%) and County Ordinance No. 85-142, imposing a municipal gross receipts tax of one quarter of one percent (0.25%), each as amended by County Ordinance No. 85-228, which Municipal Gross Receipts Tax Revenues equal one and one quarter percent (1.25%), (3) the Municipal Infrastructure Gross Receipts Tax Revenues, which municipal infrastructure gross receipts tax is imposed pursuant to Section 7-19D-11, NMSA 1978 by County Ordinance No. 503 on persons engaging in business in the County, in an amount of one-eighth of one percent (0.125%) of the gross receipts of such persons, (4) the third one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues, which county gross receipts tax is imposed pursuant to Section 7-20E-9, NMSA 1978 by County Ordinance No. 520 on persons engaging in business in the County, (5) the portion of the gross receipts tax distribution to the County made pursuant to Section 7-1-6.46, NMSA 1978, which represents the amount of State-Shared Gross Receipts Tax Revenues, Municipal Gross Receipts Tax Revenues, Municipal Infrastructure Gross Receipts Tax Revenues and County Gross Receipts Tax Revenues that would have been remitted to the County but for the deductions (effective January 1, 2005) provided by Sections 7-9-92 and 7-9-93, NMSA 1978 and any similar distributions made to the County in lieu of State-Shared Gross Receipts Tax Revenues, Municipal Gross Receipts Tax Revenues, Municipal Infrastructure Gross Receipts Tax Revenues and County Gross Receipts Tax Revenues pursuant to law, and (6) any other gross receipts tax revenues received by the County, whether from distribution by the State or pursuant to gross receipts taxes imposed by the County, and hereafter pledged to the payment of the Bonds by affirmative act of the County Council pursuant to the Bond Ordinance. Pursuant to Sections 3-31-6(C)

and 4-62-6(C) NMSA 1978, any law authorizing the pledge of the revenues pledged pursuant to the Bond Ordinance 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. Additional information concerning recent amendments to the gross receipts tax statutes pursuant to which gross receipts are taxed and tax revenues, including the Pledged Revenues, are collected, is provided under “SPECIAL FACTORS RELATING TO THE BONDS - State Legislation” herein.

All of the Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Pledged Revenues, which are irrevocably so pledged by the Bond Ordinance. The registered owner or owners of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the County; and each of the Bonds shall recite that it is payable and collectible solely from the Pledged Revenues, the income from which is 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 the Bonds.

Funds and Accounts

The Bond Ordinance continues a Gross Receipts Tax Revenue Fund, established by the County in Section 19B of Ordinance No. 529, and creates a Bond Fund, a Reserve Fund and a Rebate Fund.

Disposition of Bond Proceeds

Pursuant to the Bond Ordinance, the proceeds from the sale of the Bonds shall be applied by the County simultaneously with the delivery of the Bonds to the Underwriter in the following manner and priority:

(A) Accrued Interest. First, all moneys received as accrued interest, if any, from the sale of the Bonds shall be deposited into the Bond Fund, to be applied to the payment of interest next due on the Bonds.⁽¹⁾

(B) Reserve Fund. As provided in the Sale Certificate approving the final terms of the Bonds, no deposit to the Reserve Fund shall be required so long as the Pledged Revenues in each Fiscal Year equal or exceed 200% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding Parity Obligations. If the Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the County shall acquire a Reserve Fund Insurance Policy in an amount equal to the Minimum Reserve or shall begin making substantially equal monthly deposits in the Reserve Fund from the first legally available Pledged Revenues so that after 24 months an amount equal to the Minimum Reserve will be held in the Reserve Fund.

(C) Underwriter Not Responsible. The Underwriter of the Bonds shall in no manner be responsible for the application or disposal by the County or by its officers of the funds derived from the sale thereof or of any other funds designated in the Bond Ordinance.

⁽¹⁾ If, as anticipated, the Bonds are dated the Date of Delivery, there will be no accrued interest.

Flow of Funds

The Bond Ordinance provides that, so long as any of the Bonds are outstanding either as to principal or interest, or both, the County shall credit all Pledged Revenues to the Gross Receipts Tax Revenue Fund. The following payments shall be made from the Gross Receipts Tax Revenue Fund.

(A) Bond Fund Payments. First, as a first charge on the Pledged Revenues and on a parity with other outstanding Parity Obligations, the following amounts shall be withdrawn from the Gross Receipts Tax Revenue Fund, and shall be concurrently credited to the Bond Fund:

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

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

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in subparagraphs (1) and (2) (whichever is applicable) of this paragraph, may be appropriately reduced and the required monthly amounts again shall be so credited to such account commencing on such interest payment date or principal payment date (whichever is applicable).

(B) Termination Upon Deposits to Maturity. No payment need be made into the Bond Fund or the Reserve Fund if the amount in such funds (excluding the amount of any Reserve Fund Insurance Policy credited to the Reserve Fund) totals a sum at least equal to the entire amount of such series of Bonds then outstanding, both as to principal and interest to their respective maturities, and both accrued and not accrued, in which case, moneys in the Bond Fund and the Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such as the same accrue and any moneys in excess thereof in the Bond Fund and the Reserve Fund and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the County.

(C) Reserve Fund. The moneys in the Reserve Fund, if any, shall be maintained as a continuing reserve to be used, except as otherwise provided herein, only to prevent deficiencies in the payment of the principal of and interest on the Bonds resulting from failure to deposit into the Bond Fund sufficient funds to pay the principal and interest as the same become due. If, on June 1 of any year, the amount on deposit in the Reserve Fund exceeds the amount of the Minimum Reserve, all amounts in excess of such Minimum Reserve may be transferred to the Bond Fund and used to pay principal of and interest on the Bonds.

(D) Defraying Delinquencies in the Bond Fund and the Reserve Fund; Use of Moneys in Reserve Fund and Bond Fund. If, on any Interest Payment Date or Principal Payment Date, amounts in the Gross Receipts Tax Revenue Fund are insufficient to make the payments into the Bond Fund required by Paragraph A above, there shall be withdrawn and paid into the Bond Fund from the Reserve Fund an amount equal to the difference between the amounts paid from the Gross Receipts Tax Revenue Fund and the stipulated amount. The money so used shall be replaced in the Reserve Fund (if necessary to maintain the amount on deposit therein in an amount equal to the Minimum Reserve) from the first Pledged Revenues thereafter received not required to be otherwise applied; provided however, the County shall replenish or pay such amounts within 12 months from Pledged Revenues. The moneys in the Reserve Fund shall be used solely as provided herein. The moneys in the Bond Fund shall be used solely and only for the purpose of paying the principal of and the interest on the Bonds issued under the Bond Ordinance; provided, however, that any moneys in the Bond Fund in excess of accrued and unaccrued principal and interest requirements to the respective maturities of the outstanding Bonds may be used in any lawful manner.

(E) Payment of Additional Obligations. Second, either concurrently with or subsequent to the payments required by Paragraph A above, depending upon whether the additional Obligations are Parity Obligations or Subordinate Obligations as provided in the Bond Ordinance, the Pledged Revenues shall be used by the County for the payment of Debt Service Requirements on additional Obligations, if any, authorized to be issued and payable from the Pledged Revenues as the same accrue. In the event that such obligations are Parity Obligations, the payments of Debt Service Requirements on such additional Obligations shall be made concurrently with the payments required by Paragraphs A and D above (provided that such payments may be made at any intervals as may be provided in the ordinance or resolution authorizing such additional Obligations). The following amounts required to be paid by the County shall be paid from Pledged Revenues with the same priority as other payments of Debt Service Requirements on Parity Obligations:

(1) Any amount to reimburse or pay a bond insurer for payments of Debt Service Requirements made on Parity Obligations; and

(2) Cash deposits to any required reserve fund established with respect to any issue of Parity Obligations.

Each payment of Debt Service Requirements on Parity Obligations shall be transferred to the Paying Agent for payment of Parity Obligations, or directly to a bond insurer entitled to receive payments on Parity Obligations, on or before the due date of such payment.

(F) Rebate Fund. All of the amounts on deposit in the accounts created and established by the Bond Ordinance and all amounts pledged to the payment of debt service for the Bonds shall be invested in compliance with the requirements of the Bond Ordinance. There shall be transferred into the Rebate Fund from Pledged Revenues, such amounts as are required to be deposited therein to meet the County's obligations, in accordance with Section 148(f) of the Internal Revenue Code of 1986, as amended. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of the Bond Ordinance to the extent that such amounts are required to be paid to the United States Treasury. From time to time, if the County determines that there is on deposit in the Rebate Fund more money than is needed to satisfy the rebate obligation, then such excess shall be transferred and credited to the Bond Fund and used to pay Debt Service Requirements.

(G) Payment of Expenses and Certain Obligations which are not Parity Obligations. After and subject to the payments required, and provisions contained in, any of the preceding paragraphs (A) through (F) above, any remaining Pledged Revenues shall be used, to the extent necessary, for payment of: (i) any other amounts, expenses, fees and interest owed by the County relating to the issuance, delivery, servicing, payment, redemption and refunding of Parity Obligations and (ii) other Obligations relating to Parity Obligations owed by the County pursuant to the Related Documents, any bond insurance policy or similar documents which are not payable pursuant to paragraphs (A) through (G) above.

(H) Subordinate Obligations. After and subject to the payments required by, and provisions contained in, the preceding paragraphs of this Section, any remaining Pledged Revenues, shall be used, as necessary, by the County for the payment of the principal of, premium, if any, and interest on all Obligations with a lien on the Pledged Revenues which is subordinate and junior to the lien of the Parity Obligations on Pledged Revenues.

(I) Use of Surplus Revenues. After making the payments required to be made by Paragraphs A through H above, the remaining Pledged Revenues, if any, may be applied to any other lawful purposes.

General Administration of Funds

The funds designated in the Bond Ordinance shall be administered and invested as follows:

(A) Investment of Money. Any moneys in any fund designated in the Bond Ordinance may be invested in any Permitted Investments. The obligations so purchased as an investment of moneys in a fund shall be deemed at all times to be part of the fund, and the interest accruing thereon and any profit realized therefrom shall be credited to the fund, and any loss resulting from each investment shall be charged to the fund. The Chief Financial Officer of the County shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund.

(B) Deposits of Funds. Except for direct investments in Permitted Investments allowed by paragraph A above, the moneys and investments comprising each of the funds and accounts hereinabove designated in the Bond 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 as specified in the Bond Ordinance. Each payment shall be made into the proper bank account and credited to the proper fund not later than the last day designated; provided that when the designated date is a Sunday or a legal holiday, then such payment shall be made on the next preceding secular day. Nothing in the Bond Ordinance 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 the Bond Ordinance.

Default, Remedies and County Duties

Each of the following events is declared in the Bond Ordinance to be an “Event of Default”:

(A) Nonpayment of Principal. If payment of the principal of any of the Bonds shall not be made when the same become due and payable, either at maturity, or by proceedings for prior redemption, or otherwise; or

(B) Nonpayment of Interest. If payment of any installment of interest shall not be made when the same becomes due and payable; or

(C) Incapable to Perform. If the County shall for any reason be rendered incapable of fulfilling its obligations (but not including any obligation of the County under any Qualified Exchange Agreement) under the Bond Ordinance; or

(D) Default of any Provision. If the County shall default in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in the Bond Ordinance on its part to be performed (other than defaults described in paragraphs A, B and C above), and if such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the County by the registered owners of 25% in principal amount of the Bonds then outstanding; or

(E) Bankruptcy or Insolvency of County. If (1) the County shall (a) apply for or consent to the appointment of or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the County or of all or a substantial part of its property, (b) commence a voluntary case under the Federal Bankruptcy Code, or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, or reorganization, or (2) a proceeding or case shall be commenced, without application or consent of the County, in any court of competent jurisdiction seeking (a) the liquidation, reorganization, dissolution, winding-up or adjustment of debts of the County, (b) appointment of a trustee, receiver, custodian, liquidator or the like of the County or of all or a substantial part of its assets, or (c) similar relief in respect of the County under any law relating to bankruptcy, insolvency, reorganization, winding-up or adjustment of debts.

Upon the happening and continuance of any of the events of default as provided above, then and in every case the registered owner or owners of not less than 25% in principal amount of the Bonds then outstanding, including but not limited to a trustee or trustees, may proceed against the County, its Governing Body, and its agents, officers and employees to protect and enforce the rights of any registered owner of Bonds under the Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for specific performance of any covenant or agreement contained therein or award or execution of any power therein granted for the enforcement of any power, legal or equitable remedy as such registered owner or owners may deem most effectual to protect and enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any registered owner, or to require the Council to act as if it were the trustee of an expressed 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 registered owners of the Bonds then outstanding. The failure of any such registered owner so to proceed shall not relieve the County or any of its officers, agents or employees of any liability for failure to perform any duty. Each right or privilege of any such registered owner (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 registered owner shall not be deemed a waiver of any other right or privilege thereof.

