



VILLAGE COUNCIL REGULAR MEETING AGENDA
SNAKEDANCE CONDOMINIUMS HONDO RESTAURANT
TAOS SKI VALLEY, NEW MEXICO
TUESDAY, NOVEMBER 14, 2017 2:00 P.M.

1. CALL TO ORDER AND NOTICE OF MEETING
2. ROLL CALL
3. APPROVAL OF THE AGENDA
4. APPROVAL OF THE MINUTES OF THE OCTOBER 10, 2017 VILLAGE COUNCIL REGULAR MEETING, and the OCTOBER 30, 2017 VILLAGE COUNCIL SPECIAL MEETING
5. CITIZEN'S FORUM – Limit to 5 minutes per person (please sign in)
6. FINANCIAL REPORTS
7. COMMITTEE REPORTS
 - A. Planning & Zoning Commission
 - B. Public Safety Committee
 - C. Firewise Community Board
 - D. Parks & Recreation Committee
 - E. Lodger's Tax Advisory Board
8. REGIONAL REPORTS
9. MAYOR'S REPORT
10. STAFF REPORTS
11. OLD BUSINESS

A. Consideration to Approve **Ordinance No. 2018-64** CONCERNING THE MUNICIPAL JOINT WATER AND SEWER SYSTEM OF THE VILLAGE OF TAOS SKI VALLEY, NEW MEXICO; PROVIDING FOR THE EXTENSION, ENLARGEMENT, BETTERMENT, REPAIR AND OTHER IMPROVEMENT OF SUCH SYSTEM AND FOR THE ISSUANCE OF REVENUE BONDS IN THE AGGREGATE MAXIMUM AMOUNT OF \$8,500,000, CONSISTING OF THE VILLAGE'S JOINT WATER AND SEWER DRAW DOWN REVENUE BOND (INTERIM BANK BOND), IN THE MAXIMUM PRINCIPAL AMOUNT OF \$3,500,000, AND ITS GROSS RECEIPTS TAX DRAW DOWN REVENUE BOND (INTERIM BANK BOND), IN THE MAXIMUM PRINCIPAL AMOUNT OF \$5,000,000, TO PROVIDE TEMPORARY CONSTRUCTION FINANCING FOR THE PROJECT PENDING THE ISSUANCE BY THE VILLAGE OF ITS REVENUE BOND OR BONDS TO THE UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT (USDA) TO PROVIDE PERMANENT FINANCING FOR SUCH PROJECT; DECLARING THE NECESSITY FOR MAKING AND ISSUING SUCH BONDS WHICH SHALL BE PAYABLE SOLELY OUT OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF SUCH SYSTEM (AS TO THE SYSTEM REVENUE BOND) AND CERTAIN GROSS RECEIPTS TAX RECEIPTS PLEDGED FOR SUCH PURPOSE (AS TO THE GRT REVENUE BOND), RESPECTIVELY, AS PROVIDED HEREIN; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE SALE OF THE BONDS PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; PROVIDING FOR THE COLLECTION AND DISPOSITION OF THE REVENUES TO BE DERIVED FROM THE OPERATION OF SUCH SYSTEM AND THE COLLECTION AND DISPOSITION OF SUCH GROSS RECEIPTS TAX, RESPECTIVELY; PROVIDING THE FORM, TERMS AND CONDITIONS OF SUCH REVENUE BONDS, THE METHOD OF PAYING SUCH

-- *Providing infrastructure & services to a World Class Ski Resort Community* --

AND THE SECURITY THEREFOR; AUTHORIZING THE USE OF A SINGLE REGISTERED BOND FOR EACH SUCH SERIES; PRESCRIBING OTHER DETAILS CONCERNING SUCH SYSTEM REVENUES, GROSS RECEIPTS TAX, BONDS AND SYSTEM, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH AND WITH FUTURE FINANCING THEREFOR; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HERewith

B. Consideration to Approve Proceeding with the 250,000 Gallon Buried Kachina Water Tank Project at the Original Location

12. NEW BUSINESS

A. Consideration to Approve Resolution No. 2018-342 Approving the Budget Adjustment Request (BAR) for submission to the Department of Finance for investment bank charges for the Clean Water State Revolving Fund Reserve

B. Consideration to Approve Resolution No. 2018-343 Approving the Budget Adjustment Request (BAR) for Submission to the Department of Finance for Adjustments to the FY2018 Beginning Balances

C. Consideration to Approve Resolution No. 2018-344 Pertaining to the Depository of Village Funds

D. Consideration to Approve Resolution No. 2018-345 Approving the Addition of a New Fund No. 63 for the Waste Water Treatment Plant (WWTP) Reserves

E. Consideration to Approve Professional Services Contract Number VTSV-2018-08 between Sherman & Howard, LLC and the Village of Taos Ski Valley

F. Consideration to Approve a Memorandum of Agreement (MOA) between the Village of Taos Ski Valley and the North Central Regional Transit District (RTD) to provide a Bus Route to Taos Ski Valley for the 2017-2018 Ski Season

G. Consideration to Approve a Memorandum of Understanding and Agreement (MOU&A) between the Village of Taos Ski Valley (VTSV) and the Twining Associates LLC (Twining) for a Lease of Property for Installation of the Village's Police Headquarters

H. Discussion and Presentation by NMED on Source Water Protection Plans

I. Discussion and Consideration to Approve a Variance(s) to Ordinance No. 2011-49, the Solid Waste Ordinance

J. Discussion and Consideration to Approve Out-of- State Travel by Fire Department members to Salina, Kansas to research Fire Department apparatus

13. MISCELLANEOUS

14. ANNOUNCEMENT OF THE DATE, TIME & PLACE OF THE NEXT MEETING OF THE VILLAGE COUNCIL

15. ADJOURNMENT

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Village of Taos Ski Valley
 PO Box 100, 7 Firehouse Road, Taos Ski Valley, NM 87525
 (575) 776-8220 (575) 776-1145 Fax
 E-mail: vtsv@vtsv.org Website: www.vtsv.org
Mayor: Neal King
Council: Kathleen Bennett, Christof Brownell,
 J. Christopher Stagg, Thomas Wittman
Administrator: Mark G. Fratrack,
Clerk: Ann M. Wooldridge, CMC
Finance Director: Nancy Grabowski

NOTICE OF MEETINGS

NOTICE IS HEREBY GIVEN of the following meetings of the Village of Taos Ski Valley, New Mexico and the dates, times and locations of the meetings:

MEETING	DATE & TIME	LOCATION
VILLAGE COUNCIL SPECIAL MEETING	Monday, October 30, 2017 1:00 p.m.	Snakedance Condominiums Hondo Restaurant
LODGER'S TAX COMMITTEE	Wednesday, November 1, 2017 10:00 a.m.	Snakedance Condominiums Hondo Restaurant
<i>PUBLIC HEARING: Village of Taos Ski Valley's Waste Water Treatment Facility Improvements Project, including the Preliminary Engineering Report (PER) and Environmental Information Document (EID)</i>	Wednesday, November 1, 2017 6:00 p.m. – 8:00 p.m.	Snakedance Condominiums Hondo Restaurant
PLANNING & ZONING MEETING	Monday, November 6, 2017 1:00 p.m.	Snakedance Condominiums Hondo Restaurant
TIDD BOARD SPECIAL MEETING	Tuesday, November 14, 2017 10:00 a.m.	Snakedance Condominiums Hondo Restaurant
VILLAGE COUNCIL REGULAR MEETING <i>PUBLIC HEARING: Consideration to Approve Ordinance No. 2018-64 Concerning the Temporary Construction Financing for the Improvement of the Municipal Sewer System of the Village of Taos Ski Valley and for the Issuance of the Village's Interim Bank Bond</i>	Tuesday, November 14, 2017 2:00 p.m.	Snakedance Condominiums Hondo Restaurant
PUBLIC SAFETY COMMITTEE	Monday, November 6, 2017 10:00 a.m.	Snakedance Condominiums Hondo Restaurant
FIREWISE COMMUNITY BOARD	Monday, November 6, 2017 11:00 a.m.	Snakedance Condominiums Hondo Restaurant
PARKS & RECREATION COMMITTEE	TBA	TBD
CHAMBER OF COMMERCE MEETING	TBA	TBD

These meetings will be public meetings to consider various items of business. A copy of the agenda for each meeting will be available for inspection 72 hours prior to the meeting. Persons wishing to comment on items listed on the proposed agendas may submit written comments to the Village offices on or before 5:00 P.M. on the day prior to the meeting. Persons with disabilities may request accommodations no later than 5:00 P.M. on the day prior to the meeting. This notice shall be posted at the Village offices, Box Canyon, Village Message Board in the TSV Chamber of Commerce and three other public places within the municipality as provided by Section 3-1-2 NMSA 1978. /s/ Ann M. Wooldridge, Village Clerk, posted October 13, 2017, updated October 25, 2017.



Village of Taos Ski Valley
PO Box 100, 7 Firehouse Road, Taos Ski Valley, NM 87525
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**VILLAGE COUNCIL REGULAR MEETING
DRAFT MINUTES
SNAKEDANCE CONDOMINIUMS HONDO RESTAURANT
TAOS SKI VALLEY, NEW MEXICO
TUESDAY, OCTOBER 10, 2017, 2:00 P.M.**

1. CALL TO ORDER & NOTICE OF MEETING

The regular meeting of the Village of Taos Ski Valley Council was called to order by Mayor King at 2:00 p.m. The notice of the meeting was properly posted.

2. ROLL CALL

Ann Wooldridge, Village Clerk, called the role and a quorum was present.

Governing body present:

Mayor Neal King
Councilor Kathy Bennett
Councilor Christof Brownell
Councilor Chris Stagg
Councilor Tom Wittman, Mayor Pro Tem

Staff present:

Village Administrator Mark Fratrack
Village Clerk Ann Wooldridge
Finance Director Nancy Grabowski
Building & Construction Director Bill Jones
Police Chief Andrew Bilardello
Public Works Director Ray Keen
Administrative Assistant Christina Wilder
Village Attorney Dennis Romero

3. APPROVAL OF THE AGENDA

MOTION: To approve the agenda as presented

Motion: Councilor Wittman Second: Councilor Brownell Passed: 4-0

4. APPROVAL OF THE MINUTES OF THE SEPTEMBER 12, 2017 VILLAGE COUNCIL REGULAR MEETING, and the SEPTEMBER 18, 2017 VILLAGE COUNCIL SPECIAL MEETING

MOTION: To approve both minutes as written

Motion: Councilor Wittman Second: Councilor Brownell Passed: 4-0

5. CITIZEN'S FORUM – Limit to 5 minutes per person (please sign in)

6. FINANCIAL REPORTS

Finance Director Grabowski reported that GRT remitted to the Village in September was \$58,631 compared to \$87,873 for September last year. Year-to-date GRT total is \$137,197 versus \$263,207 for last year. The TIDD received a distribution in September for July GRT of \$3,486.56.

Lodger's tax collections in September were \$11,226 versus \$20,520 for last year. Year-to-date total is \$51,649 versus last year's \$30,261. Most of the lodgers' tax collected has been late submittals.

\$6,689 in Hold Harmless GRT revenues were received in September. These will be transferred to fund 42, Sewer Depreciation, to support the WWTP upgrades. Ad valorem tax collections are up year-to-date by 22%.

Burt & Company, the Village's current auditors, has purchased Taos CPA, which has been the Village's CPA firm.

As a result, the Village's Quickbooks program was moved from the Taos CPA server to the Heritage Trust server, to

avoid a conflict. Unfortunately, this caused many technical problems because it resulted in two separate Quickbooks databases being created. The problems are still being straightened out with Heritage Trust and TaosNet. The Village's new IT firm, Ambitions Technology Group, has started and they are reviewing the Village's current systems.

Mayor King said that the Village would be working with NM Tax and Revenue to try to learn more about the GRT calculations for both the Village and the TIDD.

7. COMMITTEE REPORTS

A. Planning and Zoning Commission –Commission Chair Wittman reported that the October meeting had been cancelled. The next meeting is scheduled for November 6, 2017 at 1:00 p.m. at the Snakedance Condominiums.

B. Public Safety Committee –Committee Chair Bennett reported that the Committee had not met.

C. Firewise Community Board of Directors – The Firewise Board did not meet. Committee Chair Bennett recently joined a coalition that will be reviewing the fire history study that was conducted last year by the USGS on the ski valley canyon. The U.S. Forest Service will be placing some firewise interpretive materials in the campgrounds which were thinned last summer.

D. Parks & Recreation Committee – Committee Member Kerrie Pattison reported that the Committee members have been taking down and putting away the last of the summer parks and recreation items. The party to inaugurate the Kachina Vista Park will take place on October 19, 2017 at 4:00 p.m. near the lower gate on Kachina Road.

E. Lodgers' Tax Advisory Board – The next meeting is scheduled for November 1, 2017 at 10:00 a.m. at the Snakedance Condominiums to review the new grant proposals.

8. REGIONAL REPORTS

Councilor Bennett reported that no meetings had been held and that the next meetings are scheduled for October 21, 2017.

9. MAYOR'S REPORT

Mayor King said that the firefighters who attended the recent fire academy would be recognized at the next Council meeting. Mayor King will be working on the draft of a letter to be sent to the NM Tax and Revenue Department on behalf of the Village, and also on a draft letter to be sent on behalf of the Village Tax Increment Development District Board.

10. STAFF REPORTS

Mark Fratrack, Village Administrator reported on ongoing projects:

- Townsite Act –No updates at this time, however a meeting with the Village, the U.S. Forest Service, and TSVI will take place onsite at the end of the month.
- Taos Mountain Lodge –A phased plan approach will be undertaken. The contractor is working to repair the eight units on the upper level.
- Kachina Water Tank – Administrator Fratrack has been following up since the workshop with representatives from FEI Engineering and from TSVI. There has been a suggestion for a fourth location for the Kachina tank.
- WWTP/WWTP Financing Options – The working group had a conference call with the USDA to get clarification on further requirements for the USDA funding.
- Ernie Blake Road – The Village has received a counter-offer from the Sierra del Sol and is set to discuss it at the closed session of this Council meeting.
- Doug Terry Cabin Property – The property is for sale and is listed for \$450,000. The Village has been utilizing the property for snow storage. Administrator Fratrack spoke with the listing agent about maintaining that use for the Village, at least for this ski season.
- Holiday Lights – The Chamber will be putting lights up for the holidays which will stay up until the end of ski season.

- A Special Council meeting will take place on October 30, 2017 at 1:00 p.m. to introduce the ordinance required for issuing bonds, which will fund the interim financing required for the USDA loan.
- The Village may be interested in selling its Snowshoe Road property in order to fund the possible purchase of the Doug Terry property.

