

INCORPORATED COUNTY OF LOS ALAMOS ORDINANCE NO. 759

AMENDING AND REPLACING ORDINANCE NO. 741 ADOPTED BY THE INCORPORATED COUNTY OF LOS ALAMOS (THE "GOVERNMENTAL UNIT") ON MAY 20, 2025; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LOAN AND SUBSIDY AGREEMENT ("LOAN AGREEMENT") BY AND BETWEEN THE GOVERNMENTAL UNIT AND THE NEW MEXICO FINANCE AUTHORITY ("NMFA"), IN THE TOTAL AMOUNT OF \$3,252,000 ("LOAN"), EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A REVISED MAXIMUM REPAYABLE PRINCIPAL AMOUNT OF NO MORE THAN \$2,627,000, TOGETHER WITH INTEREST, EXPENSES AND ADMINISTRATIVE FEES FOR THE PURPOSE OF FINANCING THE COSTS OF PHASES II AND III OF THE DENVER STEELS WATERLINE REPLACEMENTS INCLUDING REPLACEMENT OF LEAD SERVICE LINES ("PROJECT"), AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN AGREEMENT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE LOAN SOLELY FROM THE NET REVENUES OF THE JOINT UTILITY SYSTEM OF THE GOVERNMENTAL UNIT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT.

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

WHEREAS, the NMFA is authorized, pursuant to the Drinking Water State Revolving Loan Fund Act, NMSA 1978, §§ 6-21A-1 through 6-21A-9, as amended (the "DWSRLF Act") to implement a program to permit qualified local authorities, such as the Governmental Unit, to enter into agreements with the NMFA to provide financial assistance in the acquisition, design, construction, improvement, expansion, repair and rehabilitation of drinking water supply facilities as authorized by the Safe Drinking Water Act of 1974 ("SDWA"); and

WHEREAS, the DWSRLF Act was adopted pursuant to the SDWA which authorizes the United States Environmental Protection Agency ("EPA") to set national based standards for drinking water and was originally passed by Congress in 1974 and amended in 1986, 1996, 2018 and 2021 with the passage of the Bipartisan Infrastructure Law, signed into law by President Biden on November 15, 2021 ("BIL"); and

WHEREAS, the BIL, also known as the Infrastructure Investment and Jobs Act was implemented with the purpose, among others, of expanding access to clean drinking water throughout the United States of America; and

WHEREAS, the BIL funds the Lead Service Line Replacement ("LSLR") program with the purpose of removing lead service lines from water systems under the SDWA which includes identification, planning, design and replacement, of lead service lines, corrosion control optimization, lead testing and education, and interim/emergency protocols; and

WHEREAS, the Governmental Unit enters into the Loan Agreement pursuant to the LSLR program authorized by the BIL; and

WHEREAS, the Governmental Unit is a legally and regularly created, established, duly organized and existing county under and pursuant to the laws of the State and more specifically, Article X, Section 5, of the New Mexico Constitution; and

WHEREAS, the Governing Body adopted the Original Ordinance on May 20, 2025, authorizing a Maximum Repayable Principal Amount of \$2,102,000; and

WHEREAS, the NMFA on May 28, 2026, approved an increase in the amount of \$525,000 in the Maximum Repayable Principal Amount; and

WHEREAS, the Original Ordinance shall hereby be amended to specify that the Maximum Principal Amount of \$3,252,000 shall now consist of a loan in the Maximum Repayable Principal Amount of \$2,627,000 and a Maximum Forgiven Principal Amount of \$625,000; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and the public it serves that the Loan Agreement be executed and delivered and that the financing of the Project take place by executing and delivering the Loan Agreement; and

WHEREAS, the NMFA will disburse the proceeds of the Loan for construction after determination by the NMFA, the New Mexico Environment Department (the "Department"), or other appropriate agency or entity on behalf of the NMFA (pursuant to an agreement between such agency or entity and the NMFA), the Governmental Unit's compliance with EPA's guidelines applicable to the Project and with the requirements of the laws and regulations of the State governing the construction and operation of drinking water systems and upon written determination of compliance, the NMFA, the Department or other appropriate agency or entity will approve (1) the engineer and engineering solicitation process for the Project; (2) the engineering contract for the Project; (3) plans and specifications pursuant to 42 U.S.C. Section 300j-12; and (4) bids for the conduction and completion of the Project; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Pledged Revenues for the payment of amounts due and enter into the Loan Agreement; and