Upon the happening of any of the events of default as provided above, the County, in addition, will do and perform all proper acts on behalf of and for the registered owners of the Bonds to protect

and preserve the security created for the payment of the principal of and interest on said Bonds promptly as the same become due. All proceeds derived from the Pledged Revenues, so long as any of the Bonds authorized by the Bond Ordinance, either as to principal or interest, are outstanding and unpaid, shall be paid into the proper fund and used for the purposes therein provided. In the event the County fails or refuses to proceed as provided in Section 28 of the Bond Ordinance, the registered owner or registered owners of not less than 25% in principal amount of the Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of the registered owners as described above.

Defeasance

When all principal, any applicable prior redemption premium and interest in connection with the Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of the Bond Ordinance. There shall be deemed to be such due payment as to any Bond when the County has placed in escrow and in trust with a commercial bank located within or without the State of New Mexico and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may initially be invested) to meet all requirements of principal, interest and any applicable prior redemption premium as the same become due to its maturity or designated redemption date as of which the County shall have exercised or obligated itself to exercise its option to call the Bond. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Council and such bank at the time of the creation of the escrow or the Federal Securities shall be subject to the redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. Federal Securities within the meaning of this paragraph shall include only direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and which are not callable prior to maturity by the issuer of such obligations.

Amendment of Bond Ordinance

(A) Limitations upon Amendments. The Bond Ordinance may be amended by ordinance or resolution of the Council without the consent of registered owners but with the consent of the Bond Insurer, if any, if the Bond Insurer is not in default in its obligations under the Bond Insurance Policy and the Reserve Fund Insurance Policy, if either shall be applicable:

(1) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in the Bond Ordinance;

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

(3) To obtain or maintain a rating on the Bonds from any rating agency which amendment, in the judgment of Bond Counsel, does not materially adversely affect the registered owners of the Bonds;

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

(5) To make any other changes in the Bond Ordinance which, in the opinion of Bond Counsel, is not materially adverse to the registered owners.

(B) Additional Amendments. Except as provided above, the Bond Ordinance may only be amended or supplemented by ordinance adopted by the Council in accordance with the laws of the State, without receipt by the County of any additional consideration, but with the written consent of the registered owners of a majority of the principal amount of the Outstanding Bonds which are affected by the amendment or supplement (not including Bonds which are then owned by or for the account of the County) and of the Bond Insurer, if any, if the Bond Insurer is not in default in its obligations under the Bond Insurance Policy and the Reserve Fund Insurance Policy; provided, however, that, without first obtaining the consent of all registered owners of the Outstanding Bonds and of the Bond Insurer, if any, if the Bond Insurer is not in default in its obligations under the Bond Insurance Policy and the Reserve Fund Insurance Policy, no such ordinances shall have the effect of permitting:

- (1) An extension of the maturity of any Bond; or
- (2) A reduction in the principal amount of, premium, if any, or interest rate on any Bond; or
- (3) The creation of a lien on or a pledge of Pledged Revenues ranking prior to the lien or pledge of Parity Obligations on Pledged Revenues; or
- (4) A reduction of the principal amount of Bonds required for consent to such amendment or supplement.

SECURITY FOR THE BONDS

Pledge and Security

The Pledged Revenues and the amounts and securities on deposit in the Debt Service Fund and the Reserve Fund (if funded) and the proceeds thereof are pledged to, and the County will grant a security interest therein, for the payment of principal of and interest on the Bonds, subject to the uses thereof permitted by, and the priorities set forth in, the Bond Ordinance. The Bonds constitute an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged Revenues as set forth in the Bond Ordinance.

Special Limited Obligations

All of the Bonds and all payments of principal, premium, if any, and interest thereon whether at maturity or on a redemption date, together with any interest accruing thereon, shall be special limited obligations of the County and shall be payable and collectible solely from the Pledged Revenues. The owner or owners of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt of the County within the meaning of any constitutional or statutory provision or limitation, nor shall they be considered or held to be general obligations of the County, and each of the Bonds shall recite that it is payable and collectible solely out of the Pledged Revenues, pledged as set forth in the Bond Ordinance, and that the holders thereof may not look to any general or other municipal fund for the payment of the principal of and interest on the

Bonds. Nothing herein shall prevent the County from applying other funds of the County legally available therefor to the payment of the Bonds, in its sole discretion.

PURPOSE AND PLAN OF FINANCING

Purpose

The net proceeds received by the County from the sale of the Bonds, together with other available funds of the County, will be used to provide funds for the Improvement Project. See "THE IMPROVEMENT PROJECT" herein.

Sources and Uses of Funds

The sources and uses for the Bonds are as follows:

Sources of Funds

| | |
|---|------------------|
| Par Amount of Bonds | \$40,000,000.00* |
| Net Original Issue Premium (Discount) on the Bonds | _____ |
| TOTAL SOURCES | \$_____ |

Uses of Funds

| | |
|---------------------------------------|----------------|
| Deposit to Project Fund | \$_____ |
| Costs of Issuance ⁽¹⁾ | _____ |
| Total Underwriter's Discount (_____%) | _____ |
| TOTAL USES | \$_____ |

* Preliminary, subject to change.

⁽¹⁾ Includes fees of the Municipal Advisor, Paying Agent and Registrar, legal fees and other miscellaneous costs and expenses related to issuance of the Bonds.

ANNUAL DEBT SERVICE SUMMARY

The following table sets forth for each fiscal year from 2026 through 2050 the amounts required in each such fiscal year to pay scheduled annual debt service on the Bonds, the outstanding Series 2013 Bonds, and the debt service coverage ratio, based on fiscal year 2025 Pledged Revenues.

| Fiscal Year ending June 1 | Series 2026 Principal* | Series 2026 Interest* | Series 2026 Debt Service* | Series 2013 Debt Service | Total Debt Service on Series 2026 and Series 2013 Bonds | Pledged Revenues ⁽¹⁾ | Debt Service Coverage* ⁽¹⁾⁽²⁾ |
|------------------------------|---------------------------|-----------------------|------------------------------|-----------------------------|---|---------------------------------|---|
| 2026 | -- | \$ 701,762 | \$ 701,762 | \$4,548,909 | \$5,250,670 | \$67,036,444 | 12.77x |
| 2027 | -- | 1,684,228 | 1,684,228 | 4,549,909 | 6,234,137 | 67,036,444 | 10.75x |
| 2028 | -- | 1,684,228 | 1,684,228 | 4,546,628 | 6,230,856 | 67,036,444 | 10.76x |
| 2029 | \$ 1,220,000 | 1,684,228 | 2,904,228 | | 2,904,228 | 67,036,444 | 23.08x |
| 2030 | 1,255,000 | 1,648,360 | 2,903,360 | | 2,903,360 | 67,036,444 | 23.09x |
| 2031 | 1,290,000 | 1,611,338 | 2,901,338 | | 2,901,338 | 67,036,444 | 23.11x |
| 2032 | 1,330,000 | 1,572,896 | 2,902,896 | | 2,902,896 | 67,036,444 | 23.09x |
| 2033 | 1,370,000 | 1,532,331 | 2,902,331 | | 2,902,331 | 67,036,444 | 23.10x |
| 2034 | 1,410,000 | 1,489,861 | 2,899,861 | | 2,899,861 | 67,036,444 | 23.12x |
| 2035 | 1,455,000 | 1,445,305 | 2,900,305 | | 2,900,305 | 67,036,444 | 23.11x |
| 2036 | 1,505,000 | 1,397,581 | 2,902,581 | | 2,902,581 | 67,036,444 | 23.10x |
| 2037 | 1,560,000 | 1,344,153 | 2,904,153 | | 2,904,153 | 67,036,444 | 23.08x |
| 2038 | 1,615,000 | 1,285,497 | 2,900,497 | | 2,900,497 | 67,036,444 | 23.11x |
| 2039 | 1,680,000 | 1,221,866 | 2,901,866 | | 2,901,866 | 67,036,444 | 23.10x |
| 2040 | 1,750,000 | 1,152,986 | 2,902,986 | | 2,902,986 | 67,036,444 | 23.09x |
| 2041 | 1,825,000 | 1,079,136 | 2,904,136 | | 2,904,136 | 67,036,444 | 23.08x |
| 2042 | 1,900,000 | 999,566 | 2,899,566 | | 2,899,566 | 67,036,444 | 23.12x |
| 2043 | 1,900,000 | 913,876 | 2,903,876 | | 2,903,876 | 67,036,444 | 23.09x |
| 2044 | 2,080,000 | 821,938 | 2,901,938 | | 2,901,938 | 67,036,444 | 23.10x |
| 2045 | 2,180,000 | 723,762 | 2,903,762 | | 2,903,762 | 67,036,444 | 23.09x |
| 2046 | 2,290,000 | 619,340 | 2,899,340 | | 2,899,340 | 67,036,444 | 23.12x |
| 2047 | 2,395,000 | 508,988 | 2,903,988 | | 2,903,988 | 67,036,444 | 23.08x |
| 2048 | 2,510,000 | 391,873 | 2,901,873 | | 2,901,873 | 67,036,444 | 23.10x |
| 2049 | 2,635,000 | 268,130 | 2,903,130 | | 2,903,130 | 67,036,444 | 23.09x |
| 2050 | 2,765,000 | 137,697 | 2,902,697 | | 2,902,697 | 67,036,444 | 23.09x |
| Total | \$40,000,000 | \$27,920,922 | \$67,920,922 | \$13,645,445 | \$81,566,367 | | |

*Preliminary; subject to change.

⁽¹⁾ Estimated, based on an assumed 5.00% average annual rate.

⁽²⁾ 2025 Pledged Revenues are collections for fiscal year ending June 30, 2025. Pledged Revenues are subject to fluctuation and there is no assurance that Pledged Revenues received in the future will equal the Pledged Revenues used in these coverage computations. See "PLEDGED REVENUES" herein.

PLEDGED REVENUES

The Bonds are special obligations of the County, payable from the Pledged Revenues. "Pledged Revenues" include (1) the County's State-Shared Gross Receipts Tax Revenues, distributions of which are made to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Sections 7-1-6 and 7-1-6.4, NMSA 1978, at the rate authorized (currently 1.225% of the gross receipts of persons engaging in business within the County) from the proceeds of a state-wide gross receipts tax imposed pursuant to Chapter 7, Article 9, NMSA 1978, (2) the Municipal Gross Receipts Tax Revenues, which municipal gross receipts taxes are imposed pursuant to the Municipal Local Option Gross Receipts Taxes Act, Sections 7-19D-1 through 7-19D-12, NMSA 1978 by County Ordinance No. 311, imposing a municipal gross receipts tax of one half of one percent (0.50%), County Ordinance No. 85-08, imposing a municipal gross receipts tax of one half of one percent (0.50%) and County Ordinance No. 85-142, imposing a municipal gross receipts tax of one quarter of one percent (0.25%), each as amended by County Ordinance No. 85-228, which Municipal Gross Receipts Tax Revenues equal one and one quarter percent (1.25%), (3) the Municipal Infrastructure Gross Receipts Tax Revenues, which municipal infrastructure gross receipts tax is imposed pursuant to Section 7-19D-11, NMSA 1978 by County Ordinance No. 503 on persons engaging in business in the County, in an amount of one-eighth of one percent (0.125%) of the gross receipts of such persons, (4) the third one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues, which county gross receipts tax is imposed pursuant to Section 7-20E-9, NMSA 1978 by County Ordinance No. 520 on persons engaging in business in the County, (5) the portion of the gross receipts tax distribution to the County made pursuant to Section 7-1-6.46, NMSA 1978, which represents the amount of State-Shared Gross Receipts Tax Revenues, Municipal Gross Receipts Tax Revenues, Municipal Infrastructure Gross Receipts Tax Revenues and County Gross Receipts Tax Revenues that would have been remitted to the County but for the deductions (effective January 1, 2005) provided by Sections 7-9-92 and 7-9-93, NMSA 1978 and any similar distributions made to the County in lieu of State-Shared Gross Receipts Tax Revenues, Municipal Gross Receipts Tax Revenues, Municipal Infrastructure Gross Receipts Tax Revenues and County Gross Receipts Tax Revenues pursuant to law, and (6) any other gross receipts tax revenues received by the County, whether from distribution by the State or pursuant to gross receipts taxes imposed by the County, and hereafter pledged to the payment of the Bonds by affirmative act of the County Council pursuant to the Bond Ordinance. Pursuant to Sections 3-31-6(C) and 4-62-6(C) NMSA 1978, any law which authorizes the pledge of the revenues pledged pursuant to the Bond Ordinance 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.