Department Briefs

- **Department of Public Safety Update:** Chief Bilardello reported on September activity: MVCs (3), Residential Alarm (2), Business Alarm (1), Property Damage (0), Suspicious Persons/Vehicles (3), Citizen Assists/Contacts (22), Traffic Enforcement Hours (46), Traffic Stops (5), Written Citations (3), Written Warning (1), Verbal Warnings (10), Parking Citations (2), Assists to other Agencies (32), Trespass Warnings (0), Foot Patrol Hours (10), Animal Control (31), Welfare Checks (2). Fire EMS: Fire Calls (3), EMS Calls (2). SAR Hours: (4).
The Police Department is looking into producing decals for residents and employees to put on their car windshields. Chief Bilardello said that this would be helpful to the Public Safety Department to indicate cars that are registered with the Village.
- Director Jones said that he is working on an ordinance requiring that all utilities be placed underground.
- Director Keen reported that there are two new employees in the Public Works Department. Steve Geving, laborer/equipment operator, and Christina Wilder, administrative assistant. The Public Works Department staff has been busy conducting jet-rodding of the sewer lines. The Strawberry Hill water line has been completed and the sewer line is nearly finished. Keen said that he has been looking into purchasing a glass crusher for the recycling area. Councilor Stagg commended the efforts to improve the recycling, and suggested that educating the citizens would be the best way to getting the recycling program working better.
- Attorney Romero reported that he is working on the Pattison/Village Emma Road property exchange.

11. OLD BUSINESS

A. Consideration to Approve Proposed Adjusted System Development and Impact Fees for Parcel G

At the August 2017 Council meeting, the Council approved a combined required payment for System Development Fees and Impact Fees in the amount of \$541,030. At the September 2017 Council meeting, an adjusted calculation was presented because an error had been made. It was brought to the attention of the Village Administrator that the TSVI sewer connection credit of \$215,520 was not fully applied. Only a \$184,236 credit was applied from the possible \$215,520. TSVI would like to have the full \$215,520.00 credit amount applied against the Sewer System Development fees presently owed. With the full \$215,520.00 credit applied, the total amount now due is \$509,746.00.

MOTION: To Approve the Proposed Adjusted System Development and Impact Fees for Parcel G

Motion: Councilor Wittman Second: Councilor Brownell

Chaz Rockey from TSVI addressed the Mayor and Council, saying that he objected to the methodology used in the calculation of the system development and impact fees. He said that he respects the Council's decision but hopes that the process will be different for their next project.

The Mayor called for the vote. **Passed: 4-0**

12. NEW BUSINESS

A. Consideration to Approve a Professional Services Contract with FEI Engineers, Inc. to draft a new Request for Proposal (RFP) for the Kachina Water Tank project

The Council has directed staff to work with FEI Engineers to draft a new RFP to hire a contractor for the adjusted scope of the Kachina Water Tank project, to fit in the original easement boundaries. The new contract with FEI Engineers totaling \$31,020 plus tax is to accomplish this task. This amount was not included in the original FY2018 budget so a budget adjustment request may be necessary later in the fiscal year.

MOTION: To Approve a Professional Services Contract with FEI Engineers, Inc. to draft a new Request for Proposal (RFP) for the Kachina Water Tank project

Motion: Councilor Bennett Second: Councilor Wittman

Councilor Stagg asked that TSVI be shown the RFP to review before it is issued, since TSVI is the landowner. Otherwise, they have no objections.

The Mayor called for the vote. **Passed: 4-0**

B. Consideration to Approve a Contract between the Village of Taos Ski Valley and Kit Carson Electric Cooperative for Installation and Transfer of Ownership of Electric Installation Line as Contribution in Aid of Construction

Taos Ski Valley, Inc. and Kit Carson Electric Cooperative have coordinated the installation of an electric line running the length of Twining Canyon, within the trench along Highway 150. TSVI paid the initial construction and installation costs. As part of the Master Development Agreement between TSVI and the Village, it is the intention of the parties that TSVI dedicate the electric utility line within the trench to the Village. The Village would then immediately assign and transfer its ownership of the utility lines to KCEC. Upon transfer, KCEC will own, operate and maintain the electric facilities.

Part of the purpose of this agreement is to document the estimated value that the Village is receiving in exchange for transferring its temporary ownership of the electric facilities. To remain in compliance with the Anti-Donation Clause of the New Mexico Constitution, the Village must receive value in exchange for transferring ownership of any asset. In this instance, the value is stated as "reduction of the danger of widespread destruction of property [presently] posed by the overhead electric transmission power lines that the Upgrade Project will replace with underground electric transmission lines."

The chain of transfer from TSVI to the Village and then to KCEC will also provide TSVI with qualification for reimbursement of certain project costs through the TIDD.

MOTION: To Approve a Contract between the Village of Taos Ski Valley and Kit Carson Electric Cooperative for Installation and Transfer of Ownership of Electric Installation Line as Contribution in Aid of Construction

Motion: Councilor Brownell

Second: Councilor Wittman

Passed: 4-0

The cable should be installed in the conduit soon.

C. Discussion and Direction to Staff Regarding the Certificate of Occupancy for The Blake

The Blake Hotel was given a Temporary Certificate of Occupancy (TCO) on October 27, 2016. The Hotel was given this TCO document to assist in meeting TSVI's opening schedule. Not everything was complete with the hotel, and areas were secured and not allowed occupancy by the public. Several amendments to the document extended the TCO; the most recent amendment extended it to the date of November 30, 2017. The snow retention improvements have not been completed by the roofing contractor, however. In an effort to provide a safe area around the outside of The Blake Hotel, the protection provided by the snow guards must be completed; the installation of these snow guards is forecasted to be completed by November 30, 2017.

In addition, the System Development and Impact Fees for the Development Improvements have not been paid to the Village as required by adopted ordinances.

MOTION: To Approve leaving the Temporary Certificate of Occupancy in place until the end of ski season

Motion: Councilor Wittman

Second: Councilor Brownell

Councilor Stagg asked if a Council action was expected to occur today, since the item was listed as a discussion item.

Also, he expressed his concern that the Council be making decisions on certificates of occupancy. Councilor Stagg said that the Village Building Department should be the ones knowledgeable enough to decide about such items.

MOTION: To Rescind the motion

Motion: Councilor Wittman

Second: Councilor Brownell

Passed: 4-0

Mayor King expressed his opinion that it seemed alright to have the Council aware of these issues as this one is particular is a public safety issue. By leaving the certificate of occupancy as temporary, there is no liability to the Village. The Village Building Department is working with TSVI to insure that the roof snow melt gets installed correctly, after which the certificate of occupancy will be granted.

The Plaza area is owned by TSVI and they will be conducting the maintenance this winter. As far as any liability for the Village concerning the Plaza maintenance, Attorney Romero explained that the Village could be named as liable concerning any property, not just the Plaza.

D. Discussion and Consideration to Approve the Village of Taos Ski Valley Entering into a Contract with TSVI for Snow Removal on Sutton Place for the 2017-18 Ski Season

TSVI approached the Village to discuss the possibility of TSVI providing snow removal for Sutton Place for this upcoming ski season. TSVI indicated that they would be purchasing a snow blower to be primarily used on the parking lot, but thought that it might be used to help clear Sutton Place also. Public Works Director Keen felt that since the Village hadn't committed to purchasing a smaller piece of multiuse snow removal equipment yet, that for at least this season, TSVI snow removal would be a viable option for the Village to take. The range of cost that was discussed, dependent on the storms and snowfall amounts for the year, was \$5,000 to \$10,000. Contracting with TSVI would take a bit of strain off of the Village's Public Works resources for this season.

David Norden with TSVI explained that they plan to blow snow down the road then into the retention pond. They have estimated the cost at \$500 labor cost for each storm. At an estimate of twenty storms in a winter, that would total \$10,000. If there were more storms, TSVI could approach the Council to amend the contract.

MOTION: To Approve the Village of Taos Ski Valley Entering into a Contract with TSVI for Snow Removal on Sutton Place for the 2017-18 Ski Season

Motion: Councilor Wittman

Second: Councilor Brownell

Passed: 4-0

E. Discussion of Village's Request for a 33 foot Easement and TSVI's Request for a 66 foot easement at the Wastewater Treatment Plant (WWTP) Site

The Mayor has signed off on the boundary surveyed plat for the Town Site Act WWTP property. An easement survey was also presented for signature which showed a 66-foot easement for the benefit of the U.S. Forest Service, through the WWTP property. The Village Administrator advised the Mayor not to sign the easement survey until the Village had time to look into requesting a narrower easement from the Forest Service.

TSVI notified the Village a few months ago that they were requesting an easement "with a minimum width of 66 feet", "a perpetual, non-exclusive roadway and right of way easement for ingress and egress and for utilities", and also "perpetual, non-exclusive day skier parking...and for the parking of TSVI's related day skier transportation trucks and trailers, and for the parking of TSVI's ski resort facility equipment and vehicles and for the parking of TSVI's road maintenance and snow plowing vehicles and equipment." The Village is concerned that such an easement would limit Village access to its own property. The proposed easement language states that TSVI would have priority of use. There is some disagreement over whether these two easements are separate issues or not. Administrator Fratrack contacted the U.S. Forest Service over a month ago about changing to a 33-foot easement, but hasn't heard back. There is a meeting planned for October 30, 2017 with representatives from the Village, the U.S. Forest Service, and TSVI, when hopefully some of these items can be agreed upon. Councilor Bennett said that the Village and TSVI had always worked together in the past, so hopefully would continue to do so.

13. MISCELLANEOUS

A. Councilor Brownell asked about a public notice that had been distributed, concerning the storage of contaminated material on TSVI's private land across the gorge bridge. David Norden explained that during the excavation on Strawberry Hill, some contaminated soil was found at the site of the old VMF building. TSVI contacted the New Mexico Environment Department (NMED) to self-report the contamination. TSVI has removed the soil to the "Tract B" site across the gorge. The soils will be tested by the NMED. The contamination occurred approximately thirty years ago, he explained.

Norden said that TSVI responded as quickly as they possibly could, and that they have acted in full compliance with requests from NMED. Norden said that they have conducted full disclosure and that TSVI is very environmentally minded.

The public notice was sent to property owners within a one-third mile radius of Tract B, and news of the process is being spread on social media.

B. Homeowner Michael Holmquist requested that the Council consider a height restriction for the property across Twining Road from the Homquist's house. The property size will be increased with the land exchange to will take place for the realignment of Ernie Blake Road.

14. CLOSED SESSION

A. Discussion of the Acquisition of Real Property

This matter may be discussed in closed session under Open Meetings Act exemption 10-15-1(H) (8)

MOTION: To go to Closed Executive Session

Motion: Councilor Stagg

Second: Councilor Bennett

Passed: 4-0

MOTION: To return to Open Session

Motion: Councilor Stagg

Second: Councilor Wittman

Passed: 4-0

No decisions or motions were made during closed session.

MOTION: To Convene the Ernie Blake Road land-swap negotiating team to work with the Sierra del Sol on a land acquisition for the road realignment

Motion: Councilor Stagg

Second: Councilor Brownell

Passed: 4-0

14. ANNOUNCEMENT OF THE DATE, TIME & PLACE OF THE NEXT MEETING OF THE VILLAGE COUNCIL

A Council Special meeting will take place on Monday, October 30, 2017 at 1:00 p.m. at the Snakedance Condominiums Hondo Restaurant. The next regular meeting of the Council will take place on Tuesday, November 14, 2017 at 2:00

p.m., at the Snakedance Condominiums Hondo Restaurant. A Public Hearing for the draft Environment Impact Document for the Wastewater Treatment Plant upgrade is scheduled for Wednesday, November 1, 2017 from 6:00 p.m. to 8:00 p.m., at the Snakedance Condominiums Hondo Restaurant.

15. ADJOURNMENT

MOTION: To Adjourn.

Motion: Councilor Wittman

Second: Councilor Stagg

Passed: 4-0

The meeting was adjourned at 4:10 p.m.

Neal King, Mayor

ATTEST:_____
Ann M. Wooldridge, Village Clerk



Village of Taos Ski Valley
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**VILLAGE COUNCIL SPECIAL MEETING
DRAFT MINUTES
SNAKEDANCE CONDOMINIUMS
HONDO RESTAURANT
TAOS SKI VALLEY, NEW MEXICO
MONDAY, OCTOBER 30, 2017, 1:00 P.M.**

1. CALL TO ORDER & NOTICE OF MEETING

The special meeting of the Village of Taos Ski Valley Council was called to order by Mayor King at 1:00 p.m. The notice of the meeting was properly posted.

2. ROLL CALL

Ann Wooldridge, Village Clerk, called the role and a quorum was present.

Governing Body Present

Mayor Neal King
Councilor Kathy Bennett
Councilor Christof Brownell
Councilor Chris Stagg
Mayor Pro Tem Tom Wittman

Village Staff Present

Administrator Mark Fratrack
Clerk Ann Wooldridge
Finance Director Nancy Grabowski
Public Works Director Ray Keen
Administrative Assistant Christina Wilder
Attorney Dennis Romero

3. APPROVAL OF THE AGENDA

MOTION: To approve the agenda

Motion: Councilor Stagg **Second:** Councilor Wittman **Passed:** 4-0

4. NEW BUSINESS

A. Introduction of **Ordinance No. 2018-64** CONCERNING THE MUNICIPAL JOINT WATER AND SEWER SYSTEM OF THE VILLAGE OF TAOS SKI VALLEY, NEW MEXICO; PROVIDING FOR THE EXTENSION, ENLARGEMENT, BETTERMENT, REPAIR AND OTHER IMPROVEMENT OF SUCH SYSTEM AND FOR THE ISSUANCE OF REVENUE BONDS IN THE AGGREGATE MAXIMUM AMOUNT OF \$8,500,000, CONSISTING OF THE VILLAGE'S JOINT WATER AND SEWER DRAW DOWN REVENUE BOND (INTERIM BANK BOND), IN THE MAXIMUM PRINCIPAL AMOUNT OF \$3,500,000, AND ITS GROSS RECEIPTS TAX DRAW DOWN REVENUE BOND (INTERIM BANK BOND), IN THE MAXIMUM PRINCIPAL AMOUNT OF \$5,000,000, TO PROVIDE TEMPORARY CONSTRUCTION FINANCING FOR THE PROJECT PENDING THE ISSUANCE BY THE VILLAGE OF ITS REVENUE BOND OR BONDS TO THE UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT (USDA) TO PROVIDE PERMANENT FINANCING FOR SUCH PROJECT; DECLARING THE NECESSITY FOR MAKING AND ISSUING SUCH BONDS WHICH SHALL BE PAYABLE SOLELY OUT OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF SUCH SYSTEM (AS TO THE SYSTEM REVENUE BOND) AND CERTAIN GROSS RECEIPTS TAX

RECEIPTS PLEDGED FOR SUCH PURPOSE (AS TO THE GRT REVENUE BOND), RESPECTIVELY, AS PROVIDED HEREIN; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE SALE OF THE BONDS PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; PROVIDING FOR THE COLLECTION AND DISPOSITION OF THE REVENUES TO BE DERIVED FROM THE OPERATION OF SUCH SYSTEM AND THE COLLECTION AND DISPOSITION OF SUCH GROSS RECEIPTS TAX, RESPECTIVELY; PROVIDING THE FORM, TERMS AND CONDITIONS OF SUCH REVENUE BONDS, THE METHOD OF PAYING SUCH AND THE SECURITY THEREFOR; AUTHORIZING THE USE OF A SINGLE REGISTERED BOND FOR EACH SUCH SERIES; PRESCRIBING OTHER DETAILS CONCERNING SUCH SYSTEM REVENUES, GROSS RECEIPTS TAX, BONDS AND SYSTEM, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH AND WITH FUTURE FINANCING THEREFOR; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HERewith.