WHEREAS, other than as described on the Term Sheet, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; and

WHEREAS, there have been presented to the Governing Body, and there presently are on file with the County Clerk, this Ordinance and the form of the Loan Agreement which is incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that the Project to be financed by the Loan Agreement is to be used for governmental purposes of the Governmental Unit; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Pledged Revenues to the NMFA (or its assigns) for the payment of

amounts due under the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the Project, and (iii) the authorization, execution and delivery of the Loan Agreement, which are required to have been obtained by the date of the Ordinance have been obtained or are reasonably expected to be obtained prior to the Closing Date.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO THAT ORDINANCE NO. 741 IS HEREBY AMENDED AND REPLACED AS FOLLOWS:

Section 1. Definitions. Capitalized terms defined in this Section 1, for all purposes, shall have the meaning herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined) and, any term not defined herein shall have the definition given it by the Loan Agreement:

"Administrative Fee" or "Administrative Fee Component" means the 0.25% annual fee payable to the NMFA as 0.25% of the Aggregate Repayable Disbursements then outstanding as a part of each Loan Agreement Payment for the costs of originating and servicing the Loan.

"Aggregate Disbursements" means, at any time after the Closing Date, the sum of all Disbursements.

"Aggregate Forgiven Disbursements" means the amount of subsidy provided in the form of principal forgiveness, and shall at any time after the Closing Date be equal to the product of the subsidy times the Aggregate Disbursements, up to the Maximum Forgiven Principal Amount.

"Aggregate Repayable Disbursements" means, at any time after the Closing Date, the Aggregate Disbursements (including the Cost of Issuance) less the Aggregate Forgiven Disbursements.

"Approved Requisition" means a requisition in the form of Exhibit "C" to the Loan Agreement, together with supporting documentation submitted to and approved by the NMFA pursuant to Section 4.2 of the Loan Agreement.

"Authorized Officers" means the Chair, Vice Chair, Utilities Manager, Deputy Utilities Manager – Finance and Administration, Deputy Utilities Manager – Engineering Division and County Clerk of the Governmental Unit.

"Bonds" means drinking water state revolving loan fund revenue bonds, if any, issued hereafter by the NMFA and related to the Loan Agreement and the Loan Agreement Payments.

"Cost of Issuance" means an amount equal to one percent (1%) of each Disbursement for the Project, as permitted by federal law, minus any amount forgiven under the Loan Agreement, simultaneously withdrawn and deposited in the Expense Fund to pay Expenses.

"Closing Date" means the date of execution, delivery and funding of the Loan Agreement authorized by this Ordinance.

"Debt Service Account" means the debt service account established in the name of the Governmental Unit and administered by the NMFA to pay the Loan Agreement Payments under the Loan Agreement as the same become due.

"Disbursement" means an amount caused to be paid by the NMFA for an Approved Requisition for costs of the Project, including the Cost of Issuance.

"DWSRLF Act" means the general laws of the State, particularly the Drinking Water State Revolving Loan Fund Act, NMSA 1978, §§ 6-21A-1 through 6-21A-9, NMSA 1978, §§ 4-62-1 through 4-62-10, all as amended; and enactments of the Governing Body relating to the Loan Agreement, including this Ordinance.

"Drinking Water State Revolving Loan Fund" means the drinking water state revolving loan fund established by the DWSRLF Act.

"Environmental Protection Agency" means the Environmental Protection Agency of the United States.

"Expense Fund" means the expense fund hereby created to be held and administered by the Finance Authority to pay Expenses.

"Expenses" means the NMFA's costs of issuance of the Loan Agreement and the Bonds, if any, and periodic and regular fees and expenses incurred by the NMFA in administering the Loan Agreement, including legal fees.

"Final Loan Agreement Payment Schedule" means the schedule of Loan Agreement Payments due on the Loan Agreement following the Final Requisition, as determined on the basis of the Aggregate Repayable Disbursements.

"Final Requisition" means the final requisition of moneys to be submitted by the Governmental Unit, which shall be submitted by the Governmental Unit on or before the date provided for in Section 4.1(b) of the Loan Agreement.

"Fiscal Year" means the period commencing on July 1 of each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the Governmental Unit as its fiscal year.

"Governing Body" means the duly organized County Council of the Governmental Unit or any successor governing body of the Governmental Unit.