Gross Receipts Tax Provisions

Taxed Activities. For the privilege of engaging in business in the State of New Mexico, Gross Receipts Tax is imposed upon any person engaging in business in the State. "Gross Receipts" is defined in the Gross Receipts and Compensating Tax Act as the total amount of money or value or other consideration received from selling property in the State of New Mexico (including tangible personal property handled on consignment in the State), from leasing

property employed in the State of New Mexico, from performing services in the State of New Mexico and from selling services outside New Mexico, the product of which is initially used in New Mexico. The definition excludes cash discounts allowed and taken, Gross Receipts Tax payable on transactions for the reporting period and any county sales tax, county fire protection excise tax, county and municipal gross receipts taxes, any time of time-price differential and certain gross receipts or sales taxes imposed by an Indian tribe or pueblo.

Legislative Changes. Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the County. See “SPECIAL FACTORS RELATING TO THE BONDS – State Legislation” herein.

Exemptions and Deductions. Some activities and industries are exempt from the Gross Receipts Tax, many by virtue of their taxation under other laws. Exemptions include, but are not limited to, certain receipts of governmental agencies and certain organizations, receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends, and interest and receipts from the sale of or leasing of natural gas, oil or mineral interests. Various deductions are allowed including but not limited to receipts from various types of sales and leases of tangible personal property or services, receipts from sales to governmental agencies or certain organizations, receipts from sales of tangible property to manufacturers including property consumed in the process of manufacturing, excluding tools and equipment, receipts from processing certain agricultural products, receipts from certain publication sales, certain receipts from interstate commerce transactions, receipts from retail sales of food (not including restaurant sales and certain sales of prepared foods), and receipts of licensed medical care providers from Medicare Part C. There are over fifty specified exemptions and deductions from gross receipts taxation. However, the general presumption is that all receipts of a person engaging in business in the State of New Mexico are subject to Gross Receipts Tax.

Manner of Collection and Distribution of Gross Receipts Tax. Businesses must make their payments of Gross Receipts Tax on or before the twenty-fifth of each month for taxable events in the prior month. Collection of the Gross Receipts Tax is administered by the Revenue Division (the “Revenue Division”) of the Taxation and Revenue Department (the “Department”), pursuant to Section 7-1-6 NMSA 1978. Collections are first deposited into a suspense fund for the purpose of making disbursements for refunds, among other items. On the last day of each month, the balance of the suspense fund is transferred to the State general fund, less disbursements authorized by law to be made to municipalities and counties, including the County, within the State, including, with respect to the County, the distributions described below.

Distribution of State-shared Gross Receipts Tax. The Revenue Division remits monthly to municipal governments, including the County, an amount equal to the product of the quotient of 1.225% divided by the tax rate times the net receipts (total amount paid by taxpayers less any

refunds disbursed) attributable to the gross receipts of businesses located in the county and other designated areas. See “State-Shared Gross Receipts Tax” herein.

Distribution of Municipal Gross Receipts Tax and County Gross Receipts Tax. Section 7-1-6.41 NMSA 1978 directs that the Department shall deduct an amount equal to 3.00% of the net receipts attributable to the local option gross receipts tax imposed by a municipality or county as a charge for the administrative costs of collection. The Revenue Division does not impose the 3.00% administrative fee on the first 0.5% increment of municipal gross receipts tax. The amounts deducted as administrative charges are remitted to the State treasurer for deposit in the State general fund each month. Distributions of municipal local option gross receipts tax revenues and county local option gross receipts tax revenues are made within the month following the month in which the taxes are collected. See “Municipal Gross Receipts Tax,” “Municipal Infrastructure Gross Receipts Tax” and “County Gross Receipts Tax” herein.

Remedies for Delinquent Taxes. The Revenue Division may assess Gross Receipts Taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom Gross Receipts Taxes have been assessed or upon whom demand for payment has been made does not make payment thereof (or protest the assessment or demand for payment) within thirty (30) days after the date of assessment or demand for payment, the taxpayer becomes a delinquent taxpayer. Such taxpayer remains delinquent until payment of all the taxes due, including interest and penalties, or until security is furnished for the payment thereof. The Revenue Division may, under certain circumstances, enter into an agreement with a delinquent taxpayer to permit monthly installment payments for a period of not more than sixty (60) months. Interest is due on any delinquent tax from the first day following the day on which it is due at the applicable federal rate based on Internal Revenue Code Section 6621, as determined from time to time, until paid, without regard to any installment agreement. However, if the Gross Receipts Tax is paid within ten (10) days after demand is made, no interest shall be imposed for the period after the date of demand.

The Revenue Division may levy upon all property or rights to property of a delinquent taxpayer and sell the same in order to collect the delinquent tax. The amount of delinquent Gross Receipts Taxes is also a lien in favor of the State upon all property and rights to property of the delinquent taxpayer, which lien may be foreclosed as provided by State statutes.

State-Shared Gross Receipts Tax

Imposition of Tax. The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-85, NMSA 1978) authorizes the State of New Mexico to impose a gross receipts tax (the “State-Shared Gross Receipts Tax”) which is levied by the State of New Mexico for the privilege of doing business in the State of New Mexico and is collected by the Department. The State of New Mexico presently levies a gross receipts tax of four and seven-eighths percent (4.875%). Of the 4.875 cents collected per dollar of taxable gross receipts reported for a particular county, 1.225 cents is distributed to the County by the State, based on the prior month's filings. See “*Manner of Collection and Distribution of State Gross Receipts Tax*” under the caption “Gross Receipts Tax Provisions.”

Municipal Gross Receipts Tax

Authority for Imposition of the Municipal Gross Receipts Tax. The Municipal Local Option Gross Receipts Taxes Act, Sections 7-19D-1 through 7-19D-12, NMSA 1978, authorizes municipalities to impose by ordinance an excise tax (“Municipal Gross Receipts Tax”) not to exceed two and one-half percent (2.5%) of the gross receipts of any person engaging in business in the municipality. Of that two and one-half percent, the governing body of a municipality may choose either to impose increments of up to two and five-hundredths percent (2.05%) or to require an election to approve the imposition. An election is required to enact the remaining increments of up to forty-five hundredths percent (0.45%). The ordinance imposing or amending any Municipal Local Option Gross Receipts Tax becomes effective July 1 after the expiration of three months from the date the adopted ordinance is mailed or delivered to the New Mexico Taxation and Revenue Department enacted or the date the results of the election are certified.¹

Pursuant to the Municipal Local Option Gross Receipts Taxes Act, the County adopted Ordinance No. 311, which imposes upon persons engaging in business in the County a municipal gross receipts tax of one half of one percent (0.50%) of the gross receipts reported or required to be reported pursuant to the Gross Receipts and Compensating Tax Act. The County adopted Ordinance No. 85-08, which imposes upon persons engaging in business in the County a municipal gross receipts tax of one half of one percent (0.50)% of the gross receipts reported or required to be reported pursuant to the Gross Receipts and Compensating Tax Act. The County adopted Ordinance No. 85-142, which imposes upon persons engaging in business in the County a municipal gross receipts tax of one quarter of one percent (0.25%) of the gross receipts reported or required to be reported pursuant to the Gross Receipts and Compensating Tax Act. Ordinance No. 85-08 and Ordinance No. 85-142 were amended by the County pursuant to Ordinance No. 85-228, in which the County dedicated the revenues of the municipal gross receipts taxes imposed thereby for specified purposes, including the payment of current debt service for any revenue bonds issued by the County for any qualified capital project. The County adopted Ordinance No. 503, which imposes upon persons engaging in business in the County a municipal infrastructure gross receipts tax of one eighth of one percent (0.125%) of the gross receipts reported or required to be reported pursuant to the Gross Receipts and Compensating Tax Act.

County Gross Receipts Tax

Authority for Imposition of Tax. The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-98, NMSA 1978) authorizes the County to impose a gross receipts tax (the “County Gross Receipts Tax”) which is levied by the County for the privilege of doing business in the County and is collected by the New Mexico Taxation and Revenue Department

¹ If the Governor declares a state of emergency, or if there is an unforeseen occurrence that would cause a municipality’s reserves to drop below the amount required and certified by the Local Government Division of the Department of Finance and Administration, an ordinance imposing a tax or increment thereof may become effective on the first January 1 after the expiration of at least three months after such declaration or event and notification to the Taxation and Revenue Department.

(the “Department”). See “*Distribution of Municipal Gross Receipts Tax and County Gross Receipts Tax*” under this caption. Pursuant to Section 7-20E-9 NMSA 1978, as amended, a county may impose a county-wide gross receipts tax at a maximum rate of one and twenty-five hundredths percent (1.25%), of which a rate of up to one percent (1.00%) may be imposed without voter approval. Pursuant to Section 7-20E-9 NMSA 1978, a county may impose a county area gross receipts tax, consisting of the area in the county that is not within the boundaries of any incorporated municipality, at a rate of one half of one percent (0.50%), of which rate up 0.12% may be imposed without voter approval. The County adopted Ordinance No. 520, which imposes upon persons engaging in business in the County a county gross receipts tax equal to one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues, which county gross receipts tax is imposed pursuant to Section 7-20E-9, NMSA 1978.¹

⁽¹⁾ Section 7-20E-9, NMSA 1978 was amended in 2019 to provide that any number of increments of county gross receipts tax shall be imposed in increments of one-hundredth percent, not exceed one and twenty-five hundredths percent (1.25%). The one-eighth of one percent (0.125%) increment of county gross receipts tax enacted by the County became effective on January 1, 2005 and is within the maximum 1.25% rate authorized by Section 7-20E-9, as amended.

Pledged Gross Receipts Tax Revenues

Set forth below is a 5-year history of the Pledged Gross Receipts Tax Revenues received by the County:

| Fiscal Year Ended June 30 | Pledged Gross Receipts Tax* | Percent Change |
|------------------------------|--------------------------------|-------------------|
| 2025 | \$67,036,444 | (18.2%) |
| 2024 | 81,964,156 | 65.5% |
| 2023 | 49,411,895 | (0.4%) |
| 2022 | 49,725,244 | (10.1%) |
| 2021 | 55,306,321 | 30.3% |

Source: Administrative Services Director of Los Alamos County.

*Includes State-Shared Gross Receipts Tax (all years), all increments of Municipal Gross Receipts Tax totaling 1.250% (all years), all increments of Municipal Infrastructure Gross Receipts Tax totaling 0.125% and the third 0.125% increment of County Gross Receipts Tax; does not include other gross receipts taxes imposed by the County, which are not part of Pledged Revenues. This table is based on cash-based receipts, in contrast to the modified accrual basis of reporting in the County's audited financial statements.

The County's most recent Long Range Financial Projection of both total gross receipts tax revenue and Pledged Gross Receipts Tax Revenue is as follows (exclusive of projected reductions resulting from phase-out of Hold Harmless Payments beginning in 2016):

| Fiscal Year | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|-----------------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
| Estimated Total GRT | \$88,352,000 | \$89,234,000 | \$109,102,000* | \$113,159,000* | \$116,527,000* | \$119,207,000* | \$122,785,000* |
| Estimated Pledged GRT | \$73,471,000 | \$74,204,000 | \$76,432,000 | \$79,273,000 | \$81,633,000 | \$83,515,000 | \$86,019,000 |

Source: Administrative Services Director of Los Alamos County.

*Figures include projected revenue attributable to a 0.6125% increment of municipal gross receipts tax and a 0.0125% increment of county gross receipts tax, each to become effective July 1, 2026.

Other Gross Receipts Taxes (not pledged)

In addition to the increments of Gross Receipts Tax constituting the Pledged Revenues, the County also imposes the following gross receipts taxes which are not pledged to the repayment of the Bonds: a 0.0625% Municipal Environmental Services Gross Receipts Tax, and an additional 0.6125% increment of Municipal Gross Receipts Tax which will become effective on July 1, 2026, the first and second one-eighth of one percent increments of County Gross Receipts Tax totaling 0.250%, a 0.125% County Corrections Gross Receipts Tax, a 0.125% County Fire Excise Gross Receipts Tax, a 0.125% Regional Transit District Gross Receipts Tax, a 0.620% County Area Gross Receipts Tax, and an additional 0.0125% increment of County Gross Receipts Tax which will become effective on July 1, 2026. The total gross receipts tax rate within the County is 7.0625% (combined State (4.875%) and County (2.1875) gross receipts tax rates).

Other Gross Receipts Taxes Authorized by Law but not Imposed

The County is authorized by state law to impose the additional gross receipts taxes described below which, if imposed, could be used for general purposes or for infrastructure projects. To date, the County has not taken action to impose those taxes.

| Municipal/County | Increment | Election Required |
|--------------------------------|-----------|-------------------|
| Municipal: | | |
| Municipal Gross Receipts Tax | 0.45% | Yes |
| | 0.45% | Yes |
| County: | | |
| County Gross Receipts Tax | 0.4875% | No |
| | 0.25% | Yes |
| County Area Gross Receipts Tax | 0.12% | No |

| | | |
|--|---------------------|-----|
| | 0.255% | Yes |
| Total available for any governmental purposes | <u>1.5625%</u> | |
| Estimated annual GRT revenue production, if imposed, based upon FY 2025 actual GRT collections | <u>\$44,950,000</u> | |

Source: Administrative Services Director of Los Alamos County.