The Village's bond attorney from Sherman & Howard, Mr. Parker Schenken, explained that this mechanism is for a construction loan to get the upgraded Waste Water Treatment Plant built. The collateral stream for the bonds is the Hold Harmless GRT revenue and the system revenue fees. Schenken said that Brad Angst, with G.K. Baum & Associates had obtained a low short-term rate through The Independent BankersBank (TIB). TIB will partner with Centinel Bank on this financing.

After construction of the plant, in approximately 24 months, the financing from the USDA will be put into place. Schenken explained that the main goal is to use the USDA financing, which has very advantageous terms for 40 years at a low interest rate.

This Ordinance will be considered for adoption at the November 14, 2017 Council meeting. As this was the introduction of the Ordinance, no action was necessary at this time.

5. ANNOUNCEMENT OF THE DATE, TIME AND PLACE OF THE NEXT MEETING OF THE VILLAGE COUNCIL

The next regular meeting of the Village Council is scheduled for Tuesday, November 14, 2017 at 2:00 p.m. at the Snakedance Condominiums Hondo Restaurant.

6. ADJOURNMENT

MOTION: To Adjourn

Motion: Councilor Stagg

Second: Councilor Bennett

Passed: 4-0

The meeting was adjourned at 1:15 p.m.

Neal King, Mayor

ATTEST:

Ann M. Wooldridge, Village Clerk

VILLAGE OF TAOS SKI VALLEY

GROSS RECEIPTS & LODGER'S TAX COLLECTION SUMMARY

Gross Receipts Tax
CURRENT RATE = 9.25%

GROSS RECEIPTS

	July	August	September	October	November	December	January	February	March	April	May	June
FY 2007	\$49,871.45	\$34,078.55	\$36,243.65	\$49,758.67	\$39,527.57	\$35,791.82	\$34,561.38	\$149,069.79	\$134,953.15	\$155,909.24	\$169,491.55	\$43,203.86
YTD	\$49,871.45	\$83,950.00	\$120,193.65	\$169,952.32	\$209,479.89	\$245,271.71	\$279,833.09	\$428,902.88	\$563,856.03	\$719,766.27	\$889,256.82	\$932,460.68
FY 2008	\$20,214.64	\$49,552.50	\$30,529.91	\$18,716.47	\$24,225.26	\$23,499.17	\$50,734.80	\$146,293.94	\$160,211.63	\$167,362.79	\$212,589.13	\$20,102.55
YTD	\$20,214.64	\$69,767.14	\$100,297.05	\$119,013.52	\$143,238.78	\$166,737.95	\$217,472.75	\$363,766.69	\$523,978.32	\$691,341.11	\$903,930.24	\$924,032.79
FY 2009	\$5,978.98	\$31,604.97	\$36,411.72	\$34,168.28	\$36,755.21	\$36,869.62	\$81,443.70	\$194,410.32	\$178,012.59	\$176,315.78	\$191,892.82	\$36,332.99
YTD	\$5,978.98	\$37,583.95	\$73,995.67	\$108,163.95	\$144,919.16	\$181,788.78	\$263,232.48	\$457,642.80	\$635,655.39	\$811,971.17	\$1,003,863.99	\$1,040,196.98
FY 2010	\$32,800.00	\$38,773.70	\$39,381.43	\$61,759.08	\$56,887.02	\$54,858.12	\$42,174.35	\$223,797.16	\$189,376.01	\$176,576.34	\$221,448.63	\$59,190.36
YTD	\$32,800.00	\$71,573.70	\$110,955.13	\$172,714.21	\$229,601.23	\$284,459.35	\$326,633.70	\$550,430.86	\$739,806.87	\$916,383.21	\$1,137,831.84	\$1,197,022.20
FY 2011	\$31,002.86	\$62,982.96	\$26,127.83	\$33,610.96	\$60,913.74	\$74,949.02	\$42,282.39	\$171,246.82	\$139,053.09	\$142,336.03	\$154,287.41	\$27,928.23
YTD	\$31,002.86	\$93,985.82	\$120,113.65	\$153,724.61	\$214,638.35	\$289,587.37	\$331,869.76	\$503,116.58	\$642,169.67	\$784,505.70	\$938,793.11	\$966,721.34
FY 2012	\$64,073.01	\$26,203.38	\$23,181.89	\$42,430.30	\$60,186.45	\$32,954.89	\$47,797.29	\$207,267.40	\$162,805.78	\$182,358.83	\$200,924.87	\$42,673.54
YTD	\$64,073.01	\$90,276.39	\$113,458.28	\$155,888.58	\$216,075.03	\$249,029.92	\$296,827.21	\$504,094.61	\$666,900.39	\$849,259.22	\$1,050,184.09	\$1,092,857.63
FY 2013	\$36,835.14	\$20,863.12	\$45,705.38	\$27,699.69	\$66,674.98	\$48,677.59	\$50,727.81	\$178,549.60	\$163,125.28	\$166,032.40	\$203,817.88	\$21,818.85
YTD	\$36,835.14	\$57,698.26	\$103,403.64	\$131,103.33	\$197,778.31	\$246,455.90	\$297,183.71	\$475,733.31	\$638,858.59	\$804,890.99	\$1,008,708.87	\$1,030,527.72
FY 2014	\$32,785.51	\$20,399.76	\$33,382.63	\$32,521.83	\$42,153.17	\$47,625.85	\$41,859.55	\$187,697.06	\$165,940.26	\$157,119.60	\$217,538.39	\$33,070.40
YTD	\$32,785.51	\$63,185.27	\$86,567.90	\$119,089.73	\$161,242.90	\$208,868.75	\$250,728.30	\$438,425.36	\$604,365.62	\$761,485.22	\$979,023.61	\$1,012,094.01
FY 2015	\$50,101.37	\$20,302.81	\$45,180.40	\$67,963.83	\$54,978.94	\$102,903.79	\$88,137.83	\$228,895.80	\$200,123.07	\$208,944.00	\$231,566.84	\$70,845.96
YTD	\$50,101.37	\$70,404.18	\$115,584.58	\$183,548.41	\$238,527.35	\$341,431.14	\$429,568.97	\$658,464.77	\$858,587.84	\$1,067,531.84	\$1,299,098.68	\$1,369,944.64
FY 2016	\$37,891.82	\$20,239.04	\$97,742.38	\$25,839.07	\$197,397.64	\$95,985.99	\$224,614.99	\$103,161.00	\$166,682.00	\$180,838.00	\$201,624.53	\$38,366.93
YTD	\$37,891.82	\$58,130.86	\$155,873.24	\$181,712.31	\$379,109.95	\$475,095.94	\$699,710.93	\$802,871.93	\$969,553.93	\$1,150,391.93	\$1,352,016.46	\$1,390,363.39
FY 2017	\$119,909.94	\$55,423.48	\$87,873.13	\$142,357.47	\$41,995.22	\$148,618.10	\$142,636.32	\$187,613.18	\$204,129.97	\$165,451.68	\$208,890.93	\$76,774.96
YTD	\$119,909.94	\$175,333.42	\$263,206.55	\$405,564.02	\$447,559.24	\$596,177.34	\$738,813.66	\$926,426.84	\$1,130,556.81	\$1,296,008.49	\$1,504,899.42	\$1,581,674.38
FY 2018	\$29,864.17	\$48,702.07	\$58,630.68	\$75,354.62								
YTD	\$29,864.17	\$78,566.24	\$137,196.92	\$212,551.54								

Current month GRT collections reflects money generated 2 months prior.

* NOTE: Feb 2007-Sept. 2012: Includes NMFA loan pay deduction- Note starts again Aug 2016

Lodger's Tax

CURRENT RATE = 5%

7/01/04 thru Current the tax rate is 5%; 2/97 thru 6/04 tax rate was 4.5%

LODGERS' TAX

	July	August	September	October	November	December	January	February	March	April	May	June
FY 2007	\$2,598.88	\$3,062.11	\$6,699.35	\$4,995.65	\$2,000.12	\$5,337.46	\$40,954.80	\$41,957.59	\$67,487.55	\$72,949.07	\$9,581.32	\$4,404.89
YTD	\$2,598.88	\$5,660.99	\$12,360.34	\$17,355.99	\$19,356.11	\$24,693.57	\$65,648.37	\$107,605.96	\$175,093.51	\$248,042.58	\$257,623.90	\$262,028.79
FY 2008	\$2,722.84	\$5,440.23	\$4,285.04	\$2,754.53	\$3,901.84	\$577.12	\$51,173.76	\$59,427.24	\$69,853.67	\$77,642.16	\$6,257.25	\$6,805.31
YTD	\$2,722.84	\$8,163.07	\$12,448.11	\$15,202.64	\$19,104.48	\$19,681.60	\$70,855.36	\$130,282.60	\$200,136.27	\$277,778.43	\$284,035.68	\$290,840.99
FY 2009	\$2,308.21	\$17,029.81	\$4,613.37	\$1,998.89	\$2,683.42	\$2,329.41	\$69,821.07	\$48,658.30	\$64,074.56	\$63,514.05	\$2,163.00	\$1,019.51
YTD	\$2,308.21	\$19,338.02	\$23,951.39	\$25,950.28	\$28,633.70	\$30,963.11	\$100,784.18	\$149,442.48	\$213,517.04	\$277,031.09	\$279,194.09	\$280,213.60
FY 2010	\$6,555.17	\$6,692.88	\$6,626.34	\$2,464.04	\$3,071.98	\$3,065.62	\$58,358.23	\$53,226.27	\$63,632.42	\$73,788.32	\$5,154.71	\$2,591.00
YTD	\$6,555.17	\$13,248.05	\$19,874.39	\$22,338.43	\$25,410.41	\$28,476.03	\$86,834.26	\$140,060.53	\$203,692.95	\$277,481.27	\$282,635.98	\$285,226.98
FY 2011	\$3,799.08	\$5,779.40	\$4,203.94	\$4,540.58	\$826.80	\$4,048.19	\$48,139.08	\$38,771.02	\$56,737.62	\$53,736.46	\$1,376.99	\$1,907.76
YTD	\$3,799.08	\$9,578.48	\$13,782.42	\$18,323.00	\$19,149.80	\$23,197.99	\$71,337.07	\$110,108.09	\$166,845.71	\$220,582.17	\$221,959.16	\$223,866.92
FY 2012	\$5,123.77	\$5,559.34	\$7,292.78	\$3,573.23	\$2,125.17	\$25,832.86	\$57,242.46	\$54,829.42	\$66,115.91	\$72,972.48	\$6,978.68	\$4,665.17
YTD	\$5,123.77	\$10,683.11	\$17,975.89	\$21,549.12	\$23,674.29	\$49,507.15	\$106,749.61	\$161,579.03	\$227,694.94	\$300,667.42	\$307,646.10	\$312,311.27
FY 2013	\$3,611.20	\$6,647.21	\$6,362.49	\$6,914.30	\$3,587.06	\$4,412.71	\$41,548.72	\$58,051.35	\$69,819.08	\$65,779.34	\$2,387.53	\$1,223.37
YTD	\$3,611.20	\$10,258.41	\$16,620.90	\$23,535.20	\$27,122.26	\$31,534.97	\$73,083.69	\$131,135.04	\$200,954.12	\$266,733.46	\$269,120.99	\$270,344.36
FY 2014	\$2,832.98	\$7,754.90	\$7,045.56	\$19,777.25	\$4,319.60	\$4,888.83	\$54,643.19	\$58,342.34	\$68,032.70	\$67,580.97	\$4,688.03	\$1,953.28
YTD	\$2,832.98	\$10,587.88	\$17,633.44	\$37,410.69	\$41,730.29	\$46,619.12	\$101,262.31	\$159,604.65	\$227,637.35	\$295,218.32	\$299,906.35	\$301,859.63
FY 2015	\$2,492.93	\$6,804.83	\$15,377.68	\$9,451.74	\$6,196.45	\$7,739.68	\$48,605.50	\$66,074.56	\$67,834.16	\$75,221.00	\$5,450.60	\$1,138.28
YTD	\$2,492.93	\$9,297.76	\$24,675.44	\$34,127.18	\$40,323.63	\$48,063.31	\$96,668.81	\$162,743.37	\$230,577.53	\$305,798.53	\$311,249.13	\$312,387.41
FY 2016	\$3,159.70	\$22,368.20	\$9,450.74	\$5,746.17	\$4,197.87	\$9,297.58	\$53,807.00	\$72,513.85	\$76,593.23	\$71,244.05	\$3,250.86	\$2,501.47
YTD	\$3,159.70	\$25,527.90	\$34,978.64	\$40,724.81	\$44,922.68	\$54,220.26	\$108,027.26	\$180,541.11	\$257,134.34	\$328,378.39	\$331,629.25	\$334,130.72
FY 2017	\$3,312.79	\$6,428.45	\$20,520.20	\$6,104.38	\$4,731.31	\$5,975.60	\$52,006.45	\$57,922.20	\$70,032.91	\$81,036.07	\$5,683.84	\$3,145.21
YTD	\$3,312.79	\$9,741.24	\$30,261.44	\$36,365.82	\$41,097.13	\$47,072.73	\$99,079.18	\$157,001.38	\$227,034.29	\$308,070.36	\$313,754.20	\$316,899.41
FY 2018	\$26,463.06	\$13,960.76	\$11,225.88	\$8,960.06								
YTD	\$26,463.06	\$40,423.82	\$51,649.70	\$60,609.76								

Current month LT collections reflects money generated in the previous month.