"Gross Revenues" means all income and revenues directly or indirectly derived by the Governmental Unit from the operation and use of the System, or any part of the System, for any particular Fiscal Year period to which the term is applicable, and includes, without limitation, all revenues received by the Governmental Unit, or any municipal corporation or agency succeeding to the rights of the Governmental Unit, from the System and from the sale and use of electric, gas, water and sanitary sewer services or facilities, or any other service, commodity or facility or any combination thereof furnished by the System. In the event there is a conflicting description of Gross Revenues in any ordinance or resolution of the Governmental Unit, authorizing the issuance of bonds or obligations payable from the Pledged Revenues, the language of such ordinance or resolution shall control.

Gross Revenues do not include:

(a) Any money received as (i) grants or gifts from the United States of America, the State or other sources or (ii) the proceeds of any charge or tax intended as a replacement therefor or other capital contributions from any source which are restricted as to use;

(b) Gross receipts taxes, other taxes and/or fees collected by the Governmental Unit and remitted to other governmental agencies; and

Condemnation proceeds or the proceeds of any insurance policy, except any insurance proceeds derived in respect of loss of use or business interruption.

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

"Interest Component" means the portion of each Loan Agreement Payment paid as interest accruing on the Aggregate Repayable Disbursements then outstanding, calculated from the date of each Disbursement.

"Interest Rate" means the rate of interest on the Loan Agreement, which includes the Administrative Fee, as shown on the Term Sheet.

"Loan" means the funds to be loaned to the Governmental Unit by the NMFA pursuant to the Loan Agreement, up to the Maximum Principal Amount.

"Loan Agreement" means the amended and restated loan and subsidy agreement and any amendments or supplements thereto, including the exhibits attached to the amended and restated loan and subsidy agreement.

"Loan Agreement Payment" means, collectively, the Maximum Repayable Principal Amount, the Interest Component, Expenses, and the Administrative Fee Component to be paid by the Governmental Unit as payment on the Aggregate Repayable Disbursements under the Loan Agreement, as shown on Exhibit "B" thereto.

"Maximum Forgiven Principal Amount" means the maximum amount of loan subsidy available in the form of principal forgiveness to be applied proportionally at the time of each Disbursement to the Governmental Unit, up to twenty percent (20%) of the Maximum Principal Amount. The Maximum Forgiven Principal Amount is \$625,000.

"Maximum Principal Amount" means \$3,252,000.

"Maximum Repayable Principal Amount" means the maximum amount of Aggregate Repayable Disbursements repayable by the Governmental Unit pursuant to the Loan Agreement. The Maximum Repayable Principal Amount is \$2,627,000.

"Net Revenues" means the Gross Revenues of the System owned minus Operation and Maintenance Expenses indirect charges, amounts expended for capital replacements and repairs, required set asides for debt and replacement requirements and any other payments from the Gross Revenues reasonably required for operation of the System.

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

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the System, for any particular Fiscal Year or period to which such term is applicable, paid or accrued, related to operating, maintaining and repairing the System, including, without limiting the generality of the foregoing:

- (a) Legal and overhead expenses of the Governmental Unit directly related and reasonably allocable to the administration of the System;
- (b) Insurance premiums for the System, including, without limitation, premiums for property insurance, public liability insurance and workmen's compensation insurance, whether or not self-funded;
- (c) Premiums, expenses and other costs (other than required reimbursements of insurance proceeds and other amounts advanced to pay debt service requirements on System bonds) for credit facilities;
- (d) Any expenses described in this definition other than expenses paid from the proceeds of System bonds;
- (e) The costs of audits of the books and accounts of the System;
- (f) Amounts required to be deposited in any rebate fund;
- (g) Salaries, administrative expenses, labor costs, surety bonds and the cost of water, materials and supplies used for or in connection with the current operation of the System; and
- (h) Any fees required to be paid under any operation, maintenance and/or management agreement with respect to the System.

Operation and Maintenance Expenses do not include any allowance for depreciation, payments in lieu of taxes, franchise fees payable or other transfers to the Governmental Unit's general fund, liabilities incurred by the Governmental Unit as a result of its negligence or other misconduct in the operation of the System, any charges for the accumulation of reserves for capital replacements or any Operation and Maintenance Expenses payable from moneys other than Gross Revenues.

"Ordinance" means this Ordinance No. 759 adopted by the Governing Body of the Governmental Unit on September 8, 2026, amending and replacing the Original Ordinance, approving the Loan Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement Payments as shown on the Term Sheet to the Loan Agreement, as supplemented from time to time in accordance with the provisions hereof.