Other Property Taxes Authorized by Law but not Imposed

State statutes authorize a maximum allowable operating mill levy for Counties and Municipalities. Because Los Alamos is an incorporated County with municipal powers, it has authority to impose both county and municipal operating mill rate assessments on residential and commercial property. The County's total remaining unimposed operating mill rate authority is 8.902 mills, and, if imposed, would generate an estimated \$6.1 million annually in new revenues for the County.

In addition to the ability to impose operating mill levies, the County may, after approval of the voters, impose additional property taxes to support general obligation debt. State statutes limit Los Alamos County general obligation debt to four percent (4%) of assessed valuation. Based upon that limitation, the County's legal debt limit was estimated to be approximately \$38,860,565 as of June 30, 2024. As the County presently has no general obligation debt outstanding, \$38,860,565 is the County's current general obligation debt capacity.

ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES

Outstanding Obligations Secured by Pledged Revenues.

Outstanding Parity Obligations. The County has previously issued its \$38,235,000 Gross Receipts Tax Refunding Revenue Bonds, Series 2013, of which an aggregate principal amount of \$12,760,000 remains outstanding (the “Series 2013 Bonds”).

Additional Bonds Test. The Bond Ordinance does not prevent the issuance of additional Parity Obligations payable from and constituting a lien upon the Pledged Revenues on parity with the lien of the Bonds. Before any additional Parity Obligations are actually issued, it must be determined that:

(A) The County is then current in the accumulation of all amounts which are required to have then been accumulated in the Bond Fund and the Reserve Fund (if any accumulation is then required in the Reserve Fund) as required by Section 20 of the Bond Ordinance; and

(B) The Pledged Revenues received by the County in the Fiscal Year immediately preceding the date of issuance of the proposed 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 (i) the outstanding Bonds, (ii) other outstanding Parity Obligations payable from and constituting a lien upon the Pledged Revenues, and (iii) the Parity Obligations proposed to be issued.

Certification or Opinion Regarding Revenues. A written certificate or opinion by the Chief Financial Officer of the County that the Pledged Revenues are sufficient to pay the required amounts under the test set forth above, shall conclusively determine the right of the County to issue additional Parity Obligations. The Chief Financial Officer of the County may utilize the results of any annual audit to the extent it covers the applicable period.

Refunding Bonds

The provisions of the Bond Ordinance described above are subject to the following exceptions:

Privilege of Issuing Refunding Obligations. If at any time the County shall find it desirable to refund any outstanding obligations constituting a lien upon the Pledged Revenues, the Bonds or other obligations, or any part thereof, such obligations may be refunded, but only with the consent of the holders, unless the obligations shall then mature or be callable for redemption, or the plan of refunding calls for payment of the obligations at maturity or at a redemption date, regardless of whether the lien priority is changed by the refunding except that superior obligations are prohibited as provided in the Bond Ordinance.

Limitation upon Issuance of Parity Refunding Obligations. Refunding obligations may be issued with a lien on the Pledged Revenues on parity with the lien of the Bonds if:

(A) The lien on the Pledged Revenues of the outstanding obligations so refunded is on parity with the lien on the Pledged Revenues of the Bonds; or

(B) The refunding obligations are issued in compliance with the requirements described above under “ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES - Outstanding Obligations Secured by Pledged Revenues - *Additional Bonds Test.*”

Refunding Part of an Issue. The refunding bonds or other refunding obligations 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; and the holder or holders of such refunding bonds or other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the same issue refunded thereby. If only a part of any issue or issues is refunded, then there may be no refunding without the consent of the holders of the unrefunded portion of such obligations, unless:

(A) The refunding obligations do not increase the aggregate principal and interest requirements for any Fiscal Year commencing prior to the last maturity date of such unrefunded obligations; or

(B) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded; or

(C) The refunding bonds or other refunding obligations are issued in compliance with the requirements described above under “ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES - Outstanding Obligations Secured by Pledged Revenues - *Additional Bonds Test.*”

Limitation upon Issuance of Any Refunding Obligations. Any refunding obligations payable from Pledged Revenues shall be issued with such details as the Governing Body may provide, subject to the inclusion of any such rights and privileges designated in the Bond Ordinance but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue or issues, including the Bonds.

Cross-over Refunding Bonds. If the refunding bonds to be issued are Cross-over Refunding Bonds, the ordinance providing for the issuance thereof shall provide (i) that until the date on which the principal portion of the related Obligations being refunded is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds, the Cross-over Refunding Bonds shall not be Parity Obligations and shall be payable solely from the escrow provided for in the related ordinance, and (ii) a certificate of an Independent Accountant shall be prepared to demonstrate the sufficiency of the moneys and investments in the escrow to pay the principal of and interest on the Cross-over Refunding Bonds until the date on which the principal portion of

the related Obligations being refunded is to be paid or redeemed and to pay or redeem the related Obligations being refunded.

Subordinate and Superior Obligations

Subordinate Obligations Permitted. Nothing in the Bond Ordinance shall prevent the County from issuing bonds or other obligations payable from the Pledged Revenues pledged by the Bond Ordinance and having a lien on the Pledged Revenues subordinate to the lien of the Bonds.

Superior Obligations Prohibited. The County shall not issue any obligation having a lien on the Pledged Revenues pledged by the Bond Ordinance which is prior and superior to the Bonds.

COUNTY COVENANTS IN THE BOND ORDINANCE

The County covenants in the Bond Ordinance, among other things, that:

Use of Bond Proceeds. The County will apply the proceeds of the Bonds to the Improvement Project as set forth in the Bond Ordinance.

Payment of Bonds. The County will promptly pay the principal of and the interest on every Bond at the place, on the dates and in the manner specified in the Bond Ordinance and in the Bonds according to the true intent and meaning of the Bond Ordinance.

County's Existence. The County 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 duties, privileges, powers, liabilities, disabilities, immunities and rights of the County and is obligated by law to receive and distribute the Pledged Revenues in place of the County, without affecting to any substantial degree the privileges and rights of any registered owner of any outstanding Bonds.

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

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

Audits. The County will, within one hundred eighty (180) days following the close of each Fiscal Year, cause an audit of such books and accounts to be made by an Independent Accountant showing the revenues and expenditures of the Pledged Revenues. The County agrees to furnish forthwith a copy of each of such audits and reports to the Underwriter upon

request. Any such registered owner shall have the right to discuss with the Independent Accountant or person making the audit, the report and the contents thereof and to ask for such additional information as he may reasonably require.

Other Liens. Other than the outstanding Series 2013 Bonds, there are no liens or encumbrances on the Pledged Revenues. The Bond Ordinance does not prohibit the issuance of Parity Obligations with a lien on the Pledged Revenues on parity with the lien thereon of the Bonds.

Impairment of Contract. The County agrees that any law, ordinance or resolution of the County in any manner affecting the Pledged Revenues or the Bonds, or otherwise appertaining thereto, 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 consent of the required percentage of the registered owners of the then outstanding Bonds is obtained pursuant to the Bond Ordinance.

Performing Duties. The County will faithfully and punctually perform all duties with respect to the Improvement Project and the Bonds required by the Constitution and laws of the State of New Mexico and the ordinances and resolutions of the County including but not limited to the proper segregation of the Pledged Revenues and their application of the respective funds.

Tax Covenants. The County covenants that it will use, and will restrict the use and investment of, the proceeds of the Bonds in such manner and to such extent as may be necessary so that (a) the Bonds will not (i) constitute private activity bonds, arbitrage bonds or hedge bonds under Sections 141, 148 or 149 of the Code or (ii) be treated other than as bonds to which Section 103(a) of the Code applies, and (b) the interest thereon will not be treated as a preference item under Section 57 of the Code. The County further covenants (a) that it will take or cause to be taken such actions that may be required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income purposes, (b) that it will not take or authorize to be taken any actions that would adversely affect that exclusion, and (c) that it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purposes of the borrowings, (ii) restrict the yield on investment property, (iii) make timely and adequate rebate payments, yield reduction payments or payment of alternative amounts in lieu of rebate payments, yield reduction payments or payments of alternative amounts in lieu of rebate to the federal government, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of those proceeds and, as applicable, of the improvement projects financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code.

Authorized Officers of the County are hereby authorized (a) to make or effect any election, selection, designation, choice consent, approval, or waiver on behalf of the County with respect to the Bonds as the County is permitted or required to make or give under the federal income tax laws, including, without limitation thereto, any of the elections provided for in or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the Bonds or interest thereon or assisting in the compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing

the rebate amount, yield reduction payments or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate or yield reduction payments, or obviating those amounts or payments, as determined by that officer, which action shall be in writing and signed by the officer, (b) to take any and all other actions, make or obtain calculations, make payments, including amounts required to be rebated to the United States pursuant to section 148(f) of the Code, and make or give reports, covenants and certifications of and on behalf of the County, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the Bonds, and (c) to give one or more appropriate certificates of the County, for inclusion in the transcript of the proceedings for the Bonds, setting forth the reasonable expectations of the County regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the Bonds.

Continuing Disclosure Undertaking. Authorized Officers of the County are authorized to sign such documents with respect to the County's continuing disclosure obligations as are necessary or desirable to comply with the Continuing Disclosure Undertaking and the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The Continuing Disclosure Undertaking will provide that, notwithstanding any other provisions of the Bond Ordinance, failure of the County to comply with the Continuing Disclosure Undertaking shall not be considered an "event of default," 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.

THE COUNTY

General

The Incorporated County of Los Alamos (pop. 19,786, estimated 2025) is a Class H County located in north central New Mexico, approximately 35 miles northwest of the State capital of Santa Fe. In 1949 the County was formed from parts of three other existing counties as a separate political subdivision by the New Mexico legislature. It was incorporated on December 10, 1968 when County voters adopted the Charter. The County has the rights and responsibilities of both a county and a municipality under the County's Charter and New Mexico State law.

The County is located on the Pajarito Plateau in northern New Mexico and covers about 112 square miles. The National Forest Service owns 41.3% of the County's area, the United States Department of Energy (DOE) owns 33.4%, the County and its citizens own 16.3%, and Bandelier National Monument owns 9.0%.

Before the establishment of the Los Alamos National Laboratory in 1943, a few isolated ranches and a preparatory school for boys occupied the area that is now the County. This isolated area became the home for scientists and military personnel working as a key part of the Manhattan Project, which resulted in ending World War II. Initially, the Laboratory and the surrounding area were owned and controlled by the federal government. Under the Atomic Energy Communities Act of 1955, the government sold most commercial real estate, residential

lots, and housing units to private owners. Churches and institutional properties, including hospitals, schools, municipal offices, the electric, gas, and water distribution systems and the wastewater collection system were transferred to private institutions, the school system, or municipal ownership.

The County operates under a council-manager form of government. The County Council consists of seven members who are elected at large by qualified County voters. Under the Charter, the County Council appoints a County Manager, the chief administrative officer of the County, who is responsible for all County affairs placed in his or her charge by New Mexico State statutes, the County Charter, County ordinances, or the County Council.

The economy of the County depends heavily on the activities of Los Alamos National Laboratory and its subcontractors, which together employ over 16,000 people with an annual budget of approximately \$5.2 billion.

Governing Body

The powers of the County are briefly addressed in the County Charter, which provides that the County shall have all powers possible for a county or a municipal corporation under the constitution and laws of New Mexico as fully and completely as though they were specifically enumerated in the Charter; that the powers of the County under the Charter shall be interpreted liberally in favor of the County and that the specific mention of particular powers in the Charter shall not be construed as limiting in any way the general powers stated therein; that the purpose of the Charter is to provide for maximum self-government and the greatest possible exercise of home-rule powers; and that, as provided in Article X, Section 6 of the Constitution of the State of New Mexico and in the Municipal Charter Act, the County may exercise all legislative powers and perform all functions not expressly denied by general law or by other provisions of the Charter.

Services provided by the County of Los Alamos are grouped into three major categories.