Aug FY2016 includes \$15K late LT
 Sept 2016 includes \$10,172 in Late LT for FY2016
 July FY2018 includes \$17,455 Late lodgers tax For FY2017
 Sept 2016-Approx \$3,261 is for Late Lodgers Tax

VILLAGE OF TAOS SKI VALLEY
Profit & Loss Prev Year Comparison
 July through October 2017

	Jul - Oct 17	Jul - Oct 16	\$ Change	% Change
Ordinary Income/Expense				
Income				
4012 · REVENUE - Combined Water-Sewer	235,405.21	239,787.95	-4,382.74	-1.8%
4019 · Hold Harmless GRT Revenue	13,712.72	0.00	13,712.72	100.0%
4020 · REVENUE - GRT MUNICIPAL	90,446.50	188,957.21	-98,510.71	-52.1%
4021 · REVENUE - GRT - STATE	75,054.85	155,183.69	-80,128.84	-51.6%
4022 · REVENUE - GRT - ENVIRONMENT	3,703.99	7,658.81	-3,954.82	-51.6%
4023 · REVENUE - GRT - INFRASTRUCTURE	14,816.74	30,636.04	-15,819.30	-51.6%
4027 · REVENUE - OTHER	42,759.15	29,379.03	13,380.12	45.5%
4028 · REVENUE - GASOLINE TAX	1,668.00	1,668.00	0.00	0.0%
4029 · REVENUE - LODGER'S TAX	60,609.76	36,345.82	24,263.94	66.8%
4031 · REVENUE - PARKING FINES	1,000.00	135.00	865.00	640.7%
4034 · REVENUE - MOTOR VEHICLE FEES	4,278.45	3,937.32	341.13	8.7%
4036 · REVENUE - Licenses/Permits	8,817.63	54,560.56	-45,742.93	-83.8%
4037 · REVENUE - GENERAL GRANTS	26,843.00	26,833.00	10.00	0.0%
4040 · REVENUE - WATER CONNECTION FEES	5,586.24	18,205.03	-12,618.79	-69.3%
4041 · REVENUE - SEWER CONNECTION FEES	8,054.34	14,659.67	-6,605.33	-45.1%
4046 · REVENUE - SOLID WASTE FEE	21,236.90	19,939.22	1,297.68	6.5%
4047 · REVENUE - OTHER OPERATING	3,669.45	25.00	3,644.45	14,577.8%
4049 · REVENUE - FIRE GRANTS	0.00	102,216.00	-102,216.00	-100.0%
4050 · REVENUE - IMPACT FEES	13,438.32	22,373.47	-8,935.15	-39.9%
4053 · REVENUE - GRT MUN CAP OUTLAY1/4	14,816.74	30,636.04	-15,819.30	-51.6%
4058 · Plan Review Fees	4,350.97	64,931.79	-60,580.82	-93.3%
4059 · Proceed NMFA Issuance of Debt	0.00	969,982.77	-969,982.77	-100.0%
4060 · WTB FY2016 revenue	0.00	6,616.11	-6,616.11	-100.0%
4100 · Miscellaneous Revenues				
4110 · Misc Revenue- TIDD reimburse	1,528.29	0.00	1,528.29	100.0%
Total 4100 · Miscellaneous Revenues	1,528.29	0.00	1,528.29	100.0%
7004 · REVENUE - FINANCE CHARGE ON W/S	406.36	214.37	191.99	89.6%
7005 · REVENUE - INTEREST INCOME	14,993.75	7,045.97	7,947.78	112.8%
7007 · REVENUE - INTEREST IMPACT FEES	51.68	20.94	30.74	146.8%
7010 · REVENUE - AD VALOREM TAX	15,406.56	13,638.73	1,767.83	13.0%
9000 · BEG. BALANCE	0.00	0.00	0.00	0.0%
Total Income	682,655.60	2,045,587.54	-1,362,931.94	-66.6%
Gross Profit	682,655.60	2,045,587.54	-1,362,931.94	-66.6%
Expense				
6100 · Salary and Benefits				
6112 · SALARIES - STAFF	330,668.05	290,265.74	40,402.31	13.9%
6113 · SALARIES - ELECTED	11,817.63	11,817.63	0.00	0.0%
6121 · WORKER'S COMP INSURANCE	18,389.00	12,872.00	5,517.00	42.9%
6122 · HEALTH & LIFE INSURANCE	64,279.59	51,574.58	12,705.01	24.6%
6125 · FICA EMPLOYER'S SHARE	25,770.76	22,728.97	3,041.79	13.4%
6126 · WORKMAN'S COMP PERSONAL ASS...	81.70	146.20	-64.50	-44.1%
6127 · SUTA STATE UNEMPLOYEMENT	211.88	251.23	-39.35	-15.7%
6128 · PERA Employer Portion	28,197.56	22,393.05	5,804.51	25.9%
6130 · HEALTH INCENTIVE - SKI PASS/GYM	397.00	405.80	-8.80	-2.2%
Total 6100 · Salary and Benefits	479,813.17	412,455.20	67,357.97	16.3%
6220 · OUTSIDE CONTRACTORS	139,399.29	223,477.76	-84,078.47	-37.6%
6225 · ENGINEERING	204,583.71	47,219.90	157,363.81	333.3%
6230 · LEGAL SERVICES	19,162.53	39,105.16	-19,942.63	-51.0%
6242 · ACCOUNTING	664.02	1,080.80	-416.78	-38.6%
6244 · AUDIT	3,977.50	9,926.40	-5,948.90	-59.9%
6251 · WATER PURCHASE, STORAGE	81.36	87.21	-5.85	-6.7%
6253 · ELECTRICITY	7,500.48	6,388.44	1,112.04	17.4%
6254 · PROPANE	1,921.05	2,786.16	-865.11	-31.1%
6256 · TELEPHONE	5,731.82	5,231.21	500.61	9.6%
6257 · RENT PAID	576.00	613.48	-37.48	-6.1%
6258 · WATER CONSERVATION FEE	126.93	123.33	3.60	2.9%
6259 · Natural Gas	222.93	0.00	222.93	100.0%
6270 · LIABILITY & LOSS INSURANCE	32,992.35	33,304.39	-312.04	-0.9%
6311 · Uniforms and Safety Equipment	0.00	0.00	0.00	0.0%
6312 · CHEMICALS & NON DURABLES	4,735.75	5,609.98	-874.23	-15.6%
6313 · MATERIAL & SUPPLIES	42,172.61	51,724.18	-9,551.57	-18.5%
6314 · Dues/fees/registration/renewals	4,040.55	3,948.68	91.87	2.3%
6315 · BANK CHARGES	20.00	0.00	20.00	100.0%
6316 · Software	210.25	3,065.00	-2,854.75	-93.1%
6317 · Personal Protective Equipment	997.27	0.00	997.27	100.0%
6318 · Postage	757.00	782.17	-25.17	-3.2%
6320 · EQUIPMENT REPAIR & PARTS	5,982.44	110.15	5,872.29	5,331.2%
6321 · BUILDING MAINTENANCE	266.92	69.98	196.94	281.4%
6322 · SMALL EQUIP & TOOL PURCHASES	7,004.39	1,833.93	5,170.46	281.9%
6323 · SYSTEM REPAIR & PARTS	4,391.29	1,868.00	2,523.29	135.1%

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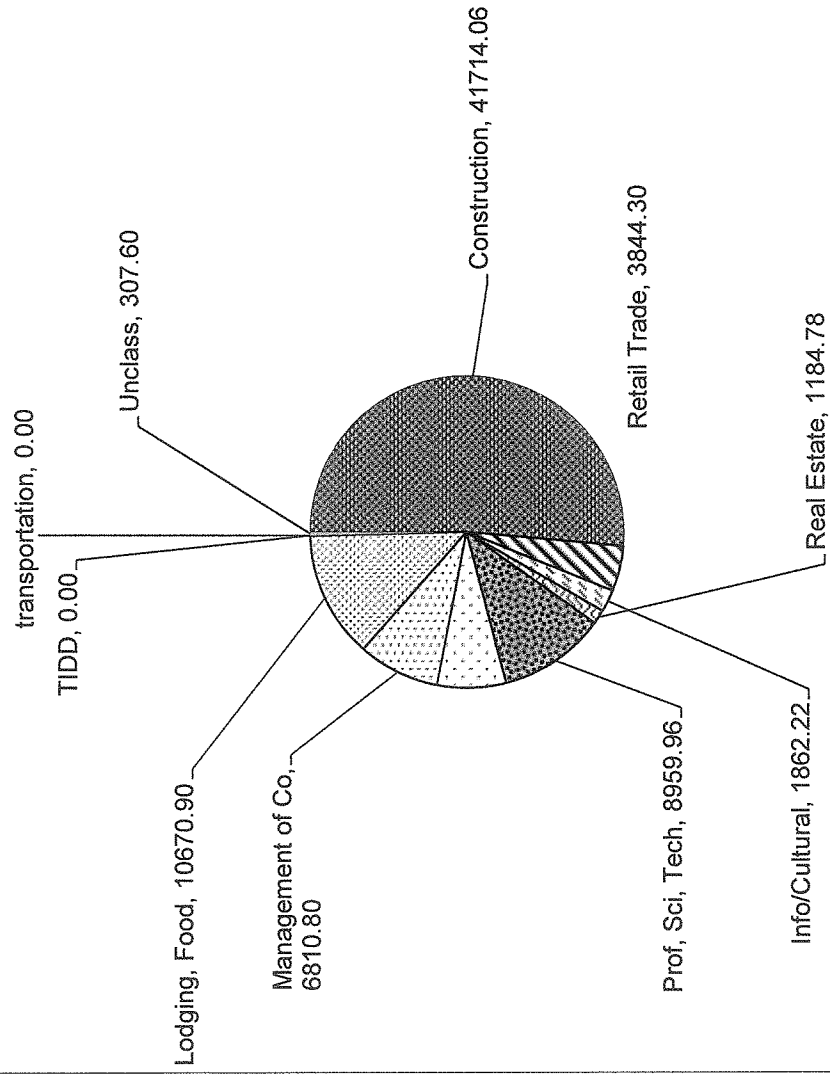
11/09/17

Cash Basis

VILLAGE OF TAOS SKI VALLEY
Profit & Loss Prev Year Comparison
 July through October 2017

	Jul - Oct 17	Jul - Oct 16	\$ Change	% Change
6331 · OUTSIDE TESTING SERVICES	3,279.06	508.44	2,770.62	544.9%
6332 · EQUIPMENT RENTALS	5,123.12	2,489.66	2,633.46	105.8%
6335 · FINANCE CHARGE & MISCEL. TAX	11,104.34	0.00	11,104.34	100.0%
6417 · VEHICLE MAINTENANCE	16,187.56	5,296.52	10,891.04	205.6%
6418 · FUEL EXPENSE	6,430.97	2,415.97	4,015.00	166.2%
6432 · TRAVEL & PER DIEM	8,413.89	12,086.36	-3,672.47	-30.4%
6434 · TRAINING	2,491.66	5,211.55	-2,719.89	-52.2%
6560 · Payroll Expenses	-0.02	0.00	-0.02	-100.0%
6712 · LAB CHEMICALS & NONDURABLES	1,498.60	2,058.04	-559.44	-27.2%
6716 · LAB TESTING SERVICES	3,272.75	5,526.89	-2,254.14	-40.8%
6720 · LAB OUTSIDE CONTRACTORS	0.00	0.00	0.00	0.0%
8322 · CAPITAL EXPENDITURES	12,748.28	879,684.17	-866,935.89	-98.6%
8323 · Capital Assets \$1000-\$4999	950.06	1,069.58	-119.52	-11.2%
8325 · EQUIPMENT & TOOL PURCHASE	31,444.57	0.00	31,444.57	100.0%
Total Expense	1,070,276.45	1,767,158.69	-696,882.24	-39.4%
Net Ordinary Income	-387,620.85	278,428.85	-666,049.70	-239.2%
Other Income/Expense				
Other Expense				
9001 · TRANSFER TO FUND	-293,201.89	-282,562.35	-10,639.54	-3.8%
9002 · TRANSFER FROM FUND	293,201.89	282,562.35	10,639.54	3.8%
Total Other Expense	0.00	0.00	0.00	0.0%
Net Other Income	0.00	0.00	0.00	0.0%
Net Income	-387,620.85	278,428.85	-666,049.70	-239.2%

Village of Taos Ski Valley Gross Receipts Distribution Oct 2017



Construction	Retail Trade
Info/Cultural	Real Estate
Prof, Sci, Tech	NMFA Intercept
Management of Co	Lodging, Food
TIDD	education
transportation	Unclass

FY2018 TIDD GRT Distribution

Date	VTSV Increment	State Increment	Admin Fees	Total TIDD	NMFA Offset	VTSV Net Cash Received
1/19/2016	32,967.85	26,339.42	(775.24)	58,532.03		224,614.99
2/15/2016	367,767.33	295,468.00	(5,720.59)	657,514.74		103,161.32
3/16/2016	52,544.37	18,074.14	(609.11)	70,009.40		166,682.00
4/14/2016	154,666.36	122,107.93	(2,387.25)	274,387.04		180,838.00
5/17/2016	233,430.58	187,540.49	(3,631.00)	417,340.07		201,624.53
6/15/2016	10,558.12	8,482.49	(164.24)	18,876.37		38,366.93
TOTAL FY2016	851,934.61	658,012.47	(13,287.43)	1,496,659.65		915,287.77

7/15/2016	227,768.50	180,136.30	(3,518.29)	404,386.51		119,909.94
8/23/2016	129,583.78	102,484.51	(2,001.66)	230,066.63	7,507.77	55,423.48
9/15/2016	127,005.96	100,445.77	(1,961.85)	225,489.88	7,507.77	80,365.36
10/15/2016	174,220.52	137,786.57	(2,691.14)	309,315.95	7,507.77	142,357.47
11/18/2016	-	-	-	-	7,507.77	34,487.45
12/15/2016	103,076.05	81,520.23	(1,592.19)	183,004.09	7,507.77	141,110.33
1/18/2017	142,524.81	112,719.24	(2,201.55)	253,042.50	7,507.77	135,128.55
2/17/2017	15,477.59	12,240.84	(239.08)	27,479.35	7,507.77	180,105.41
3/16/2017	83,359.40	65,926.82	(1,287.82)	147,998.40	7,507.77	196,622.20
4/15/2017	56,296.56	44,523.50	(869.59)	99,950.47	7,507.77	157,943.00
5/16/2017	35,609.26	28,162.46	(550.05)	63,221.67	5,763.47	208,890.93
6/16/2017	133,716.69	105,753.13	(2,065.50)	237,404.32	5,763.47	71,011.49
TOTAL FY17	1,228,639.12	971,699.37	(18,978.72)	2,181,359.77	79,096.87	1,523,355.61

Chaz-TSVI did not pay Jayne's timely

7/15/2017	0.00	0.00	0.00	0.00	5,763.47	24,100.70
8/15/2017	0.00	0.00	0.00	0.00	5,763.47	42,938.60
9/15/2017	1963.78	1553.10	(30.32)	3486.56	5,763.47	52,867.21
10/15/2017					5,763.47	69,591.15
TOTAL FY18	1,963.78	1,553.10	(30.32)	3,486.56	17,290.41	119,906.51
TOTAL FY16, FY17 & FY18	2,082,537.51	1,631,264.94	(32,296.47)	3,681,505.98	96,387.28	2,558,549.89