"Original Ordinance" means Ordinance No. 741 adopted by the Governing Body of the Governmental Unit on May 20, 2025.

"Parity Obligations" means any obligations of the Governmental Unit under the Loan Agreement and any other obligations now outstanding or hereafter issued or incurred, payable from or secured by a pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with the Loan Agreement, including any such obligations shown on the Term Sheet.

"Pledged Revenues" means the Net Revenues of the Governmental Unit pledged to payment of the Loan Agreement Payments pursuant to this Ordinance and described on the Term Sheet.

"Project" means the project described in the Term Sheet.

"Senior Obligations" means any bonds or other obligations of the Governmental Unit now outstanding or hereafter issued or incurred, payable from or secured by a pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues superior to the lien created by the Loan Agreement, including any such obligations shown on the Term Sheet.

"State" means the State of New Mexico.

"Subordinate Obligations" means any bonds or other obligations of the Governmental Unit now outstanding or hereafter issued or incurred with a lien on the Pledged Revenues subordinate to the lien created by the Loan Agreement and subordinate to any other outstanding Parity Obligations having a lien on the Pledged Revenues, including any such obligations shown on the Term Sheet.

"System" means the joint utility system designated as the Governmental Unit's electric, gas, water and wastewater utility system, owned and operated by the Governmental Unit, and of which the Project, when completed, will form part, and as further defined in the Loan Agreement.

"Term Sheet" means Exhibit "A" to the Loan Agreement.

"Unrequisitioned Principal Amount" means the amount, if any, by which the Maximum Principal Amount exceeds the Aggregate Disbursements at the time the Governmental Unit submits the certificate of completion required pursuant to Section 6.3 of the Loan Agreement.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of the Original Ordinance and this Ordinance) by the Governing Body and officers of the Governmental Unit directed toward the acquisition and completion of the Project, the pledge of the Pledged Revenues to payment of amounts due under the Loan Agreement, and the execution and delivery of the Loan Agreement shall be, and the same hereby is, ratified, approved and confirmed. The Original Ordinance shall be replaced in its entirety by this Ordinance.

Section 3. Authorization of the Project and the Loan Agreement. The acquisition and completion of the Project and the method of funding the Project through execution and delivery of the Loan Agreement and the other documents related to the transaction are hereby authorized and ordered.

The NMFA will disburse the proceeds of the Loan for construction after written determination by the NMFA, the New Mexico Environment Department (the "Department"), or other appropriate agency or entity on behalf of the NMFA (pursuant to an agreement between such agency or entity and the NMFA) that the Governmental Unit has complied with EPA's guidelines applicable to the Project and with the requirements of the laws and regulations of the State governing the construction and operation of drinking water systems. Upon written determination of compliance, the NMFA, the Department or other appropriate agency or entity will approve (1) the engineer and engineering solicitation process for the Project; (2) the engineering contract for the Project; (3) plans and specifications pursuant to 42 U.S.C. Section 300j-12; and (4) bids for the acquisition and completion of the Project; and

The Project is for the benefit and use of the Governmental Unit and the public whom it serves.

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

A. The Project is needed to meet the needs of the Governmental Unit and the public whom it serves.

B. Moneys available and on hand for the Project from all sources other than the Loan Agreement are not sufficient to defray the cost of acquiring and completing the Project.

C. The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

D. It is economically feasible and prudent to defray, in whole or in part, the costs of the Project by the execution and delivery of the Loan Agreement.

E. The Project and the execution and delivery of the Loan Agreement in the Maximum Principal Amount pursuant to the DWSRLF Act to provide funds for the financing of the Project are necessary or advisable in the interest of the public health, safety, and welfare of the residents and the public served by the Governmental Unit.

F. The Governmental Unit will conduct and complete the Project, in whole or in part, with the net proceeds of the Loan.

G. Other than as described on the Term Sheet, the Governmental Unit does not have any outstanding obligations payable from Pledged Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement.

H. The net effective interest rate on the Maximum Principal Amount does not exceed the current market rate, which is the maximum rate permitted by federal law.