Fundamental Services - Services that are generally provided by local government or are legally mandated. Those services include:

- Building Inspection
- Community Buildings & Services
- Court Services
- Debt Payments
- Elections & Voter Registration
- General Administrative Services
- Fire Protection & Emergency Services
- Indigent Health Care
- Law Enforcement & Other Public Safety Services
- Licensing & Permit Issuance
- Roads, Streets, Traffic Control and Signals, Snow Removal & Sidewalk Maintenance

Solid Waste Management
Tax Assessment, Billing, Collection & Distribution
Water and Sewer Utilities

Maintenance Services - Services that the County has historically provided or services that require large capital expenditures. Those services include:

Animal Control
Cemetery Lot Sales & Grounds Maintenance
Comprehensive Plan, Long Range Planning & Zoning
Engineering Services for Public Projects
Electric and Gas Utilities
Governmental Facilities Maintenance
Transportation

Quality of Life Services - Services that enhance the desirability or the environment of the community. Those services include:

Community and Neighborhood Recreation Programs
Community Swimming Pool, Golf Course & Rink
Fair/Rodeo/Stable
Library Services
Open Space - vast network of hiking, biking and horseback riding trails
Cultural services such as a Senior Center, an historical museum and an art center
Airport
Transit

The County Council consists of seven individuals elected at large for four-year terms. The members of the County Council and their respective terms are as follows:

| <u>Member</u> | <u>Position</u> | <u>Term Expires</u> |
|----------------------|-----------------|---------------------|
| Randall Ryti | Chair | 12/31/2026 |
| Ryn Herrmann | Vice-Chair | 12/31/2028 |
| Melanee Hand | Councilor | 12/31/2026 |
| Suzie Havemann | Councilor | 12/31/2026 |
| Beverly Neal-Clinton | Councilor | 12/31/2028 |
| David Reagor | Councilor | 12/31/2028 |
| Theresa Cull | Councilor | 12/31/2026 |

Administrative Officers

The current members of the County Administration are as follows:

Anne Laurent, County Manager

Anne Laurent has served communities in both Arizona and Michigan as Project and Facilities Managers and as a licensed architect, before bringing her breadth of experience to Los Alamos County in 2008. Anne started as the Capital Projects & Facility Director for four years and then became the Community & Economic Development Director, followed by the Public Works Director. She also served as the Acting Deputy County Administrator for a year during that time. In her 16 years working in local government, she earned her MPA from the University of Colorado Denver and has overseen many of our community's largest projects, including the Municipal Building, Pajarito Cliffs Site, the Justice Center, Animal Shelter, White Rock Visitor Center, Nature Center, White Rock Branch Library and Youth Activity Center and the Golf Course Clubhouse, to name a few. Anne was named Deputy County Manager in 2021 and County Manager in March 2024 following the retirement of Steven Lynne. She is an International City Manager Association Credentialed Manager, Project Management Professional (PMP) and a Certified Economic Developer (CEcD).

Her leadership, management and technical expertise has generated positive results and change in the community.

Linda Matteson, Deputy County Manager

Linda Matteson started her career as an engineer working on underwater sonar systems for defense contractor, Northrop Grumman, before returning to her hometown of Los Alamos to raise her children. She has worked for Los Alamos County for 18 years now, starting in the Library Administrative office, and working her way up through Community Services before moving to the County Manager's Office as the Assistant to the County Manager. In this role, Linda has overseen the establishment of the Manhattan Project National Historical Park, has directed the efforts to create and implement the Tourism Strategic Plan, and served as the Acting Community Services Director for a year. She was promoted to Deputy County Manager in 2022. Currently, Linda oversees the Sustainability program, Administrative Services and Community Services Departments.

Her unique set of skills and experience, combined with her tenacity in solving multifaceted problems and drive to provide exceptional leadership across the organization are invaluable to Los Alamos County.

Juan Rael, Deputy County Manager

Juan Rael, P.E. is an experienced professional with extensive leadership experience across both the public and private sectors. He has been with Los Alamos County since 2018, serving in various roles with increasing responsibility. Prior to being selected as Deputy County Manager, Juan served as the Public Works Director. In this role, he managed a substantial operational budget and a large staff, demonstrating his expertise in team leadership, budget oversight, and community engagement. Prior to joining Los Alamos County, Juan held key positions at the New Mexico Department of Transportation, where he oversaw multi-million-dollar federal and state projects and contributed to the success of several complex initiatives. He previously worked for

private engineering firms in Southern California and Albuquerque, where he oversaw several projects at LANL.

Juan is a licensed professional engineer and holds a degree in Civil Engineering. He is committed to continuously improving processes and services for the community. Juan is an active member of several professional organizations and is a graduate of Leadership Los Alamos, reflecting his dedication to both personal and professional development.

Helen M. Perraglio, Administrative Services Department Director

Helen M. Perraglio, CPA, serves as the Administrative Services Department Director for Los Alamos County, overseeing the Finance, Procurement, and Information Management Divisions. A Summa Cum Laude graduate of the University of New Mexico with a BBA in Accounting, Helen began her career as a Certified Public Accountant auditing governmental entities and financial institutions. With more than 20 years of experience in governmental accounting, financial oversight, and compliance with Governmental Accounting Standards Board (GASB) requirements, she provides strategic financial direction for a total County budget exceeding \$370 million, including the \$108.7 million Joint Utilities Fund. Helen leads the County's budget development process and long-range financial projections for approximately \$260 million in governmental and enterprise funds, ensuring fiscal sustainability and policy alignment. Under her leadership, Los Alamos County's Finance Division has earned multiple Government Finance Officers Association (GFOA) Triple Crown Honors for excellence in financial reporting, budgeting, and transparency. Helen's leadership is further distinguished by her national recognition from the Association of Government Accountants and Humans of Public Service for outstanding contributions to public sector excellence. A native of Northern New Mexico, she remains deeply engaged in her community, serving as a Commissioner of her local Acequia and an advocate for traditional water rights and cultural preservation.

Mrs. Melissa Dadzie, Chief Financial Officer

Mrs. Melissa Dadzie is a Certified Government Financial Manager and a Certified Fraud Examiner. She holds a Bachelor's Degree in Accounting as well as a Master of Accountancy and has over 19 years of extensive experience in government finance operations, which includes examining operations and procedures, formulating policies, and developing and implementing new strategies to better serve the needs of the County.

Michael D. Redondo, County Clerk

Michael Redondo was raised in Los Alamos, and has dedicated his career to public service. He served as a Peace Corps Volunteer in the Republic of Panama. He holds a Master's Degree in Community and Regional Planning from the University of New Mexico. Prior to being elected to the position of County Clerk he served 4 and a half years as the Los Alamos County Probate Judge. He was elected to the position of County Clerk in November 2024 and took office in January 2025.

J. Alvin Leaphart, County Attorney

Alvin Leaphart has practiced law for over 25 years with the past 15 years devoted almost entirely to representing local governments. He holds a Juris Doctorate from Georgia State University College of Law and is licensed to practice law in New Mexico and Georgia. He has been the County Attorney for Los Alamos since 2017 and prior to that was the City Attorney for the City of Statesboro, Georgia from 2011 until 2017 where he established an internal legal department for the City. Mr. Leaphart has significant experience in all areas of municipal law including public private partnerships and other development projects involving local governments. While at Los Alamos County, Mr. Leaphart and his office have been instrumental in projects under New Mexico's Local Economic Act Development Act, the Metropolitan Redevelopment Act, and the Affordable Housing Act. Mr. Leaphart has significant experience working with outside bond counsel and financial teams where debt issuance by the local government is warranted. Mr. Leaphart is the co-State Chair for New Mexico in the International Municipal Lawyers Association and is past president of the New Mexico Municipal Attorneys Association (2019-2020). Mr. Leaphart also has significant trial and appellate experience in both state and federal court.

Other Employees

In 2025 the County had approximately 775 employees.

Retirement Plan

The County participates in a pension plan organized on a statewide basis and operated by the State of New Mexico. The Public Employees' Retirement Association of New Mexico (the "Plan"), established by Chapter 167, Laws of 1947, New Mexico Statutes Annotated, 1978 Compilation, as amended, requires contributions, computed as a percentage of salary, from both employee and employer for all full-time employees. The majority of State and municipal employees in New Mexico participate in the Plan. The Plan requires contributions by the County and by employees at rates established by statute.

In addition to retirement benefits, the Plan provides disability benefits, surviving spouse and children's benefits, deferred benefits option and cost of living adjustments for all eligible participants. The County contributed \$8,423,840 to the Plan and employer-paid member benefits that were "picked up" by the County were \$3,086,447 for the Fiscal Year ended June 30, 2024. The County's liability under the Plan is limited to the periodic employer contributions that it is required to make for its participating employees. Future deficits of the Plan are expected to be financed by the State. For additional information regarding the Plan, please refer to Note 8(A) to the County's audited financial statements.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 requires cost-sharing employers, such as the County, to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. Statement No. 68 was effective for fiscal years beginning after June 15, 2014. Detailed information about the County's proportionate share of net pension liability appears in the Annual Comprehensive Financial Report (ACFR) of the County for the Fiscal Year Ended June 30, 2025, attached as Appendix A to this Official Statement. *See "Required Supplementary Information", pp. 145-149.*

All County employees (except those classified as casual, temporary, or elected officials) also participate in a single-employer defined contribution plan (the “County Plan”) administered under authority of the County Council. The County Plan requires the County to contribute bi-weekly an amount equal to 9.0 percent of the compensation paid to all participating employees. Participants are required to contribute bi-weekly an amount equal to 1.0 percent of their individual compensation. The amount contributed by the participant, and four ninths of the amount contributed by the County, are vested immediately. Five ninths of the amount contributed by the County is subject to a seven-year step-vesting schedule. Participants are not allowed to make voluntary contributions to the Plan. Changes to provisions of the County Plan require approval by the County Council. The County contributed \$5,884,036 to the County Plan for the Fiscal Year ended June 30, 2024 (consisting of \$588,377 paid by employees, and \$5,295,659 by the County). In accordance with the County Plan, forfeitures of unvested participant balances are used to reduce the County's contributions. Additional information about the County Plan appears in Note 8(B) to the County's audited financial statements for the Fiscal Year ended June 30, 2024.

The County offers other post-employment benefits through the Retiree Health Care Fund, a cost-sharing multiple employer defined benefit plan administered by the New Mexico Retiree Healthcare Authority. This plan is used to provide post-employment health insurance benefits for eligible employees and their dependents. The contribution requirements are established by and may be amended by the statute. The County's contribution to the fund for Fiscal Year 2024 was \$1,270,723. Additional information regarding the post-employment benefit plan appears in Note 8(D) to the County's audited financial statements for the Fiscal Year ended June 30, 2024.

County Investment Policy

The County Code establishes the types of investments permitted by the County. Permitted investments are U.S. government obligations; bonds or negotiable securities of the State or of any county, municipality or school district within the State; time deposits in a qualified financial institution; interest-bearing checking accounts in qualified financial institutions; time deposits or interest-bearing checking accounts in any nonqualified financial institution up to the amount of federal deposit insurance coverage; the State treasurer's local short-term investment fund; the State investment council's long-term investment funds; and repurchase agreements in limited circumstances. The County's investment policy provides additional limitations and requirements regarding duration, diversification, and collateralization.

County Budgets

The County adheres to the following procedure in establishing its annual budget: the County staff prepares a budget which is forwarded to the Governing Body in April for the fiscal year commencing the following July 1; public input is sought by the Governing Body during the months of April and May in public hearings; the budget is approved by the Governing Body and forwarded for approval to the State of New Mexico, Local Government Division of the Department of Finance and Administration.

The operating budget includes proposed expenditures and the means of financing them.

The County Administrator is authorized to transfer budgeted amounts within a department, but she must obtain approval of the Governing Body for any increase or any changes that transfer between

departments or funds. As a management control device, the County employs formal budgetary integration at the line item level.

Deficit financing is not permitted under New Mexico law. The level of classification detail at which expenditure may not legally exceed appropriation for each budget item is the fund level (i.e., General, Joint Utilities System, etc.).

Education

Los Alamos Public Schools

The Los Alamos Public School District is a political subdivision of the State organized for the purpose of operating and maintaining an education program for school-age children residing within its boundaries. Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover approximately 112 square miles with an estimated population of 19,000. The District operates 7 school sites - 5 elementary schools, 1 middle school and 1 high school.

University of New Mexico - Los Alamos

The University of New Mexico - Los Alamos ("UNM Los Alamos") is a co-educational university offering bachelor degrees in university studies, medical laboratory services, computer science, dental hygiene, emergency medical services, nursing, communication, radiologic sciences, and technology and training. In addition, UNM Los Alamos offers 6 certificate programs and 16 associate degree programs. UNM Los Alamos also has partnership programs with Los Alamos National Laboratories, including contract training, and a program through which students may work at Los Alamos National Laboratories while completing a certificate or associate degree at UNM Los Alamos. With an average class size of 10 students and student to faculty ratio of 9 to 1, UNM Los Alamos is known for its small classes and dedicated instructors and staff.

Transportation

The County is served by interstate highways and county roads along with Atomic City Transit, a public transportation service operated by the Los Alamos County Transportation Division. The State provides a Park and Ride commuter bus service within the region, and a regional transit authority serving Los Alamos, Santa Fe and Rio Arriba counties has been formed and is supported by a regional transit district gross receipts tax.