Village Baseline						
Month GRT is Generated	Month GRT is Reported to State	Mth GRT is distributed fr State to Entities	Total	State	Village	
December	January	February	371,622.37	201,645.53	169,976.84	
January	February	March	328,741.64	178,378.07	150,363.57	
February	March	April	310,404.18	168,428.01	141,976.17	
March	April	May	429,910.95	233,273.42	196,637.53	
April	May	June	64,234.89	34,854.41	29,380.48	
May	June	July	93,353.53	50,654.43	42,699.09	
June	July	August	40,142.02	21,781.41	18,360.61	
July	August	September	89,560.14	48,596.11	40,964.03	
August	September	October	134,697.23	73,087.89	61,609.34	
September	October	November	108,590.92	58,922.38	49,668.54	
October	November	December	204,035.98	110,711.70	93,324.28	
November	December	January	174,517.70	94,694.82	79,822.88	
Total			2,349,811.54	1,275,028.17	1,074,783.36	

Village of Taos Ski Valley

Village Council Agenda Item

AGENDA ITEM TITLE: **Consideration to Approve Ordinance 2018-64 CONCERNING THE MUNICIPAL JOINT WATER AND SEWER SYSTEM OF THE VILLAGE OF TAOS SKI VALLEY, NEW MEXICO; PROVIDING FOR THE EXTENSION, ENLARGEMENT, BETTERMENT, REPAIR AND OTHER IMPROVEMENT OF SUCH SYSTEM AND FOR THE ISSUANCE OF REVENUE BONDS IN THE AGGREGATE MAXIMUM AMOUNT OF \$8,500,000, CONSISTING OF THE VILLAGE'S JOINT WATER AND SEWER DRAW DOWN REVENUE BOND (INTERIM BANK BOND), IN THE MAXIMUM PRINCIPAL AMOUNT OF \$3,500,000, AND ITS GROSS RECEIPTS TAX DRAW DOWN REVENUE BOND (INTERIM BANK BOND), IN THE MAXIMUM PRINCIPAL AMOUNT OF \$5,000,000, TO PROVIDE TEMPORARY CONSTRUCTION FINANCING FOR THE PROJECT PENDING THE ISSUANCE BY THE VILLAGE OF ITS REVENUE BOND OR BONDS TO THE UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT (USDA) TO PROVIDE PERMANENT FINANCING FOR SUCH PROJECT; DECLARING THE NECESSITY FOR MAKING AND ISSUING SUCH BONDS WHICH SHALL BE PAYABLE SOLELY OUT OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF SUCH SYSTEM (AS TO THE SYSTEM REVENUE BOND) AND CERTAIN GROSS RECEIPTS TAX RECEIPTS PLEDGED FOR SUCH PURPOSE (AS TO THE GRT REVENUE BOND), RESPECTIVELY, AS PROVIDED HEREIN; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE SALE OF THE BONDS PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; PROVIDING FOR THE COLLECTION AND DISPOSITION OF THE REVENUES TO BE DERIVED FROM THE OPERATION OF SUCH SYSTEM AND THE COLLECTION AND DISPOSITION OF SUCH GROSS RECEIPTS TAX, RESPECTIVELY; PROVIDING THE FORM, TERMS AND CONDITIONS OF SUCH REVENUE BONDS, THE METHOD OF PAYING SUCH AND THE SECURITY THEREFOR; AUTHORIZING THE USE OF A SINGLE REGISTERED BOND FOR EACH SUCH SERIES; PRESCRIBING OTHER DETAILS CONCERNING SUCH SYSTEM REVENUES, GROSS RECEIPTS TAX, BONDS AND SYSTEM, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH AND WITH FUTURE FINANCING THEREFOR; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HERewith**

DATE: November 14, 2017

PRESENTED BY: Mark G. Fratrack

STATUS OF AGENDA ITEM: Old Business

CAN THIS ITEM BE RESCHEDULED: Not Recommended

BACKGROUND INFORMATION:

This Ordinance outlines the mechanism for the Village to obtain temporary construction financing for upgrading the Village's wastewater treatment plant, through the issuance of revenue bonds. This interim financing is a necessary component of obtaining the permanent financing through the USDA Rural Development.

The Village's financial advisor from George K. Baum, Mr. Brad Angst, will be in attendance to answer questions.

The first reading of Ordinance No. 2018-64 was at the October 30, 2017 Council meeting, which meets the New Mexico State Statute requirements for adopting ordinances.

Recommendation: Staff recommends approval of **Ordinance No. 2018-64** for obtaining interim financing through revenue bond issuance.

STATE OF NEW MEXICO)
COUNTY OF TAOS) ss.
VILLAGE OF TAOS SKI VALLEY)

The Village Council (the “Council”) of the Village of Taos Ski Valley (the “Village”), in the County of Taos and State of New Mexico, met in open special session in full conformity with law and the ordinances and rules of the Village, at the Hondo Restaurant At Snakedance Condominiums, 110 Sutton Pl, Taos Ski Valley, NM 87525, being the regular meeting place of the Council, at the hour of 2:00 o’clock p.m., on November 14, 2017.

Upon roll call, the following were found to be present, constituting a quorum:

Mayor: [Neal King]
Council Members: [Kathy Bennett]
[Christof Brownell]
[Chris Stagg]
[Tom Wittman]

Absent: _____

constituting all the members of the Council.

There were also present:

Village Administrator: [Mark G. Fratrack]
Village Attorney: [Dennis Romero]
Village Clerk: [Ann M. Woolridge]

Thereupon the following proceedings, among others, were had and taken, to wit:

The Village Clerk announced that the United States of America acting by and through the United States Department of Agriculture, Rural Development, has approved a Letter of Conditions relating to the permanent financing of certain improvements to the Village's wastewater treatment facilities; and pending construction of such improvements and closing of such permanent financing, related interim bank financing for such improvements through the issuance and placement of the Village's revenue bonds has been negotiated based on proposals requested and received by the Village. The Mayor announced that the Council at this meeting is to consider the adoption of the bond ordinance awarding the sale of such revenue bonds and authorizing the same.

The Village Clerk also announced that copies of a draft of such proposed ordinance previously were filed with her on October 26, 2017.

Thereupon, there was officially filed with the Village Clerk, the Mayor and each Council Member, a copy of the ordinance in its final form which is in substantially the form filed with the Village Clerk on October 26, 2017. Mayor King thereupon introduced the ordinance, which is as follows:

ORDINANCE NO. 2018-64

CONCERNING THE MUNICIPAL JOINT WATER AND SEWER SYSTEM OF THE VILLAGE OF TAOS SKI VALLEY, NEW MEXICO; PROVIDING FOR THE EXTENSION, ENLARGEMENT, BETTERMENT, REPAIR AND OTHER IMPROVEMENT OF SUCH SYSTEM AND FOR THE ISSUANCE OF REVENUE BONDS IN THE AGGREGATE MAXIMUM AMOUNT OF \$8,500,000, CONSISTING OF THE VILLAGE'S JOINT WATER AND SEWER DRAW DOWN REVENUE BOND (INTERIM BANK BOND), IN THE MAXIMUM PRINCIPAL AMOUNT OF \$3,500,000, AND ITS GROSS RECEIPTS TAX DRAW DOWN REVENUE BOND (INTERIM BANK BOND), IN THE MAXIMUM PRINCIPAL AMOUNT OF \$5,000,000, TO PROVIDE TEMPORARY CONSTRUCTION FINANCING FOR THE PROJECT PENDING THE ISSUANCE BY THE VILLAGE OF ITS REVENUE BOND OR BONDS TO THE UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT (USDA) TO PROVIDE PERMANENT FINANCING FOR SUCH PROJECT; DECLARING THE NECESSITY FOR MAKING AND ISSUING SUCH BONDS WHICH SHALL BE PAYABLE SOLELY OUT OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF SUCH SYSTEM (AS TO THE SYSTEM REVENUE BOND) AND CERTAIN GROSS RECEIPTS TAX RECEIPTS PLEDGED FOR SUCH PURPOSE (AS TO THE GRT REVENUE BOND), RESPECTIVELY, AS PROVIDED HEREIN; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE SALE OF THE BONDS PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; PROVIDING FOR THE COLLECTION AND DISPOSITION OF THE REVENUES TO BE DERIVED FROM THE OPERATION OF SUCH SYSTEM AND THE COLLECTION AND DISPOSITION OF SUCH GROSS RECEIPTS TAX, RESPECTIVELY; PROVIDING THE FORM, TERMS AND CONDITIONS OF SUCH REVENUE BONDS, THE METHOD OF PAYING SUCH AND THE SECURITY THEREFOR; AUTHORIZING THE USE OF A SINGLE REGISTERED BOND FOR EACH SUCH SERIES; PRESCRIBING OTHER DETAILS CONCERNING SUCH SYSTEM REVENUES, GROSS RECEIPTS TAX, BONDS AND SYSTEM, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH AND WITH FUTURE FINANCING THEREFOR; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

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

(1) WHEREAS, the Village of Taos Ski Valley, in the County of Taos and State of New Mexico (herein the "Village"), is a legally and regularly created, established, organized and existing municipal corporation under its territorial charter and the general laws of the State of New Mexico; and

(2) WHEREAS, the Village now owns, operates and maintains a joint public utility constituting a joint water and sanitary sewer system (the “System”); and

(3) WHEREAS, pursuant to Ordinance No. 05-41 of the Village, NMSA Sections 3-31-1 et seq (the “Revenue Bond Act”) and NMSA Sections 74-6A-1 et seq (the “Wastewater Facility Construction Loan Act”), the Village previously entered into a Final Loan Agreement dated as of May 5, 2005, as amended by Amendment No. 1 thereto (together, the “2005 Loan Agreement”) under which the Village issued to the New Mexico Environment Department (“NMED”) its Final Promissory Note dated December 5, 2006, in the original principal amount of \$1,641,757.25, of which there is now outstanding principal in the amount of \$941,320.88 (the “2006 Note”); under the terms of Ordinance No. 05-41, the 2005 Loan Agreement, the New Mexico Gross Receipts and Compensating Tax Act, Sections 7-9-1 et seq, and the Municipal Local Option Gross Receipts Taxes Act (collectively, the “GRT Act”) and the Wastewater Facility Construction Loan Act, the 2006 Note is secured by a pledge of “Net Revenues”, which is defined in Ordinance No. 05-41 as all income and revenues directly or indirectly derived by the Village from the operation of the System, LESS the operation and maintenance expenses of the System, parity obligations and other approved debt(s) herein indicated, approved indirect charges, any amounts expended for capital replacements and repair of System, and the required set asides for debt and replacement reserves and revenues derived from the 0.25% increase in Municipal Capital Outlay Gross Receipts Tax (as authorized by Ordinance No. 04-39 and the GRT Act, the “Capital Outlay GRT”); and

(4) WHEREAS, pursuant to Ordinance No. 2016-54, the Revenue Bond Act and the Wastewater Facility Construction Loan Act, the Village previously entered into an Interim Loan Agreement (Loan Number CWSRF 052) dated as of March 24, 2016 (the “2016 Loan Agreement”) under which the Village issued to NMED its Interim Promissory Note dated March 17, 2016, in the maximum principal amount drawable of \$350,000.00, of which there is now outstanding principal in the amount of \$350,000.00 (the “2016 Note”); under the terms of Ordinance No. 2016-54, the 2016 Loan Agreement, the GRT Act and the Wastewater Facility Construction Loan Act, the 2016 Note is secured by a pledge of:

1. “Net Revenues”, which is defined in Ordinance No. 2016-54 as Gross Revenues (defined as all income and revenues directly or indirectly derived by the Village from the operation and use of the System) LESS the following expenses (capitalized terms being defined in the 2016 Loan Agreement): (1) Operation and Maintenance expenses, (2) Parity Bonds or Parity Obligations, (3) approved indirect charges, (4) any amounts expended for capital replacements of the System, and (5) the required set asides for Debt Service Reserve Requirement and Replacement Reserve Requirement; and

2. The “Municipal Gross Receipts Tax”, which is defined in the 2016 Ordinance as an excise tax equal to one-quarter percent (0.25%) of the gross receipts reported or required to be reported by the person pursuant to the New Mexico Gross Receipts and Compensating Tax Act as it now exists or may be amended and as defined in Ordinance Number 97-1 as an excise tax equal to one-half percent of the gross receipts reported or required to be reported by the person pursuant to the New Mexico Gross

Receipts and Compensating Tax Act as it now exists or as it may be amended (as authorized by Ordinance 97-1 and the GRT Act, the “Municipal GRT”); and

(5) WHEREAS, the Village, by Ordinance No. 2017-60 passed, approved and adopted on February 14, 2017, and the GRT Act, has imposed a municipal hold harmless gross receipts tax (the “Hold Harmless GRT”) consisting of an excise equal to 0.375% of the gross receipts reported or required to be reported by the person pursuant to the GRT Act for the purpose of general operations of the Village, including securing of debt and revenue bonds, debt service, and funding Enterprise Fund projects; and

(6) WHEREAS, the System is insufficient and inadequate to meet the needs of the Village; and

(7) WHEREAS, the Council hereby determines that there is a need to complete the Project (as defined below) which will provide for the public health, welfare and safety of the Village and its citizens; and

(8) WHEREAS, the United States of America, acting by and through the United States Department of Agriculture, Rural Development (“USDA”), pursuant to a letter of conditions between it and the Village dated as of July 13, 2017 (as the same may be amended, the “USDA Letter of Conditions”), has agreed to provide permanent financing for the Project by acquiring from the Village its revenue bond or bonds in an amount of \$8,300,000 (collectively, the “USDA Bonds”), on the terms described in the USDA Letter of Conditions; and

(9) WHEREAS, pending construction of the Project and satisfaction of the conditions to the issuance of the USDA Bonds and the purchase thereof by USDA as provided in the USDA Letter of Conditions, TIB The Independent BankersBank, N.A. (the “Bank”), pursuant to Bid Form dated August 4, 2017 (as the same may be amended, the “Proposal”) in response to a request for proposals issued by the Village, has agreed to provide temporary construction financing for the Project on the terms described in the Proposal; and

(10) WHEREAS, the Council has determined and does hereby determine and declare that the proposal for temporary construction financing by the Bank constitutes the best proposal for such financing and is to the best advantage of the Village; and

(11) WHEREAS, as security for the temporary construction financing, the Village desires to pledge to the Bank, pursuant to the terms of the Revenue Bond Act: (a) a lien on the Net Revenues of the system securing the System Revenue Bond on an equal and ratable basis with the lien on such Net Revenues in favor of NMED which secures the 2006 Note and the 2016 Note; and (b) a lien on the Hold Harmless GRT securing the GRT Revenue Bond; and

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

“C. Any law which authorizes the pledge of any or all of the pledged revenues to the payment of any revenue bonds issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978 or which affects the pledged revenues, or any law supplemental thereto or otherwise appertaining thereto, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to

impair adversely any such outstanding revenue bonds, unless such outstanding revenue bonds have been discharged in full or provision has been fully made therefor.”; and

(13) WHEREAS, Section 7-19D-18, NMSA 1978, provides as follows:

“D. Any law that imposes or authorizes the imposition of a municipal hold harmless gross receipts tax or that affects the municipal hold harmless gross receipts tax, 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 outstanding revenue bonds that may be secured by a pledge of such municipal hold harmless gross receipts tax unless such outstanding revenue bonds have been discharged in full or provision has been fully made therefor.”; and

(14) WHEREAS, the Council hereby determines that the Project being acquired with the proceeds of the Bonds is for a governmental purpose and is not a project which would cause the Bonds, as and to the extent issued on a tax-exempt basis, to be “private activity bonds” as defined by the Internal Revenue Code of 1986, as amended (the “Code”), and the Council hereby further determines that neither the Village nor any subordinate entity thereof reasonably anticipates issuing more than \$10,000,000 face amount of bonds or any other similar “qualified tax exempt obligation” (as defined in §265(b)(3)(B) of the Code) during the calendar years in which the Bonds are expected to be issued (presently expected to be 2017); and

(15) WHEREAS, the Purchasers have offered to purchase the Bonds in accordance with the Proposal and the purchase price and other details of the Bonds will be established in the Sale Certificate pursuant to this Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE VILLAGE OF TAOS SKI VALLEY, NEW MEXICO:

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

“Bank” means TIB The Independent Bankers Bank, N.A.