Section 5. Loan Agreement - Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of at least two-thirds (2/3) of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the public served by the Governmental Unit and constructing the Project, it is hereby declared necessary that the Governmental Unit, pursuant to the DWSRLF Act, execute and deliver the Loan Agreement evidencing a special limited obligation of the Governmental Unit to pay a principal amount of Maximum Repayable Principal Amount and interest thereon and to accept a loan subsidy in the amount of \$625,000 and the execution and delivery of the Loan Agreement is hereby authorized. The Governmental Unit shall use the proceeds of the Loan Agreement (i) to finance the acquisition and completion of the Project and (ii) to pay the Administrative Fee and Expenses of the Loan Agreement and the costs of issuance of the Bonds, if any. The Project will be owned by the Governmental Unit.

B. Detail. The Loan Agreement shall be in substantially the form of the Loan Agreement presented at the meeting of the Governing Body at which this Ordinance was adopted. The Loan shall be in an amount not to exceed the Maximum Principal Amount of \$3,252,000. The Aggregate Repayable Disbursements shall be payable in installments of principal due on May 1 of the years designated in the Final Loan Agreement Payment Schedule and bear interest payable on May 1 and November 1 of each of the years designated in the

Final Loan Agreement Payment Schedule, at the Interest Rate designated in the Loan Agreement, including Exhibit "A" thereto.

Section 6. Approval of Loan Agreement. The form of the Loan Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan Agreement with such changes, insertions and omissions as may be approved by such individual Authorized Officers, and the County Clerk is hereby authorized to affix the seal of the Governmental Unit on the Loan Agreement and attest the same. The execution of the Loan Agreement by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Special Limited Obligation. The Loan Agreement shall be secured by the pledge of the Pledged Revenues as set forth in the Loan Agreement and shall be payable solely from the Pledged Revenues. The Loan Agreement, together with interest thereon and other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as provided in this Ordinance, and the Loan Agreement shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Ordinance nor in the Loan Agreement, nor any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Pledged Revenues) or as imposing a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit legally available therefor to payments required by the Loan Agreement, in its sole and absolute discretion.

Section 8. Disposition of Proceeds; Completion of the Project.

A. **Debt Service Account; Disbursements.** The Governmental Unit hereby consents to creation of the Debt Service Account to be held and maintained by the NMFA as provided in the Loan Agreement.

The proceeds derived from the execution and delivery of the Loan Agreement shall be disbursed promptly upon receipt of an Approved Requisition (as defined in the Loan Agreement). The NMFA will disburse the proceeds of the Loan Agreement for construction upon written determination of compliance by the Governmental Unit with EPA's guidelines applicable to the Project and the requirements of the laws and regulations of the State governing the construction and operation of drinking water systems (as defined in Section 3 of this Ordinance and in Section 4.2 of the Loan Agreement).

Until the acquisition and completion of the Project or the date of the Final Requisition, the money disbursed pursuant to the Loan Agreement shall be used and paid out solely for the purpose of conducting and completing the Project in compliance with applicable law and the provisions of the Loan Agreement.

B. Prompt Completion of the Project. The Governmental Unit will complete the Project with all due diligence.

C. Certification of Completion of the Project. Upon the completion of the Project, the Governmental Unit shall execute and send to the NMFA a certificate stating that the completion of and payment for the Project has been completed.

D. NMFA Not Responsible for Application of Loan Proceeds. The NMFA shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

Section 9. Deposit of Pledged Revenues; Distributions of the Pledged Revenues and Flow of Funds.

A. Deposit of Pledged Revenues. Pledged Revenues shall be paid directly by the Governmental Unit to the NMFA on a parity with the outstanding Parity Obligations in an amount sufficient to pay the principal, Interest Rate, Expenses and other amounts due under the Loan Agreement, as provided in Section 5.2 of the Loan Agreement.

B. Termination on Deposits to Maturity. No payment shall be made into the Debt Service Account if the amount in the Debt Service Account totals a sum at least equal to the Aggregate Program Amount of Loan Agreement Payments to become due as to principal, interest on, Administrative Fees and any other amounts due under the Loan Agreement, in which case moneys in such account in an amount at least equal to such principal, Interest Rate and Expenses requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided in Section 9.C of this Ordinance.

C. Use of Surplus Revenues. After making all the payments required to be made by this section and any payments required by outstanding Senior and Parity Obligations, any moneys remaining in the Debt Service Account shall be transferred to the Governmental Unit on a timely basis and applied to any other lawful purpose, including, but not limited to, the payment of any Senior and Parity Obligations or bonds or Subordinate Obligations to the Loan Agreement, or purposes authorized by the Governmental Unit, the Constitution and laws of the State, as the Governmental Unit may from time to time determine.