Labor Force and Percent Unemployed

Historically, the unemployment rates for the County have been lower than the State and national levels. The following table provides a ten year history of labor force and unemployment rates for the County, the State and the United States.

| Year ⁽¹⁾ | Los Alamos County | | State of New Mexico | | U.S. |
|---------------------|-------------------|--------------|---------------------|--------------|--------------|
| | Labor Force | % Unemployed | Labor Force | % Unemployed | % Unemployed |
| 2025 ⁽²⁾ | 14,017 | 1.80% | 985,573 | 4.30% | 4.30% |
| 2024 | 13,836 | 1.80% | 983,093 | 4.10% | 3.63% |
| 2023 | 13,188 | 1.60% | 968,711 | 3.70% | 3.80% |
| 2022 | 11,812 | 1.90% | 948,382 | 4.10% | 5.40% |
| 2021 | 11,121 | 2.90% | 941,776 | 7.10% | 8.10% |
| 2020 | 10,841 | 3.20% | 930,743 | 7.90% | 3.70% |
| 2019 | 10,661 | 2.90% | 956,965 | 5.00% | 3.50% |
| 2018 | 10,175 | 3.00% | 945,023 | 4.90% | 4.40% |
| 2017 | 10,246 | 3.40% | 945,920 | 6.10% | 4.90% |
| 2016 | 9,884 | 3.90% | 945,359 | 6.80% | 5.30% |

⁽¹⁾ Figures are annual averages.

⁽²⁾ Data for August 2025; figures are preliminary.

Source: U.S. Bureau of Labor Statistics, December 2025.

Major Employers

The largest employers in the County are set forth below. No independent investigation into their affairs has been made and consequently there can be no representation as to the stability or financial condition of the companies listed hereafter, or the likelihood that such companies will maintain their status as major employers in the area.

| Employer | Type | Number of Employees | % of County Employment |
|--------------------------------|------------------------|---------------------|------------------------|
| Los Alamos National Laboratory | Research & Development | 17,438 | 64.09% |
| Los Alamos County | Government | 773 | 3.68% |
| Los Alamos Public Schools | Education | 725 | 4.40% |
| N3B Los Alamos | Legacy Waste Cleanup | 650 | 4.01% |
| Other | | <u>2,671</u> | <u>23.82%</u> |
| Total workforce | | 22,257 | 100.00% |

Source: Los Alamos County's Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2024.

Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by Nielsen Solution Center. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance.

Percent of Household by Effective Buying Income

| Effective Income | Buying | Los Alamos | New Mexico | United States |
|--------------------------------------|--------|------------|---------------|------------------|
| Under \$25,000 | | 4.81% | 20.17% | 14.69% |
| \$25,000 - \$34,999 | | 3.47% | 8.55% | 6.95% |
| \$35,000 - \$49,999 | | 3.62% | 11.81% | 10.40% |
| \$50,000 - \$74,999 | | 7.42% | 16.44% | 15.65% |
| \$75,000 and over | | 80.68% | 43.03% | 52.31% |
| 2021 Est. Median Household Income | | \$122,545 | \$49,648 | \$67,086 |
| 2022 Est. Median Household Income | | \$135,929 | \$55,028 | \$72,191 |
| 2023 Est. Median Household Income | | \$137,691 | \$57,526 | \$73,336 |
| 2024 Est. Median Household Income | | \$136,396 | \$60,813 | \$75,780 |
| 2025 Est. Median Household Income | | \$150,175 | \$63,588 | \$78,426 |

Source: *Spotlight, December 2025.*

Age Distribution

The following table sets forth a comparative age distribution profile for Los Alamos County, the State of New Mexico and the United States.

Percent of Population

| Age | Los Alamos County | State of New Mexico | United States |
|--------------|-------------------|---------------------|---------------|
| 0-17 | 19.60% | 20.74% | 21.03% |
| 18-24 | 7.78% | 9.95% | 9.63% |
| 25-34 | 12.60% | 12.97% | 13.20% |
| 35-44 | 14.19% | 12.92% | 13.19% |
| 45-54 | 12.26% | 11.24% | 12.05% |
| 55 and older | 33.57% | 32.18% | 30.90% |

Source: *Spotlight, December 2025.*

Population

The following chart sets forth historical and current population data for Los Alamos County and the State.

| Year | Los Alamos County | % Change | State of New Mexico | % Change |
|---------------------|-------------------|----------|---------------------|----------|
| 1970 | 15,198 | 20.43% | 1,017,055 | 6.94% |
| 1980 | 17,599 | 15.80% | 1,303,143 | 28.13% |
| 1990 | 18,115 | 2.93% | 1,515,069 | 16.26% |
| 2000 | 18,343 | 1.26% | 1,826,280 | 20.54% |
| 2010 | 17,947 | -2.16% | 2,059,174 | 12.75% |
| 2020 | 19,419 | 8.20% | 2,117,522 | 2.83% |
| 2025 ⁽¹⁾ | 19,587 | 0.87% | 2,117,805 | 0.01% |
| 2029 ⁽²⁾ | 19,989 | 2.05% | 2,136,623 | 0.89% |

⁽¹⁾ Estimates.

⁽²⁾ Projected.

Source: *Spotlight*, December 2025

Historical General Fund Balance Sheet and Revenues, Expenditures and Changes in Fund Balance

The following Historical General Fund Balance Sheet and Statement of Historical Revenues, Expenditures and Changes in Fund Balances have been included herein for informational purposes only. Figures were taken from the audit reports prepared by the County's independent auditors. Audited figures are excerpts of the audit reports and do not purport to be complete. Reference is made to the complete audit reports which are available upon request. The County has not requested the consent of Hinkle + Landers, P.C., which performed the audits of the County's Financial Statements, to the inclusion of the audit reports and excerpts thereof in this Official Statement, and the auditors have not conducted a post-audit review of those Financial Statements.

Historical General Fund Balance Sheet (Unaudited)

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Equity in pooled cash and investments | \$ 71,699,250 | \$ 79,144,405 | \$ 61,696,959 | \$ 46,865,792 | \$ 39,620,470 |
| Investments | 1,702,209 | 1,510,802 | 1,294,803 | 1,136,583 | 1,386,458 |
| Receivables, net of allowance for uncollectibles | | | | | |
| Accounts | 193,041 | 1,736,896 | 1,560,082 | 1,222,239 | 177,600 |
| Interest | 1,085,745 | 961,731 | 443,237 | 237,020 | 155,231 |
| Property taxes | 213,471 | 155,618 | 162,840 | 126,647 | 120,212 |
| Leases | 20,789,327 | 21,054,666 | 21,312,955 | ** | ** |
| Loans receivable, net of discounts/ reserve for loan losses | 0 | 0 | 0 | 0 | 0 |
| Due from other governments | 14,694,491 | 14,288,388 | 14,086,137 | 10,544,917 | 7,548,069 |
| Due from other funds | 6,714,123 | 6,333,142 | 2,350,367 | 2,100,751 | 1,472,438 |
| Inventories and prepayments | | | | | |
| Inventories | 574,735 | 599,630 | 715,666 | 777,741 | 757,037 |
| Prepayments | 8,553 | 8,458 | 8,591 | 8,793 | 8,388 |
| Advances to other funds | 146,799 | 146,799 | 146,799 | 146,799 | |
| Restricted assets | | | | | |
| Cash and cash equivalents | | | | | 0 |
| Debt reserves and debt service | 0 | 0 | 0 | 0 | 0 |
| TOTAL ASSETS | \$ 117,821,744 | \$ 125,940,535 | \$ 103,778,436 | \$ 63,167,282 | \$ 51,392,702 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 2,039,186 | \$ 2,054,372 | \$ 2,340,959 | \$ 1,477,250 | \$ 2,032,301 |
| Accrued salaries and benefits payable | 2,188,757 | 1,911,732 | 1,580,803 | 1,613,723 | 1,272,185 |
| Customer deposits payable | 84,765 | 83,553 | 85,371 | 115,053 | 141,152 |
| Due to other funds | 145,319 | 123,494 | 79,649 | 248,150 | 233,973 |
| Unearned revenue | 109,133 | 248,528 | 211,552 | 159,370 | 15,713 |
| TOTAL LIABILITIES | 4,567,160 | 4,421,679 | 4,298,334 | 3,613,546 | 3,695,324 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Federal and State Grants (unavailable) | | | 20,382 | 53,393 | 0 |
| Deferred leases | 19,878,138 | 20,368,071 | 20,858,003 | ** | ** |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 19,878,138 | 20,368,071 | 20,878,385 | 53,393 | 0 |
| FUND BALANCE | | | | | |
| Nonspendable | | | | | |
| Principal- Capital projects | 0 | 0 | 0 | ** | ** |
| Principal- Perpetual care | 1,082,356 | 1,013,674 | 965,494 | 930,529 | 889,276 |
| Advances | 146,799 | 146,799 | 146,799 | 146,799 | 146,799 |
| Inventories | 574,735 | 599,630 | 715,666 | 777,741 | 757,037 |
| Leases | 911,189 | 462,212 | 454,952 | ** | ** |
| Prepaid items | 8,553 | 8,457 | 8,591 | 8,793 | 8,388 |
| Restricted for | | | | | |
| Clerk records and files (State law) | 0 | 0 | 0 | 0 | 0 |
| Debt service- bonds and loans | 0 | 0 | 0 | 0 | 0 |
| Grants (Granting entities) | 0 | 0 | 0 | 0 | 0 |
| Library operations | 155,371 | 127,548 | 79,071 | 177,273 | 133,611 |
| (County code and contributors) | | | | | |
| Lodgers' tax (State law) | 0 | 0 | 0 | 0 | 0 |
| Health care claims (State law) | 0 | 0 | 0 | 0 | 0 |
| Municipal court | 0 | 0 | 0 | 0 | 0 |
| (County code, State law) | | | | | |
| Property tax valuation (State law) | 0 | 0 | 0 | 0 | 0 |
| Recreation | 0 | 0 | 0 | 0 | 0 |
| (County code and contributors) | | | | | |
| LG Abatement | 0 | 0 | 0 | 0 | 0 |
| (State litigation settlement) | | | | | |
| Income stabilization (County code) | 0 | 0 | 0 | 0 | 0 |
| Major street maintenance (State law) | 0 | 0 | 0 | 0 | 0 |
| Cash requirements (State law) | 13,412,900 | 12,844,020 | 10,100,801 | 9,050,063 | 7,941,250 |
| Committed to | | | | | |
| Art in public places (County code) | 0 | 0 | 0 | 0 | 0 |
| Assigned for | | | | | |
| Capital projects | 0 | 0 | 0 | 0 | 0 |
| Fire services | 381,819 | 373,192 | 2,252,732 | 1,957,474 | 1,692,337 |
| Continuing appropriations | 7,043,414 | 17,596,632 | 11,859,960 | 9,845,356 | 7,736,482 |
| Economic development | 0 | 0 | 0 | 0 | 0 |
| Emergency response and recovery | 0 | 0 | 0 | 0 | 0 |
| Unassigned | 69,376,446 | 67,978,621 | 52,017,651 | 36,606,315 | 27,392,196 |
| TOTAL FUND BALANCE (deficit) | 93,376,446 | 101,150,785 | 78,601,717 | 59,500,343 | 47,697,378 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | \$ 117,821,744 | \$ 125,940,535 | \$ 103,778,436 | \$ 63,167,282 | \$ 51,392,702 |
| INFLOWS OF RESOURCES, AND FUND BALANCE | | | | | |
| *Unaudited. | | | | | |

** Line item not included in audited financial statements.

***Figure includes line item for Unearned Revenue, omitted from audited financial statements for Fiscal Years ending on June 30 of 2021 through 2024.

Historical Revenues, Expenditures and Changes in Fund Balance (Unaudited)

Footnotes appear below the table.