“Bond Fund” means the Bond Fund maintained within the Income Fund and referred to in Section 21B hereof.

“Bonds” means, collectively, the System Revenue Bond and the GRT Revenue Bond.

“Construction Loan Disbursement Agreement” means the agreement or agreements between the Bank and the Village governing the advancement and disbursement of proceeds of the Bonds, as authorized under Section 40 of this Ordinance.

“Consulting Engineer” means any registered or licensed professional engineer or firm of such engineers, entitled to practice and practicing as such under the laws of the State of New Mexico, retained and compensated by the Village, but not in the regular employ of the Village. The written determination by the Mayor or Village Administrator or the authorized designee of either, that an engineer or firm of engineers meets the foregoing qualifications of the preceding sentence shall be conclusive for purposes of any provision of this Ordinance. As to construction drawings and specifications prepared for the Project by Village employees working on force account or otherwise under the supervision of the Village Engineer, this term may include the Village Engineer.

“Council” means the Village Council of the Village.

“Finance Director” means the person serving as Treasurer and Finance Director of the Village.

“Fiscal Year” for the purposes of this Ordinance means the twelve months commencing on the first day of July of any calendar year and ending on the last day of June of the next calendar year; but it may mean any other 12-month period which any appropriate authority hereafter may establish for the System.

“GRT Revenue Bond” means the Gross Receipts Tax Revenue Bond (Interim Bank Bond), authorized to be issued to the Bank as provided in Section 5 of this Ordinance.

“Herein,” “hereby,” “hereunder,” “hereof,” “hereinbefore” and “hereafter” refer to this ordinance and not solely to the particular portion thereof in which such word is used.

“Holder” means the registered owner(s) of the Bonds as they appear on the registration records kept by the Village.

“Income Fund” means the Income Fund referred to in Section 20 of this Ordinance.

“Independent Accountant” means any registered or certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State of New Mexico, appointed and paid by the Village, who (1) is, in fact, independent and not under the domination of the Village, (2) does not have any substantial interest, direct or indirect, with the Village, and (3) is not connected with the Village as an officer or employee of the Village, but who may be regularly retained to make annual or similar audits of the books or records of the Village; and Independent Accountant also means the State Auditor of the State of New Mexico.

“Insured Bank” means a bank qualified to accept public deposits under state law which is a member of the Federal Deposit Insurance Corporation.

“Net Revenues” means the “revenues” (defined below) after deducting “operation and maintenance expenses” (defined below).

“operation and maintenance expenses” (or a phrase of similar import) means all reasonable and necessary current expenses of the Village, paid or accrued, of operating, maintaining and repairing the System, and shall include, without limiting the generality of the foregoing, legal and overhead expense of the various Village departments directly related and reasonably allocable to the administration of the System, insurance premiums, the reasonable charges of depository banks and paying agents, contractual services, professional services required by this Ordinance, salaries and administrative expenses, labor, the cost of materials and supplies used for current operation, but shall not include any allowance for depreciation, liabilities incurred by the Village as the result of its negligence in the operation of the System, extensions, enlargements or betterments, or any charges for the accumulation of reserves for capital replacements.

“Operation and Maintenance Fund” means the Operation and Maintenance Fund referred to in Section 21A of this Ordinance.

“Ordinance” means this Ordinance No. 2018-64 of the Village authorizing the issuance of the Bonds, as adopted on November 14, 2017.

“Outstanding Bond Funds” means any fund or funds created by the Village from which revenues are held and applied to the 2006 Note and the 2016 Note.

“Parity GRT Lien Bonds” means the any other bonds, warrants, notes, securities, leases or other contracts evidencing borrowings and payable from receipts from the Hold Harmless GRT issued with a lien on the receipts from the Hold Harmless GRT on a parity with the lien thereon securing the GRT Revenue Bond.

“Parity System Lien Bonds” means the 2006 Note, the 2016 Note and any other bonds, warrants, notes, securities, leases or other contracts evidencing borrowings and payable from revenues of the System issued with a lien on the Net Revenues on a parity with the lien thereon securing the 2006 Note and the 2016 Note and the System Revenue Bond.

“Paying Agent” means the office of the Finance Director of the Village, or any successor thereto.

“Project” means extending, enlarging, bettering, repairing or otherwise improving the System (as described in Section 5A of this Ordinance) and all costs incidental to the foregoing and to the issuance of the Bonds.

“Purchaser” means the Bank, as purchaser of the Bonds.

“Registrar” means the office of the Finance Director of the Village, or any successor thereto.

“Reserve Fund” means the Reserve Fund referred to in Section 21C hereof and established under Section 23 hereof.

“Reserve Requirement” means an amount equal to ten percent (10%) of the stated principal amount of the Bonds, or, if less, the maximum amount which may be retained without

yield restriction in a reasonably required reserve or replacement fund under applicable federal tax laws, as may be determined in the Sale Certificate.

“revenues,” “gross revenues,” “income” or “gross income” means all income and revenues derived by the Village from the operation of the System, or any part thereof, whether resulting from extensions, enlargements or betterments to the System, or otherwise, and includes all revenues received by the Village or any municipal corporation succeeding to the rights of the Village from the System and from the sale and use of water, water service and facilities, sanitary sewer service and facilities or any combination thereof to the inhabitants of what is now the Village (including all territorial annexations which may be made while any of the Bonds are outstanding), or from the sale and use of water, water service and facilities, sanitary sewer service and sewer facilities or any combination thereof, by means of the System owned and operated by the Village as the same may at any time exist to serve customers outside the Village limits as well as customers within the Village limits, and also means all income derived from the investment of any money in any of the funds established herein or contained herein even though such investment income is to be credited to the particular fund from which such investment is made, as further provided by Section 27 hereof.

“Sale Certificate” means one or more certificates executed by the Mayor or Village Administrator dated on or before the date of delivery of the Bonds, setting forth the following final terms of the Bonds: (i) the interest and principal payment dates; (ii) the principal amounts, denominations and maturity amortization; (iii) the sale prices; (iv) the interest rate or rates; (v) the interest payment periods; (vi) the redemption and tender provisions; (vii) the creation of any capitalized interest fund, including the size and funding of such fund(s); (viii) the amount of underwriting discount, if any; and (ix) the final terms of agreements, if any, with agents or service providers required for the purchase, sale, issuance and delivery of the Bonds, all subject to the parameters and conditions contained in this Ordinance.

“Supplemental Act” means the Supplemental Public Securities Act, Section 6-14-8 et seq., NMSA 1978, as amended by Senate Bill 43 adopted by the New Mexico Legislature during the 2017 Regular Legislative Session.

“System” means the municipally owned joint public utility designated as the Village’s water system and sanitary sewer system consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the Village through purchase, construction or otherwise, and used in connection with said water system and sanitary sewer system of the Village and in anyway appertaining thereto, whether situated within or without the limits of the Village (for the avoidance of doubt, “System” includes the Project).

“System Revenue Bond” means the Joint Sewer and Water System Draw Down Revenue Bond (Interim Bank Bond) authorized to be issued to the Bank as provided in Section 5 of this Ordinance.

“USDA” means The United States of America Acting through the United States Department of Agriculture.

“USDA Bonds” means the revenue bond or bonds to be issued by the Village to USDA (which may include the Bonds, if and to the extent the same may be amended and assigned to USDA) upon completion of the Project and satisfaction of the conditions set out in the Letter of Conditions.

“Village” means the municipal corporate body corporate and politic known as the Village of Taos Ski Valley, Taos County, New Mexico.

Definitions include both singular and plural. Pronouns include both singular and plural and cover all genders. Definitions of other terms appear throughout this Ordinance.

Section 2. Ratification. All action heretofore taken (not inconsistent with the express provisions of this Ordinance) by the Council and officers of the Village directed toward the Project, the approval of the Letter of Conditions, the Proposal and the authorization, sale and issuance of the Bonds as herein authorized be, and the same hereby is ratified, approved and confirmed.

Section 3. Public Utility. The municipal water facilities or system and the municipal sanitary sewer facilities or system shall constitute a joint public utility and shall be operated and maintained as such System.

Section 4. Acceptance of Purchase Proposal for Bonds; Approval of Letter of Conditions. The Proposal submitted by the Bank for the purchase of the Bonds, which was received by the Village as authorized by State law, be, and the same hereby is, accepted. The terms of the Letter of Conditions for the purchase by USDA of the USDA Bonds, which was received by the Village as authorized by State law, be, and the same hereby is, accepted.

Section 5. Authorization of Project and Bonds.

A. Authorization of Project. Subject to approval of final plans and specifications for the Project by the Council, the Project is hereby authorized at a total cost of not exceeding \$8,500,000 and the necessity thereof is hereby so declared. The Village has authorized (and hereby authorizes) the issuance of the Bonds to defray a part of such total cost. The Project, briefly and generally described, shall consist of the improvement, extension and betterment of the System, consisting of the replacement and upgrade of the Village’s existing wastewater treatment facility with a Membrane Bio Reactor System, and all other equipment, appurtenances and land necessary or convenient thereof or (including all necessary sites, rights-of-way and easements), all as more particularly described in the preliminary engineering report, plans and specifications which have heretofore been prepared and filed by the Consulting Engineer, which are available for public inspection in the office of the Village Clerk.

B. Authorization of Bonds. For the purpose of protecting the public health, conserving the property and advancing the general welfare of the citizens of the Village, and for the purpose of defraying the cost of the Project, it is hereby declared that the interest or necessity of the Village and the inhabitants thereof demand the issuance of the Bonds by the Village, pending satisfaction of the conditions to the issuance of the USDA Bonds and the purchase thereof by USDA as provided in the Letter of Conditions, said Bonds to consist of its fully registered revenue bonds without coupons to be designated:

1. “Village of Taos Ski Valley Joint Sewer and Water System Draw Down Revenue Bond (Interim Bank Bond)” in the aggregate principal amount not to exceed \$3,500,000, to be payable and collectible, both as to principal and interest solely from the Net Revenues (and proceeds of the USDA Bonds upon their issuance) and constituting a special obligation of the Village; and

2. “Village of Taos Ski Valley Gross Receipts Revenue Bond (Interim Bank Bond)” in the aggregate principal amount not to exceed \$5,000,000, to be payable and collectible, both as to principal and interest solely from receipts from the Hold Harmless GRT (and proceeds of the USDA Bonds upon their issuance) and constituting a special obligation of the Village.

Section 6. Bond Details. Each of the Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest and the regulations of the Secretary of the Treasury thereunder, as follows:

A. System Revenue Bond. The System Revenue Bond shall be dated initially as of the date of delivery thereof to Bank, and shall be issued as a single bond in the maximum principal amount of \$3,500,000. The Village’s aggregate indebtedness as represented by the System Revenue Bond shall be \$3,500,000 or such lesser amount as shall represent the aggregate principal amount advanced by the Bank to the Village thereunder, as shown on the principal advance panel appended to the System Revenue Bond, together with interest on the principal amounts outstanding from time to time as provided in this Section 6. The System Revenue Bond shall bear interest from the date of delivery at the rate not to exceed 5.00% per annum on the unpaid balance of the total principal advanced from the date or dates of each advance until the principal thereof is paid in full. Payment of interest on the System Revenue Bond shall be made semiannually on April 1 and October 1 of each year commencing on the first such date following the date of delivery thereof (each such day is referred to herein as a “Payment Date”). All outstanding principal and accrued and unpaid interest on the System Revenue Bond shall be due and payable in full on the earlier to occur of (a) the date of issuance of the USDA Bond, or (b) the date which is thirty-six (36) months following the date of delivery of the Bonds (as such date may be extended with the written consent of the Bank) (such earlier date, the “Maturity Date”). Except as otherwise provided herein, every payment on the System Revenue Bond shall be applied first to interest computed to the date of payment and then to principal.

B. GRT Revenue Bond. The GRT Revenue Bond shall be dated initially as of the date of delivery thereof to Bank, and shall be issued as a single bond in the maximum principal amount of \$5,000,000. The Village’s aggregate indebtedness as represented by the GRT Revenue Bond shall be \$5,000,000 or such lesser amount as shall represent the aggregate principal amount advanced by the Bank to the Village thereunder, as shown on the principal advance panel appended to the GRT Revenue Bond, together with interest on the principal amounts outstanding from time to time as provided in this Section 6. The GRT Revenue Bond shall bear interest from the date of delivery at the rate not to exceed 5.00% per annum on the unpaid balance of the total principal advanced from the date or dates of each advance until the principal thereof is paid in full. Payment of interest on the GRT Revenue Bond shall be made on each Payment Date. All outstanding principal and accrued and unpaid interest on the GRT Revenue Bond shall be due and payable in full on the Maturity Date. Except as otherwise

provided herein, every payment on the GRT Revenue Bond shall be applied first to interest computed to the date of payment and then to principal.

C. Establishment of Terms. The exact principal amounts of each of the Bonds, the interest rates and sale prices of the Bonds, and other terms described in Section 40 of this Ordinance will be established in the Sale Certificate, but in no event shall the net effective interest rate on the Bonds exceed the lesser of (i) the maximum rate of interest applicable to the Bonds as provided in Section 6.A or 6.B above, or (ii) twelve percent (12%) per annum as required by Section 6-14-3, NMSA 1978. The form, terms, and provisions of the Bonds, as set forth or referred to in Section 5 of this Ordinance, are hereby approved with only such changes therein as are not inconsistent with this Ordinance and the Sale Certificate

Section 7. Payment of Bonds; Paying Agent and Registrar.