Section 10. Lien on Pledged Revenues. Pursuant to this Ordinance and the Loan Agreement, the Pledged Revenues are hereby authorized to be pledged, and are hereby pledged, and the Governmental Unit grants a lien on the Pledged Revenues and security interest therein, for the payment of the principal, Interest Rate, Expenses, and any other amounts due under the Loan Agreement, subject to the uses thereof permitted by and the priorities set forth in this Ordinance. The Loan Agreement constitutes an irrevocable lien, but not necessarily an exclusive lien, on the Pledged Revenues as set forth herein and therein, and the Governmental Unit shall not create a lien on the Pledged Revenues superior to that of the Loan Agreement without the express prior written approval of the NMFA.

Section 11. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan Agreement and all other

transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Ordinance and the Loan Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance and the Loan Agreement including, but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan Agreement.

Section 12. Amendment of Ordinance. Prior to the Closing Date, the provisions of this Ordinance may be supplemented or amended by ordinance of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Ordinance. After the Closing Date, this Ordinance may be amended only with the prior written consent of the NMFA, by Authorized Officers of the Governmental Unit without receipt of the Governing Body of any additional consideration only when such amendment does not affect the terms of payment of the loan component of the Loan Agreement.

Section 13. Ordinance Irrepealable. After the Closing Date, this Ordinance shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully discharged, as herein provided.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, ordinances, resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Chair and County Clerk, and the title and general summary of the subject matter contained in this Ordinance (set out in Section 17 below) shall be published in a newspaper which is of general circulation in the Governmental Unit, and the Ordinance shall be in full force and effect thereafter, in accordance with law; provided, however, that if recording is not required for the effectiveness of this Ordinance, this Ordinance shall be effective upon adoption of this Ordinance by the Governing Body.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

[Remainder of page intentionally left blank.]

[Form of Notice of Adoption of Ordinance for Publication]

**INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO
NOTICE OF ADOPTION OF ORDINANCE**

Notice is hereby given of the title and of a general summary of the subject matter contained in Ordinance No. 759, duly adopted and approved by the County Council of the Incorporated County of Los Alamos on September 8, 2026. A complete copy of the Ordinance is available for public inspection during normal and regular business hours in the office of the County Clerk, 1000 Central Avenue, Suite 240, Los Alamos, New Mexico 87544.

The title of the Ordinance is:

INCORPORATED COUNTY OF LOS ALAMOS ORDINANCE NO. 759

AMENDING AND REPLACING ORDINANCE NO. 741 ADOPTED BY THE INCORPORATED COUNTY OF LOS ALAMOS (THE "GOVERNMENTAL UNIT") ON MAY 20, 2025; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LOAN AND SUBSIDY AGREEMENT ("LOAN AGREEMENT") BY AND BETWEEN THE GOVERNMENTAL UNIT AND THE NEW MEXICO FINANCE AUTHORITY ("NMFA"), IN THE TOTAL AMOUNT OF \$3,252,000 ("LOAN"), EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A REVISED MAXIMUM REPAYABLE PRINCIPAL AMOUNT OF NO MORE THAN \$2,627,000, TOGETHER WITH INTEREST, EXPENSES AND ADMINISTRATIVE FEES FOR THE PURPOSE OF FINANCING THE COSTS OF PHASES II AND III OF THE DENVER STEELS WATERLINE REPLACEMENTS INCLUDING REPLACEMENT OF LEAD SERVICE LINES ("PROJECT"), AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN AGREEMENT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE LOAN SOLELY FROM THE NET REVENUES OF THE JOINT UTILITY SYSTEM OF THE GOVERNMENTAL UNIT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT.

A general summary of the subject matter of the Ordinance is contained in its title. This notice constitutes compliance with NMSA 1978, § 6-14-6, as amended.

[End of Form of Notice of Adoption for Publication]

Section 18. Execution of Agreements. The Incorporated County of Los Alamos through its Governing Body agrees to authorize and execute all such agreements with the NMFA as are necessary to consummate the Loan contemplated herein and consistent with the terms and conditions of the Loan Agreement and this Ordinance.

PASSED, APPROVED AND ADOPTED this 8th day of September 2026.

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

Randall T. Rytí,
Council Chair

ATTEST: (Seal)

Michael D. Redondo
Los Alamos County Clerk

Approved as to Form:

J. Alvin Leaphart
J. Alvin Leaphart
Los Alamos County Attorney