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|--|--------------------|--------------------|--------------------|-------------------|-------------------|
| REVENUES | | | | | |
| Taxes | | | | | |
| Property taxes-current | \$9,450,982 | \$ 9,115,079 | \$ 8,630,254 | \$ 8,262,390 | \$ 8,025,363 |
| Local units in-lieu taxes | 403,342 | 398,681 | 356,356 | 553,651 | 382,647 |
| Gross receipts taxes | 51,327,769 | 60,893,208 | 54,308,489 | 41,487,425 | 32,405,230 |
| Lodgers' tax | 0 | 0 | 0 | 0 | 0 |
| Franchise tax- privately owned | 131,787 | 143,420 | 185,499 | 123,109 | 147,857 |
| Franchise tax- County owned | 491,196 | 471,367 | 484,362 | 403,821 | 385,991 |
| Penalties and interest-taxes | 68,567 | 81,322 | 60,911 | 53,444 | 34,303 |
| | 61,873,643 | 71,113,077 | 64,025,871 | 50,883,840 | 41,381,391 |
| Licenses and permits | | | | | |
| Business | 36,665 | 40,580 | 36,468 | 40,280 | 39,420 |
| Nonbusiness | 298,401 | 299,941 | 323,429 | 269,727 | 520,649 |
| | 335,066 | 340,521 | 359,897 | 310,007 | 560,069 |
| Intergovernmental | | | | | |
| Federal direct ⁽¹⁾ | 110,673 | 3,146 | 976 | 0 | 3,290 |
| Federal indirect | 396,608 | 339,848 | 398,463 | 448,669 | 353,919 |
| Federal shared revenues | 2,302 | 4,275 | 4,735 | 4,909 | 3,700 |
| Federal in lieu taxes | 446,640 | 436,040 | 409,365 | 392,379 | 381,857 |
| State grants-fire | 0 | 0 | 0 | 0 | 0 |
| State grants-library | 15,431 | 29,839 | 29,692 | 29,537 | 36,740 |
| State grants-major street maintenance ⁽¹⁾ | 0 | ** | 0 | 0 | 0 |
| State grants- police | 265,375 | 189,775 | 140,464 | 168,581 | 173,194 |
| State grants- other | 593,811 | 368,861 | 372,673 | 214,614 | 169,618 |
| State shared revenues | 30,021,555 | 37,553,397 | 33,328,578 | 24,116,547 | 23,359,998 |
| | 31,852,395 | 38,925,181 | 34,684,946 | 25,375,236 | 24,482,316 |
| Fines and forfeitures | | | | | |
| Fines | 20,276 | 28,363 | 21,136 | 30,829 | 36,457 |
| Correction fees | 3,060 | 11,292 | 15,114 | 26,033 | 25,948 |
| Special fees | 3,305 | 4,546 | 4,968 | 6,800 | 9,811 |
| Court-ordered reimbursements | 13,442 | 19,757 | 21,098 | 29,712 | 38,637 |
| Non-judicial fines and forfeitures | 0 | 1,360 | 130 | 606 | 455 |
| | 40,083 | 65,318 | 62,436 | 93,980 | 111,318 |
| Charges for services ⁽²⁾ | 1,113,687 | 1,251,100 | 1,198,105 | 1,188,249 | 1,140,994 |
| Interdepartmental charges | 12,331,643 | 12,426,680 | 9,313,081 | 8,826,224 | 8,004,968 |
| Miscellaneous revenue | | | | | |
| Investment income (loss) | 9,224,975 | 7,764,377 | 2,406,068 | (5,846,777) | 3,759,778 |
| Interest charges-delinquent accounts | 0 | 133 | 181 | 1,147 | 537 |
| Building rental | 185,325 | 208,259 | 211,648 | 131,535 | 335,962 |
| Land rental | 613,960 | 506,722 | 562,631 | 447,001 | 412,998 |
| Miscellaneous rentals | 128,617 | 195,573 | 220,285 | 174,701 | 17,749 |
| Pension forfeitures | 397,139 | 205,480 | 126,509 | 273,138 | 66,410 |
| Econ Development loan Principal and interest | 0 | 0 | 0 | 0 | 0 |
| Donations | 45,585 | 40,200 | 30,075 | 34,490 | 25,480 |
| Other judgments and settlements | 0 | 1,283,183 | 0 | 10,699,235 | ** |
| Other | 221,530 | 102,752 | 196,611 | 210,412 | 48,322 |
| | 10,817,131 | 10,306,679 | 3,754,008 | 6,120,882 | 4,667,236 |
| TOTAL REVENUES | 118,363,648 | 134,428,556 | 113,398,344 | 92,798,418 | 80,348,292 |
| EXPENDITURES | | | | | |

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|------------------------|
| Current expenditures: | | | | | |
| General Government | | | | | |
| County Council | 362,346 | 357,013 | 382,989 | 345,534 | 419,664 |
| Municipal Court | 685,992 | 673,635 | 592,873 | 577,306 | 533,238 |
| County Manager | 3,673,745 | 4,043,290 | 2,689,400 | 2,038,208 | 1,787,609 |
| County Manager-Communications/Public Relations | 727,090 | 599,398 | 532,043 | 383,059 | 426,021 |
| County Manager- HR | 2,017,520 | 1,864,272 | 1,842,912 | 1,364,236 | 1,352,183 |
| County Assessor | 649,572 | 627,108 | 542,227 | 457,493 | 436,040 |
| County Attorney | 1,282,449 | 1,403,374 | 1,122,158 | 1,833,771 | 910,092 |
| County Clerk | 1,139,428 | 954,020 | 759,949 | 707,094 | 672,865 |
| Probate Clerk | 5,413 | 5,649 | 5,973 | 5,606 | 5,004 |
| County Sheriff | 17,133 | 16,830 | 16,537 | 8,804 | 8,361 |
| Administrative Services | 10,330,564 | 11,039,410 | 9,641,538 | 8,438,840 | 7,922,346 |
| Public Works | 10,809,543 | 10,578,939 | 11,136,299 | 7,818,160 | 7,406,389 |
| | 31,700,795 | 32,162,938 | 29,254,898 | 23,978,111 | 21,878,812 |
| | | | | | |
| Public safety | | | | | |
| Fire Dept.-County share | 9,022,787 | 9,238,278 | 7,846,815 | 7,305,829 | 6,584,108 |
| Fire Marshall | 0 | 0 | 0 | 0 | 0 |
| Fire Mitigation | 102,136 | ** | 10,745 | 3,600 | 19,804 |
| Fire-EMS | 912,478 | 670,385 | 688,604 | 589,054 | 478,712 |
| Police | 14,193,932 | 12,971,956 | 10,724,126 | 9,461,605 | 8,843,280 |
| | 24,231,333 | 22,880,619 | 19,270,290 | 17,360,088 | 15,925,904 |
| Physical/economic environment | | | | | |
| Economic development | 1,437,573 | 1,328,062 | 1,148,101 | 773,421 | 368,374 ⁽³⁾ |
| Community development | 1,878,075 | 2,217,532 | 2,014,426 | 1,952,377 | 1,940,765 |
| | 3,315,648 | 3,545,594 | 3,162,527 | 2,725,798 | 2,309,139 |
| Transportation | | | | | |
| Public Works | 5,141,831 | 6,101,937 | 4,074,156 | 3,673,960 | 3,957,613 |
| | | | | | |
| Health and welfare | | | | | |
| Community/Social Services | 3,308,708 | 2,779,874 | 2,399,166 | 2,390,269 | 2,038,052 |
| | | | | | |
| Culture and recreation | | | | | |
| Community Services-Admin | 1,523,939 | 1,351,447 | 1,517,587 | 1,611,891 | 1,238,538 |
| Community Svcs- Library | 3,475,485 | 3,129,170 | 2,536,783 | 2,529,630 | 2,314,574 |
| Community Svcs- Parks | 3,631,837 | 3,139,975 | 2,510,732 | 2,216,735 | 2,229,939 |
| Community Svcs- Recreation | 4,431,846 | 4,099,151 | 3,443,726 | 2,936,383 | 2,661,165 |
| | 13,063,107 | 11,719,743 | 10,008,828 | 9,294,639 | 8,491,216 |
| Capital outlay: | | | | | |
| General government | | | | | |
| Administrative Services | 4,741,058 | 1,474,039 | 300,611 | 0 | 22,461 |
| Community/Econ Dev. | 0 | 0 | 0 | 0 | ** |
| Public Works | 106,702 | 35,109 | 0 | 20,098 | ** |
| County Clerk | 38,611 | 7,983 | 119,589 | 6,404 | 54,944 |
| | | | | | |
| Public safety | | | | | |
| Fire | 0 | 21,158 | 0 | 0 | 0 |
| Police | 0 | 774,974 | 702,909 | 106,472 | 190,649 |
| Emergency response | 742,149 | 157,618 | 75,347 | 264,613 | 51,616 |
| Economic environment.-Community/Economic Dev. | | 11,725 | 0 | ** | ** |
| Transportation | | | | | |
| Public Works | 153,296 | 31,454 | 44,360 | 0 | 32,479 |
| Health and welfare-Community Services | 77,665 | 70,942 | 49,126 | ** | ** |
| Culture and recreation | | | | | |
| Community Services | 258,312 | 161,296 | 508,988 | 54,749 | 0 |
| | 6,276,784 | 2,746,298 | 1,800,930 | 452,336 | 352,149 |
| | | | | | |
| Debt Service⁽⁴⁾ | | | | | |
| Principal | 0 | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| | | | | | |

| | | | | | |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
| TOTAL EXPENDITURES | <u>\$87,038,286</u> | <u>\$ 81,937,003</u> | <u>\$ 69,970,795</u> | <u>\$ 59,875,201</u> | <u>\$ 54,953,885</u> |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES | 31,325,362 | 52,491,553 | 43,427,549 | 32,923,217 | 25,394,407 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 5,385,274 | 3,263,000 | 4,046,113 | 2,993,718 | 2,190,000 |
| Transfers out | (46,663,259) | (33,205,485) | (28,630,963) | (24,113,970) | (22,454,140) |
| SBITAs | 1,426,268 | ** | ** | ** | ** |
| Leases | 752,016 | ** | ** | ** | ** |
| | <u>(39,099,701)</u> | <u>(29,942,485)</u> | <u>(24,484,850)</u> | <u>(21,120,252)</u> | <u>(20,265,140)</u> |
| NET CHANGE IN FUND BALANCE | (7,774,339) | 22,549,068 | 18,842,699 | 11,802,252 | 5,130,267 |
| NET CHANGE IN FUND BALANCE- beginning of fiscal year | <u>101,150,785</u> | <u>78,601,717</u> | <u>59,500,343</u> | <u>47,697,378</u> | <u>42,567,111</u> |
| FUND BALANCE- END OF FISCAL YEAR | <u>\$ 93,376,446</u> | <u>\$ 101,150,785</u> | <u>\$ 78,601,717</u> | <u>\$ 59,500,343</u> | <u>\$ 47,697,378</u> |
| | | | | | |
| | | | | | |

(1) ** denotes that line item was not included in the financial statements for corresponding fiscal year.

(2) Charges for services include Court fees, Clerk fees, Planning fees, Finance/treasurer fees, Administrative charges for services, Sales of food or merchandise, Other charges for services, Sheriff fees, Police charges for services, Cemetery services, Perpetual care services, Animal shelter fees, Recreation fees, and annual daily and punch passes.

(3) Line item labeled "County Manager" in Fiscal Years 2020 and 2021.

(4) The County does not account for debt service in the General Fund. Pledged gross receipts tax revenue is deposited to special debt service funds maintained as separate funds from the General Fund, and transfers for payment of debt service are recorded in connection with each debt service fund. Transfers from the Gross Receipts Tax Revenue Bond Debt Service Fund to pay principal and interest on the Series 2013 Bonds outstanding as of June 30, 2025 were as follows:

| | FY 2025 | FY 2024 | FY 2023 | FY 2022 | FY 2021 |
|-----------|----------------|----------------|------------------|------------------|------------------|
| Principal | \$3,905,000 | \$3,720,000 | \$3,545,000 | \$3,380,000 | \$3,215,000 |
| Interest | <u>644,159</u> | <u>830,159</u> | <u>1,007,409</u> | <u>1,176,409</u> | <u>1,337,159</u> |
| Total | \$4,549,159 | \$4,550,159 | \$4,552,409 | \$4,556,409 | \$4,552,159 |

Other County Obligations

The table below summarizes all outstanding revenue bond obligations of the County as of June 30, 2025:

| <u>Description</u> | <u>Original Amount</u> | <u>Outstanding at June 30, 2025</u> | <u>Final Maturity Date</u> | <u>Security</u> |
|---|----------------------------|---|------------------------------------|---|
| GRT Revenue Bonds 2008/2013 (public projects, facilities, public works, parks and recreation, community services) | \$75,000,000 | \$12,760,000 | 2028 | Pledged Revenues |
| Utilities System Revenue Bonds – 2014 A & B (joint utility system projects) | \$21,690,00 | \$4,785,000 | 2035 | Net revenues of the Joint Utility System |
| Utility System Revenue Bonds - 2010 Series (low flow turbine addition and other systems improvements) | \$13,085,000 | \$4,935,000 | 2030 | Net revenues of the Joint Utility System |
| New Mexico Environment Department Loan – 2005 & 2022 (funding of wastewater treatment facility) | \$20,614,786 | \$9,992,526 | 2045 | Net revenues of only the Wastewater subfund |
| New Mexico Environment Department Loan - 2022 (funding of wastewater treatment facility) | \$25,000,000 | \$24,615,451 | 2042 | Net revenues of the Joint Utility System |
| New Mexico Finance Authority Loan – 2015- 2023 (funding of water and wastewater system improvements) | \$ 11,104,462 | \$7,445,040 | 2050 | Net revenues of the Joint Utility System |
| New Mexico Finance Authority Loan – 2007 (funding of solid waste transfer station) | \$4,331,349 | \$2,549,460 | 2035 | Municipal Environmental Services Gross Receipts Tax revenues |

LITIGATION AND INSURANCE

There is no action, suit, proceeding, inquiry, investigation or controversy of any nature pending, or to the County's knowledge threatened, involving the County (i) in any way questioning (A) the authority of any officer of the County to exercise the duties and responsibilities of his or her office or (B) the existence, powers or authority of the County material to the Bonds or the security for the Bonds; (ii) seeking to restrain or enjoin the issuance, sale, execution or delivery of, or the performance by the County of its obligations under, the Bonds; (iii) in any way contesting or affecting (A) the issuance, sale, execution or delivery of the Bonds or (B) the validity or enforceability of the Bonds, any of the documents relating to the Bonds or any action contemplated by or pursuant to any of the foregoing; (iv) which, except as and to the extent disclosed below may result, either individually or in the aggregate, in final judgments against the County materially adversely affecting its financial condition; or (v) asserting that the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. On the Closing Date, the County will deliver a no-litigation certificate as to the foregoing.