A. The principal of any Bond shall be payable to the registered owner thereof as shown in the registration records kept by the Registrar, upon maturity and presentation and surrender thereof at the office of the Paying Agent. If, upon presentation of any Bond at or after its maturity, payment is not made as herein provided, interest thereon shall continue at the same rate per annum until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent on or before each Payment Date (or, if such Payment Date is not a business day, on or before the next succeeding business day), to the registered owner thereof at his address as shown on the registration records kept by the Registrar at the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding the Payment Date (the "Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any defaulted interest fixed by the Registrar whenever moneys become available for payment of the defaulted interest (each such date, a "Special Record Date"), and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten days prior to the Special Record Date by first-class mail to each such registered owner as shown on the registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest by such alternative means as may be mutually agreed to between the owner of any Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent or the Registrar.

B. If any installment is not paid when due, then in addition to installments thereafter becoming due, the Village shall pay interest on the unpaid balance of the total principal amount from the due date of the delinquent installment to the date of payment of the delinquent installment, provided, that interest accruing by reason of any such delinquency shall not include any interest applicable to such delinquency period in any installment subsequently paid.

C. So long as the Bank is the registered owner of the Bonds, payment of installments of principal and interest shall be made at an office designated in writing by the

Bank, or at such other address as the Bank may designate in writing. During the time any registered assign is the registered owner of the Bonds, payment shall be made at the address shown on the registration book kept by the Registrar. The Bond must be registered by any registered owner, and may be assigned in the manner and with the effect set forth in the provisions for registration contained in the form of the Bonds hereinafter set forth, and as herein further provided. The principal and interest of the Bonds shall be payable only to, or upon the order of, the registered owner or his legal representative. Upon issuance, the Bonds shall be registered in the name of the Bank.

Section 8. Prior Redemption.

A. The Village hereby reserves the right, at its option, to prepay the principal amount of the Bonds outstanding, in whole or in part, at any time. Prepayments may be made on any date and shall be made in the manner provided herein for making regularly scheduled installments. No prepayment of an installment shall extend or postpone the due date of any subsequent installment. Any prepayments shall be in the amount of principal being prepaid, together with accrued interest thereon to the date of prepayment, and shall be made without penalty or without additional interest charges.

B. Notice of prepayment shall be mailed at least ten days prior to the redemption date to each person whose name and address appears on the registration books. The Holder of any Bond may waive any requirement of notice. The notice shall identify the bonds to be redeemed, by name and series, specify the redemption date, and state that on such date the principal amount thereof and accrued interest to the redemption date will become due and payable, and thereafter interest shall cease to accrue. After such notice and presentation of said Bonds, the Bonds called for redemption will be paid.

Section 9. Negotiability. Subject to the provisions specifically made or necessarily implied herein, the Bonds shall be fully negotiable, and shall have all the qualities of negotiable paper, and the registered owner or owners thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Uniform Commercial Code.

Section 10. Execution.

A. **Filing Manual Signatures.** If necessary in connection with the use of any facsimile signatures, prior to the execution and authentication of any Bond pursuant to Sections 6-9-1 through 6-9-6, both inclusive, NMSA 1978, the Mayor, Village Clerk and Village Treasurer (Finance Director) may each forthwith file with the Secretary of State of New Mexico, his or her manual signature certified by him or her under oath; provided, that such filing shall not be necessary for any officer where any previous such filing may have legal application to the Bonds or in the event the Bonds are manually executed.

B. **Method of Execution.** Each Bond shall be signed and executed by the manual or facsimile signature of the Mayor under the manual or facsimile of the seal of the Village, which shall be printed, stamped, engraved or otherwise placed thereon; each Bond shall be executed and attested with the manual or facsimile signature of the Village Clerk and countersigned with the manual or facsimile signature of the Village Treasurer (Finance Director);

and each Bond shall be authenticated by the manual signature by an authorized officer of the Registrar as hereafter provided. The Bonds bearing the facsimile signatures of the officers in office at the time of the authorization thereof shall be the valid and binding obligations of the Village (subject to the requirement of authentication by the Registrar as hereinafter provided) notwithstanding that before the delivery thereof and payment therefor, or before the issuance thereof upon transfer or exchange, any or all of the persons whose facsimile signatures appear thereon shall have ceased to fill their respective offices. The Mayor, Village Clerk and Village Treasurer (Finance Director) of the Village shall, by the execution of a signature certificate pertaining to the Bonds, adopt as and for their respective signatures the facsimiles thereof appearing on the Bonds; and, at the time of the execution of said signature certificate, said Mayor, Village Clerk and Village Treasurer (Finance Director) may each adopt as and for his or her facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears upon any of the Bonds.

C. Certificate of Authentication. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication, substantially in the form provided in the forms of the Bonds attached hereto, has been duly executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by the Registrar (or as applicable an authorized officer of the Registrar), but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 11. Registration, Transfer and Exchange.

A. Registration Books - Transfer and Exchange Authentication. Books for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bonds at the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like series, aggregate principal amount and of the same maturity, bearing a number or numbers not contemporaneously outstanding. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same series, maturity of other authorized denominations. The Registrar shall authenticate and deliver a Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of Bonds as herein provided shall be without charge to the owner or any transferee, but the Registrar may require the payment by the owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

B. Transfer Restrictions. Notwithstanding any provision in this Ordinance or in the Bonds to the contrary, no Holder may transfer any Bond in whole or in part or transfer any interest therein without the prior written consent of the Village, and in the case any such consent is given, such transfer shall otherwise be in compliance with all applicable federal and state securities laws (any such transfer to be effected at the sole risk and expense of the transferor). In addition, the Bonds must at all times be held by the same Holder (i.e., the System Revenue Bond and the GRT Revenue Bond may not be held by separate Holders).

C. Times When Transfer or Exchange Not Required. The Registrar shall not be required to transfer or exchange all or a portion of any Bond subject to prepayment at any time following the mailing of notice to the registered owners calling any Bonds for prepayment pursuant to Section 8B hereof.

D. Payment - Registered Owners. The person in whose name any Bond shall be registered, on the registration books kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes except as may otherwise be provided with respect to payment of interest as is provided in Section 7 hereof; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

E. Replacement Bonds. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it may reasonably require, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same series, maturity, bearing a number or numbers not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

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

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

Section 12. Successor Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Village shall reasonably determine that said Registrar or Paying Agent has become incapable of fulfilling its duties hereunder, the Village may, upon notice mailed to each registered owner of Bonds at the address last shown on the registration books, appoint a successor Registrar or Paying Agent, or both. Every such successor Registrar or Paying Agent shall be a bank or trust company located in and in good standing in the United States and having a shareholders equity (e.g., capital stock, surplus and undivided profits), however denominated, not less than \$10,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Village shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 13. Special Obligations.

A. System Revenue Bond. The System Revenue Bond, together with the interest accruing thereon, shall be payable and collectible solely out of the Net Revenues, which

are irrevocably so pledged on an equal and ratable basis for the System Revenue Bond and for the Parity System Lien Bonds. The registered owner or owners of the System Revenue Bond 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. The System Revenue Bond shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall it be considered or held to be a general obligation of the Village. The System Revenue Bond shall recite on its face that it is payable and collectible solely from the Net 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, and prior redemption premium due in connection with, the System Revenue Bond.

B. GRT Revenue Bond. The GRT Revenue Bond, together with the interest accruing thereon, shall be payable and collectible solely out of the revenues from the Hold Harmless GRT, which are irrevocably so pledged. The registered owner or owners of the GRT Revenue Bond 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. The GRT Revenue Bond shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall it be considered or held to be a general obligation of the Village. The GRT Revenue Bond shall recite on its face that it is payable and collectible solely from the revenues of the Hold Harmless GRT, 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, and prior redemption premium due in connection with, the GRT Revenue Bond.

Section 14. Use of Single Bond. The Bank has requested, and the Village has agreed, that the obligations of the Village hereunder shall be represented in the form of a single registered revenue bond for each series. The Bonds are to be in such form as to permit the Bank to make advances on the total principal sum thereof (up to an aggregate principal amount of \$8,500,000) to the Village during the period of construction.

Section 15. Forms of Single Bond. Subject to this provision of this Ordinance, the Bonds, the registration panels, the principal advance panels, and the forms of assignment therefor, shall be in substantially forms attached hereto as Exhibit "A" (with respect to the System Revenue Bond) and Exhibit "B" (with respect to the GRT Revenue Bond), with such changes, modifications, and completions as the Village Administrator shall approve.

Section 16. Designation of Bonds as Tax-Exempt Obligation. For the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended, the Village hereby designates the Bonds as its qualified tax-exempt obligations.

Section 17. Period of Improvement Project's Usefulness. It is hereby determined and recited that the period of usefulness of the facilities to be acquired with the proceeds of the Bonds (i.e. the Project) is not less than 40 years from the date of the Bonds.

Section 18. Sale and Delivery of Bonds; Initial Registration. The Village hereby agrees to sell the Bonds to the Bank on the terms set forth herein. The Registrar shall initially register the Bonds in the name of the Bank. When the Bonds have been duly executed,

authenticated, registered and sold, the Village Treasurer (Finance Director) shall deliver them to the Bank on receipt of the agreed purchase price (as initially advanced and as advanced from time to time in accordance with the terms of the Construction Loan Disbursement Agreement) unless otherwise provided in writing by the Bank.

Section 19. Disposition of Bond Proceeds.

A. Construction Account. Proceeds of the Bonds as advanced to the Village from time to time in accordance with the Construction Loan Disbursement Agreement shall be promptly deposited in a designated account in an Insured Bank selected by the Village (which may be the Bank). Amounts in the account exceeding the applicable federal deposit insurance coverage shall be secured by the depository bank in advance in accordance with applicable state laws and U.S. Treasury rules and regulations governing the deposit of government moneys. Moneys in the account shall be used solely for the Project and shall be withdrawn only upon warrants or checks drawn and signed by the Mayor (or other duly authorized officer(s) of the Village) in accordance with the terms of the Construction Loan Disbursement Agreement. Warrants or checks shall not be issued until the Village has received engineering approval that such sum is due and owing and any other requisite approvals of the Council (as applicable) shall have been obtained. The Village's share of any liquidated damages and other moneys paid by defaulting contractors or their sureties shall be deposited in said account to assure completion of the Project. After the engineer has certified that work is completed and that all expenses have been paid, the depository bank shall transfer all remaining money in the Construction Fund, if any, on a pro rata basis to the Bond Fund and Hold Harmless GRT Fund, respectively, to be used to the extent possible for redeeming Bonds prior to maturity as provided by Section 8 hereof.

B. Purchaser Not Responsible. The validity of the Bonds is not dependent on nor affected by the validity or regularity of any proceedings related to the completion of the Project. The Bank, and any subsequent Holder of any Bonds, shall in no manner be responsible for the application or disposal by the Village or by any officer or any employee or other agent of the Village of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

C. Use of Proceeds. Except as herein otherwise specifically provided, the proceeds derived from the sale of the Bonds shall be used and paid solely for the purpose of the Project.

Section 20. Income Fund and Hold Harmless GRT Fund.

A. Income Fund. So long as any of the System Revenue Bond or any Parity System Lien Bonds shall be outstanding, either as to principal or interest, or both, the revenues of the System shall continue to be set aside and deposited monthly into the separate account known as the "Income Fund" (the establishment of which is hereby affirmed and ratified).

B. Hold Harmless GRT Fund. So long as the GRT Revenue Bond or any Parity GRT Lien Bonds shall be outstanding, either as to principal or interest or both, receipts from the Hold Harmless GRT received from time to time shall continue to be set aside and

deposited monthly into the separate account known as the “Hold Harmless GRT Fund” which is hereby established.

Section 21. Administration of Income Fund. So long as any of the System Revenue Bond or any Parity System Lien Bonds shall be outstanding, either as to principal or interest or both, the following payments shall be made on the first day of each month from the Income Fund:

A. Operation and Maintenance Fund. First, as a first charge thereon, there shall continue to be set aside from moneys in the Income Fund from time to time in, and credited to an account known as the “Operation and Maintenance Fund” (which may consist of several separate funds and/or accounts consistent with Village policies), amounts sufficient to pay the operation and maintenance expenses as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining at the end of the Fiscal Year and not needed for operation and maintenance expenses, shall be transferred back to the Income Fund and used for the purposes thereof as herein provided.

B. Bond Fund. Second, subject to the aforesaid provisions, from any moneys remaining in the Income Fund, i.e., from the Net Revenues, there shall be credited pro rata to the System Revenue Bond sub-account in the Bond Fund and any other fund funds for any additional Parity System Lien Bonds, amounts necessary, together with any moneys therein and available therefor, to pay the installments of principal and interest on the System Revenue Bond and any other Parity System Lien Bonds on the first Payment Date and on each Payment Date thereafter. Nothing herein shall prevent the Village, in its discretion, from making the foregoing deposits from other legally available funds. If prior to any 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 this paragraph B may be appropriately reduced; but the required monthly amounts again shall be so credited to such account commencing on the next Payment Date. The moneys in the Bond Fund shall be used only to pay the principal of and interest on the System Revenue Bond and any Parity System Lien Bonds as the same become due.

C. Reserve Fund. Third, subject to paragraphs A and B of this section, the Village shall make deposits into the Reserve Fund, as and to the extent required under Section 23 of this Ordinance.

Section 22. Administration of Hold Harmless GRT Fund.

A. Hold Harmless GRT Fund. So long as any of the GRT Revenue Bond or any Parity GRT Lien Bonds shall be outstanding, either as to principal or interest or both, the following payments shall be made on the first day of each month from the Hold Harmless GRT Fund. From moneys on hand in the Hold Harmless GRT Fund, i.e., from collection of the Hold Harmless GRT, the Village shall pay the installments of principal and interest on the GRT Revenue Bond on the first Payment Date and on each Payment Date thereafter and to pay any Parity GRT Lien Bonds in accordance with their respective terms. Nothing herein shall prevent the Village, in its discretion, from making the foregoing deposits from other legally available funds. If prior to any Payment Date, there has been accumulated in the Hold Harmless GRT

Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in this Section 22 may be appropriately reduced; but the required monthly amounts again shall be so credited to such account commencing on the next Payment Date. The moneys in the Hold Harmless GRT Fund shall be used only to pay the principal of and interest on the GRT Revenue Bond and any Parity GRT Lien Bonds as the same become due.

B. Reserve Fund. Third, subject to paragraph A of this section, the Village shall make deposits into the Reserve Fund, as and to the extent required under Section 23 of this Ordinance.