The County maintains insurance on its assets and operations as is customary and adequate, in its opinion, for similar entities insuring similar operations and assets. The County carries insurance coverage for general and automotive liability, law enforcement liability, emergency medical malpractice, buildings and property, and errors and omissions with the New Mexico Self Insurer's Fund. There can be no assurance, however, that the County will continue to maintain the present level of coverage or that the insurance maintained will be sufficient.

TRANSCRIPT AND CLOSING STATEMENTS

A complete transcript of proceedings and a no-litigation certificate (described above under "LITIGATION AND INSURANCE") will be delivered by the County when the Bonds are delivered. The County will at that time also provide a certificate of the County relating to the accuracy and completeness of this Official Statement.

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "project," "budget," "plan" and similar expressions identify forward-looking statements.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COUNTY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS

EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

TAX EXEMPTION

General

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code (as defined below) for purposes of the federal alternative minimum tax; provided, however, for tax years beginning after December 31, 2022, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The County has made various representations and warranties with respect to, and has covenanted in the Bond Ordinance and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Before purchasing any of the Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Internal Revenue Service Audit Program

The Internal Revenue Service (the “Service”) has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is

includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the County as the taxpayer and the Bond owners may have no right to participate in such procedure. None of the Municipal Advisor, the Underwriter, or Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The County has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to become includable in gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the County, the Municipal Advisor, the Underwriters or Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

Original Issue Discount

The Bonds may be offered, in compliance with the Bond Ordinance, at a discount (“original issue discount”) equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

Original Issue Premium

The Bonds may be offered at a premium (“original issue premium”) over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holders' tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

FINANCIAL STATEMENTS

Appendix A contains the audited Financial Statements of the County for the fiscal year ended June 30, 2025. The Bonds are not payable from any revenues or funds of the County other than as set forth in the Official Statement. The financial statements are included for informational purposes only. The County has not requested the consent of Hinkle + Landers, P.C., which performed the audit of the County's financial statements, to the inclusion of the audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those Financial Statements.

LEGAL MATTERS

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, will render an opinion with respect to the validity of the Bonds and with respect to tax matters described above under “TAX MATTERS.” The proposed form of such opinion is attached hereto as Appendix B. Certain legal matters will be certified for the County by Alvin Leaphart, County Attorney. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as Special Counsel to the County in connection with the preparation of the Official Statement. Certain legal matters will be passed upon for the Underwriter by its counsel, Taft Stettinius & Hollister LLP (“Underwriter's Counsel”). Underwriter's Counsel has not participated in any independent verification of the information concerning the financial condition of the County contained in this Official Statement.

RATINGS

Moody's Investor's Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned municipal bond ratings of "____" and "____", respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from Moody's and S&P.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Bonds may have an adverse effect on the market price of the Bonds. The Underwriter has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the ratings on the Bonds, or to oppose any such proposed revision or withdrawal.

CONTINUING DISCLOSURE

The County will make a written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, Section 240.15c 2-12) (the "Rule"). A form of the Continuing Disclosure Undertaking is included as Appendix C to this Official Statement.

Compliance with Prior Undertakings

The County has previously entered into continuing disclosure agreements in accordance with SEC Rule 15c2-12 and, during the last five years, has complied in all material respects with those agreements other than as follows: The County did not timely report that it had received a rating upgrade on September 27, 2024 from Aa3 to Aa2 from Moody's on the Series 2013 Bonds.

UNDERWRITING

BofA Securities, Inc., as the Underwriter (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the County pursuant to a Bond Purchase Agreement dated _____, 2026 (the "Bond Purchase Agreement"), at a price of \$_____, which reflects the par amount of the Bonds (\$_____) (i) less original discount in the amount of \$_____, (ii) plus original issue premium in the amount of \$_____, and (iii) less an Underwriter's discount of \$_____. The Underwriter will be obligated to purchase all of the Bonds if any are purchased. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover of this Official Statement; however, the Bonds may be offered and sold to certain dealers (including the Underwriter and other dealers) at prices lower than the public offering prices and such public offering prices may be changed, from time to time, by the Underwriter.

No guaranty can be made that a secondary market for the Bonds will be established or maintained. Thus, prospective investors should be prepared to hold their Bonds to maturity. The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Underwriter has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"). As part of this arrangement, BofA Securities, Inc. may distribute securities to Merrill, which may in turn distribute such securities to investors through the financial advisor network of Merrill. As part of this arrangement, BofA Securities, Inc. may compensate Merrill as a dealer for their selling efforts with respect to the Series 2026 Bonds.

The Underwriter and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and their respective affiliates may have certain creditor and/or other rights against the County and its affiliates in connection with such activities. In the course of their various business activities, the Underwriter and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriter and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

ADDITIONAL INFORMATION

All of the summaries of the statutes, ordinances, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such document, copies of which are either publicly available or available for inspection during normal business hours at the offices of the County Administrator, 1000 Central Avenue, Suite 350, Los Alamos, New Mexico 87544 or at the offices of RBC Capital Markets, as Underwriter, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110.

OFFICIAL STATEMENT CERTIFICATION

As of the date hereof, to my knowledge and belief, this Official Statement is true, complete and correct in all material respects, and does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they are made, not misleading.

The preparation of this Official Statement and its distribution has been authorized by the Governing Body of the Incorporated County of Los Alamos.

INCORPORATED COUNTY OF LOS ALAMOS,
NEW MEXICO

By _____
Randall Ryti, Chairperson
County Council

ATTEST:

Michael D. Redondo,
County Clerk

APPENDIX A

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF LOS ALAMOS COUNTY, NEW MEXICO FOR THE YEAR ENDING JUNE 30, 2025

The County has not requested the consent of Hinkle + Landers, P.C., which performed the audit of the County's financial statements, to the inclusion of the audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those financial statements.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

_____, 2026

Incorporated County of Los Alamos
Los Alamos County, New Mexico

\$ _____
Incorporated County of Los Alamos, New Mexico
Gross Receipts Tax Improvement Revenue Bonds,
Series 2026

Ladies and Gentlemen:

We have acted as bond counsel to the Incorporated County of Los Alamos, New Mexico (the “County”) in connection with the issuance and sale of its \$ _____ Gross Receipts Tax Improvement Revenue Bonds, Series 20263 (the “Bonds”). The Bonds are issued pursuant to the Constitution and laws of the State of New Mexico (the “State”) and County Ordinance No. ____ adopted on _____, 2025, as supplemented by a Sale Certificate executed and delivered on _____, 2026 (together, the “Bond Ordinance”). Except as expressly defined herein, capitalized terms used herein have the same meanings as such terms have in the Bond Ordinance.

We have examined the laws of the State and the United States of America relevant to the opinions herein, and other proceedings and documents relevant to the issuance by the County of the Bonds. As to the questions of fact material to our opinion, we have relied upon representations of the County contained in the certified proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, and subject to the assumptions and qualifications set forth below, we are of the opinion that, under existing law on the date of this opinion:

1. The Bonds are valid and binding special, limited obligations of the County under and in accordance with the Bond Ordinance.
2. The Bond Ordinance has been duly authorized, executed and delivered by the County and the provisions of the Bond Ordinance are valid and binding on the County.
3. The Bonds are payable as to principal, interest and any prior redemption premium, solely from, and are secured by a pledge (but not an exclusive pledge) of Pledged Revenues of the County, as more fully described in the Bond Ordinance. The owners of the Bonds have no right to have taxes levied by the County for the payment of principal, interest and any prior redemption premium on the Bonds and the Bonds do not represent or constitute a debt or pledge of, or a charge against, the general credit of the County.
4. The Bond Ordinance creates the lien on the Pledged Revenues that it purports to create.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as a specific preference item in calculating the alternative minimum tax under the Code; provided, however, for tax years beginning after December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

6. The Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State.

The opinions set forth above in paragraph 5 are subject to continuing compliance by the County with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the County of the Bonds. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The opinions expressed herein are based upon existing legislation as of the date of issuance and delivery of the Bonds, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation.

The obligations of the County related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the County and the security provided therefor, as contained in the Bond Ordinance, may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of result.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences arising from the receipt or accrual or interest on, or the ownership of, the Bonds except those specifically addressed above.

Respectfully submitted

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$ _____ *

Incorporated County of Los Alamos, New Mexico
Gross Receipts Tax Improvement Revenue Bonds,
Series 2026

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO (the “County”) in connection with the issuance of the County's Gross Receipts Tax Improvement Revenue Bonds, Series 2026 (the “Series 2026 Bonds”). The Series 2026 Bonds are being issued pursuant to County Ordinance No. ____, as supplemented by a Sale Certificate executed and delivered on _____, 2026 (together, the “Bond Legislation”).

The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Undertaking is being executed and delivered by the County for the benefit of the Owners of the Series 2026 Bonds and in order to allow the Participating Underwriter (as defined by Rule 15c2-12) to comply with Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Legislation, which apply to any capitalized term used in this Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

(a) “Annual Financial Information” means the financial information or operating data with respect to the County, delivered at least annually pursuant to Sections 3(a) and 3(b), consisting of information of the type set forth in “PLEDGED REVENUES” in the Official Statement. Annual Financial Information will include Audited Financial Statements if available.

(b) “Audited Financial Statements” means the annual financial statements for the County, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time (“GAAP”), for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”), which financial statements have been prepared as may then be required or permitted by the laws of the State.

(c) “EMMA” means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System located on its website at emma.msrb.org.

(d) “Event” means any of the events listed in Section 4(a) of this Undertaking.

(e) “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board in compliance with the Rule.

(f) “MSRB” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia, 22314, phone (703) 797-6600 fax (703) 797-6708.

(g) “Official Statement” means the Official Statement dated April 29, 2025, delivered in connection with the original issue and sale of the Bonds.

(h) “Report Date” means the last business day of March of each year, beginning in 2026.

(i) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12), as the same may be amended from time to time.

(j) “SEC” means the United States Securities and Exchange Commission.

(k) “State” means the State of New Mexico.

Section 3. Provision of Annual Financial Information and Reporting of Event.

(a) The County or its designated agent will provide the Annual Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds are outstanding.

(b) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the County, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information. In such cases, Audited Financial Statements will be provided to EMMA when and if available.

(c) The County or its designated agent may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the County, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a “final official statement” within the meaning of the Rule, such final official statement must also be available from the MSRB.

(d) This paragraph (d) shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material, or tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bond, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an obligated

person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee, or a change of name of a trustee, if material;

(xv) the incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

(xvi) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(e) At any time the Bonds are outstanding, the County shall file, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, a notice of such occurrence with EMMA.

(f) At any time the Bonds are outstanding, the County shall provide to EMMA, notice in a timely manner not in excess of ten (10) business days after the occurrence of any failure of the County to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 3 hereof.

Section 4. Method of Transmission. Unless otherwise required by law, and subject to technical and economic feasibility, the County or its designated agent will employ such methods of electronic or physical information transmission as are requested or recommended from time to time by EMMA, the MSRB and the SEC.

Section 5. Enforcement. The obligations of the County under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the County to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The County's breach of its obligations under this Undertaking will not constitute an event of default under the Ordinance, and none of the rights and remedies provided by the Ordinance will be available to the Owners with respect to such a breach.

Section 6. Term. The County's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Ordinance; (ii) the date on which the County is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds. The County shall file a notice of any such termination with EMMA.

Section 7. Amendments. The County may amend this Undertaking from time to time, without the consent of any Owner, upon the County's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

(a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, a change in the identity, nature or status of the County or a change in the availability or character of financial information for the County;

(b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and

(c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Beneficiaries. This Undertaking binds and inures to the sole benefit of the County and the Owners and creates no rights in any other person or entity.

Section 9. Default; Remedy. A default under this Undertaking shall not be deemed an event of default under the Bond Legislation or the Series 2026 Bonds, and the sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

Section 10. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Dated as of _____, 2026

INCORPORATED COUNTY OF LOS ALAMOS,
NEW MEXICO

By: _____

Title: _____