Section 23. Reserve Fund. The Village shall on each Payment Date deposit into the Reserve Fund, which is hereby created: (1) all excess Net Revenues available after making required payments on and deposits related to the System Revenue Bond and the other Parity System Lien Bonds ("Excess Net Revenues"), and (2) all excess receipts from the Hold Harmless GRT after making required payments on and deposits related to the GRT Revenue Bond and other Parity GRT Lien Bonds, if any, as described in Section 30 ("Excess GRT Receipts"), until the accumulated amount on deposit in the Reserve Fund is equal to the Reserve Requirement. The moneys in the Reserve Fund shall be maintained as a continuing reserve to be used to make payments of principal and interest on the Bonds in the event that the Net Revenues or Hold Harmless GRT, respectively, to prevent a default. As long as the Reserve Fund is funded to the Reserve Requirement, Excess Net Revenues and Excess GRT Receipts may be applied in any other manner permitted by this Ordinance.

Section 24. Termination of Deposits. Payment need not be made into the funds discussed in Section 21 and 22 if the total amount in both funds (together with funds on hand in the Reserve Fund) at least equals the principal and interest requirements of the then outstanding Bonds to maturity. In that case such an amount equal to such principal and interest requirements shall be set aside for that purpose and all other moneys may be used in any lawful manner.

Section 25. Defraying Delinquencies in Bond Fund and in Reserve Fund. If, for any reason, the Village shall fail to pay into the Bond Fund or the Hold Harmless GRT Fund, as applicable, the full stipulated amount from Net Revenues or the Hold Harmless GRT, as applicable, then the difference between that paid and the amount stipulated shall be paid into the Bond Fund or the Hold Harmless GRT Fund, as applicable, from the Reserve Fund. Money so used shall be replaced in the Reserve Fund from the first revenues thereafter received not required to be otherwise applied by this section. If the proceedings authorizing other Parity System Lien Bonds require the replacement of moneys in a reserve fund, then money shall be replaced in each such reserve fund from available Net Revenues on a pro rata basis with the System Revenue Bond and any other Parity System Lien Bonds. If the proceedings authorizing other Parity GRT Lien Bonds require the replacement of moneys in a reserve fund, then money shall be replaced in each such reserve fund from available receipts from the Hold Harmless GRT on a pro rata basis with the GRT Revenue Bond and any other Parity GRT Lien Bonds. If, for any reason, the Village shall fail to pay into the Reserve Fund the full stipulated amount, the difference between the amount paid and the amount stipulated shall in like manner be paid

therein from the first revenues thereafter received not required to be otherwise applied by this section.

Section 26. Use of Surplus Revenues.

A. Net Revenues. After making the above payments, the remaining Net Revenues shall be applied for any of the following purposes: the additional improvement, extension and betterment of the System; the payment of debt service on any general obligation bonds incurred in the acquisition, construction and improvement of the System; the purchase in the open market or prior redemption of any bonds payable from Net Revenues at the best reasonable price obtainable; and any other lawful purpose.

B. Hold Harmless GRT. After making the above payments, the remaining Hold Harmless GRT may be applied for any purpose permitted by Ordinance No. 2017-60.

Section 27. General Administration of Funds. The funds and accounts hereof shall be administered as follows:

A. Places and Times of Deposits. The above accounts and funds shall be separately maintained and deposited in one or more bank accounts in an Insured Bank or Insured Banks. Each account shall be continuously secured to the extent required by law and shall be irrevocable and not withdrawable by anyone for any other purpose. Deposits shall be made into (or allocated to) the proper account on or before the first day of each month, except when the first day shall be a Sunday or legal holiday, then payment shall be made on the preceding secular day. At least 5 days prior to any Payment Date, moneys sufficient to pay interest and principal then due shall be available to the Paying Agent (or, if the Paying Agent is other than the Finance Director, shall be deposited with the Paying Agent). Nothing in this Ordinance shall prevent the Council from establishing one bank account for any of the funds required by this Ordinance.

B. Investment of Money. Any moneys in any fund or account designated in this Ordinance may be invested or reinvested by the Village Treasurer (Finance Director) in such obligations as may be permitted by the Constitution and laws of the State of New Mexico, and applicable federal statutes and regulations. The obligations so purchased as an investment of moneys in said fund shall be deemed at all times to be part of said fund, and the interest accruing thereon and any profit realized therefrom shall be credited to the fund and any loss resulting from such investment shall be charged to the fund. The Treasurer (Finance Director) of the Village 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.

Section 28. Lien on Net Revenues; Lien on Hold Harmless GRT.

A. Lien on Net Revenues. The System Revenue Bond, subject to the payment of all necessary and reasonable operation and maintenance expenses and together with outstanding Parity System Lien Bonds, constitute an irrevocable lien upon the Net Revenues. The System Revenue Bond and any other Parity System Lien Bonds now Outstanding or authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Net Revenues and shall not be entitled to any priority one over the other in the

application of the Net Revenues regardless of the time or times of the issuance thereof, it being the intention of the Village that there shall be no priority among the System Revenue Bond, the 2006 Note, the 2016 Note and any other Parity System Lien Bonds, regardless of the fact that they may be actually issued and delivered at different times.

B. Lien on Hold Harmless GRT. The GRT Revenue Bond constitutes an irrevocable lien upon the Hold Harmless GRT. The GRT Revenue Bond and any other Parity GRT Lien Bonds now Outstanding or authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the receipts from the Hold Harmless GRT and shall not be entitled to any priority one over the other in the application of the receipts from the Hold Harmless GRT regardless of the time or times of the issuance thereof, it being the intention of the Village that there shall be no priority among the GRT Revenue Bond and any other Parity GRT Lien Bonds, regardless of the fact that they may be actually issued and delivered at different times.

Section 29. Additional Bonds Payable from Net Revenues.

A. Earnings Tests. This Ordinance shall not prevent the issuance of additional Parity System Lien Bonds. Before any such additional Parity System Lien Bonds are actually issued it must be determined that:

1. The Village is not, and has not been in default as to any payments required to be made in Section 21 hereof during the Fiscal Year immediately preceding the issuance of such additional bonds; and

2. The annual Net Revenues derived from the operation of said System for the Fiscal Year immediately preceding the date of the ordinance authorizing the issuance of any such Parity System Lien Bonds shall have been sufficient to pay an amount representing 100% of the average annual principal and interest requirements on all bonds then outstanding constituting a lien upon Net Revenues and the bonds proposed to be issued (excluding reserves). As used in this section "average annual principal and interest requirements" shall be the total principal and interest coming due on the System Revenue Bond and the then outstanding and proposed Parity System Lien Bonds during the period extending from the date of the proposed Parity System Lien Bonds to the final principal payment date of the System Revenue Bond and then outstanding Parity System Lien Bonds or the proposed Parity System Lien Bonds, whichever is longer, divided by the number of years (including any fraction thereof) computed from the date of the proposed Parity System Lien Bonds to the last principal payment date of the System Revenue Bond or then outstanding Parity System Lien Bonds, or the proposed Parity System Lien Bonds, whichever is longer.

The foregoing limitations upon the issuance of Parity System Lien Bonds shall not apply in the case of the issuance of additional Parity System Lien Bonds necessary to complete the Project in accordance with the original plans and specifications thereof or as prepared and filed by the Consulting Engineer and upon certificates by such Engineers that such Parity System Lien Bonds are required for such original project. Such certificates shall conclusively determine the right of the Village to issue such Parity System Lien Bonds.

B. Certification of Revenues. A written opinion or certificate by an Independent Accountant or the Village Treasurer (Finance Director) that annual Net Revenues are sufficient shall conclusively determine the right of the Village to issue additional Parity System Lien Bonds. The Independent Accountant or the Village Treasurer (Finance Director) may utilize the results of any annual audit to the extent it covers the applicable period.

C. Consideration of Additional Expenses. In determining whether additional Parity System Lien Bonds may be issued, the Independent Accountant or Village Finance Director shall consider any probable increase (but not reduction) in operation and maintenance expenses. A written certificate by a Consulting Engineer as to the amount of such probable increase may be conclusively relied upon in determining the right of the Village to issue additional Parity System Lien Bonds.

D. Subordinate Obligations Permitted. The Village may issue bonds or other obligations having a lien on Net Revenues which are subordinate to the lien of the System Revenue Bond.

E. Superior Obligations Prohibited. The Village shall not issue any bond or other obligation having a lien on the Net Revenues which are prior and superior to the System Revenue Bond.

Section 30. Additional Bonds Payable from Hold Harmless GRT.

A. Earnings Tests. This Ordinance shall not prevent the issuance of additional Parity GRT Lien Bonds. Before any such Parity GRT Lien Bonds are actually issued it must be determined that:

1. The Village is not, and has not been in default as to any payments required to be made in Section 21 hereof during the Fiscal Year immediately preceding the issuance of such additional bonds; and

2. The annual receipts from the Hold Harmless GRT for the Fiscal Year immediately preceding the date of the ordinance authorizing the issuance of any such Parity System Lien Bonds shall have been sufficient to pay an amount representing 100% of the average annual principal and interest requirements on all bonds then outstanding constituting a lien upon the receipts from the Hold Harmless GRT and the Parity GRT Lien Bonds proposed to be issued (excluding reserves). As used in this section "average annual principal and interest requirements" shall be the total principal and interest coming due on the GRT Revenue Bond and the then outstanding and proposed Parity GRT Lien Bonds during the period extending from the date of the proposed Parity GRT Lien Bonds to the final principal payment date of the GRT Revenue Bond and then outstanding Parity GRT Lien Bonds or the proposed Parity GRT Lien Bonds, whichever is longer, divided by the number of years (including any fraction thereof) computed from the date of the proposed Parity GRT Lien Bonds to the last principal payment date of the GRT Revenue Bond or then outstanding Parity GRT Lien Bonds, or the proposed Parity GRT Lien Bonds, whichever is longer.

The foregoing limitations upon the issuance of Parity GRT Lien Bonds shall not apply in the case of the issuance of Parity GRT Lien Bonds necessary to complete the Project in

accordance with the original plans and specifications thereof or as prepared and filed by the Consulting Engineer and upon certificates by such Engineers that such Parity GRT Lien Bonds are required for such original project. Such certificates shall conclusively determine the right of the Village to issue such Parity GRT Lien Bonds.

B. Certification of Revenues. A written opinion or certificate by an Independent Accountant or the Village Treasurer (Finance Director) that annual receipts from the Hold Harmless GRT are sufficient shall conclusively determine the right of the Village to issue Parity GRT Lien Bonds. The Independent Accountant or the Village Treasurer (Finance Director) may utilize the results of any annual audit to the extent it covers the applicable period.

C. Consideration of Additional Expenses. In determining whether Parity GRT Lien Bonds may be issued, the Independent Accountant or Village Finance Director shall consider any probable increase (but not reduction) in receipts from the Hold Harmless GRT. A written certificate by a Consulting Engineer as to the amount of such probable increase may be conclusively relied upon in determining the right of the Village to issue Parity GRT Lien Bonds.

D. Subordinate Obligations Permitted. The Village may issue bonds or other obligations having a lien on receipts from the Hold Harmless GRT which are subordinate to the lien of the GRT Revenue Bond.

E. Superior Obligations Prohibited. The Village shall not issue any bond or other obligation having a lien on the Hold Harmless GRT which are prior and superior to the GRT Revenue Bond.

Section 31. Refunding Bonds. It is the expectation of the Village that the Bonds will be refunded with the proceeds of the USDA Bonds. In addition, the Bonds may otherwise be refunded in accordance with this Section.

A. Privilege Of Issuing Refunding Obligations. If at any time the Council shall find it desirable to refund any outstanding Bonds for the purpose of effecting interest rate savings, said Bonds may be refunded with like security (i.e., refunding bonds may be issued as Parity System Lien Bonds for the purpose of refunding the System Revenue Bond and refunding bonds may be issued as Parity GRT Lien Bonds for the purpose of refunding the GRT Revenue Bond) without compliance with the provisions of Sections 29 or 30 of this Ordinance, as applicable.

B. Limitations Upon Issuance of Parity Refunding Obligations. No refunding bonds or obligations shall be issued on a parity with the Bonds, unless:

1. The lien of the obligations refunded is on a parity with the lien of the Bonds being refunded, or

2. The refunding bonds or obligations are issued in compliance with paragraph A of Section 29, or Section 30, as applicable, hereof.

C. Refunding Part of an Issue. The refunding bonds or obligations shall enjoy complete equality of lien with any portion of the same issue which is not refunded. The

holders of such refunding bonds or obligations shall be subrogated to all of the rights and privileges enjoyed by the holders of the bonds or obligations of the same issue refunded thereby.

D. Limitations Upon Issuance of any Refunding Obligations. Any refunding bonds or obligations shall be issued with such details as the Council may provide, but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue (including the Bonds). 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, unless:

1. The refunding bonds or 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

2. The lien of the refunding obligations is subordinate to the lien or any obligations not refunded, or

3. The refunding bonds or obligations are issued in compliance with paragraph A of Section 29, or Section 30, as applicable, hereof.

Section 32. Protective Covenants. That the Village hereby covenants and agrees with each and every registered owner of the Bonds that:

A. Use of Bond Proceeds. The Project shall be constructed and acquired without unreasonable delay. The Village will prepare and periodically file with the Bank and USDA reports relating to the progress of construction.

B. Payment of Bonds Herein Authorized. The Village will pay bond principal and interest at the place, on the dates, and in the manner specified according to the true intent and meaning thereof.

C. Use Charges. Rates for all services rendered by the System shall be reasonable and just, taking into account and consideration the cost and value of the System and the proper and necessary allowances for the depreciation thereof and the amounts necessary for the retirement of the System Revenue Bond and all other Parity System Lien Bonds, accruing interest thereon, and reserves therefor and there shall be charged against all purchasers of service, including the Village, such rates and amounts as shall be adequate to meet the requirement of this and the preceding Sections hereof, and which shall be sufficient to produce revenues annually to pay the annual operation and maintenance expenses of the System and one hundred per cent (100%) of both the principal of (including mandatory sinking fund redemption amounts) and interest on the System Revenue Bond and other Parity System Lien Bonds (excluding the reserves therefor), all of which revenues, including those received from the Village, shall be subject to distribution to the payment of the cost of operating and maintaining the System and the payment of principal of (including mandatory sinking fund redemption amounts) and interest on all obligations payable from the revenues of the System, including reasonable reserves therefor. No free service, facilities nor commodities shall be furnished by the System. Should the Village elect to use for municipal purposes water supplied by, or the sanitary sewer facilities of, the System, or any combination thereof, or in any other manner use the System, or any part thereof, any use of the System by or of the services rendered thereby to

the Village, or any department, board or agency thereof, any use of the System by or of the services rendered thereby to the Village, or any department, board or agency thereof, will be paid for from the Village's general fund or other available revenues at the reasonable value of the use so made, or service, facility or commodity so rendered; and all the revenue so derived from the Village shall be deemed to be income derived from the operation of the System, to be used and accounted for in the same manner as any other income derived from the operation of the System. The Village is granted by statute a lien upon each lot or parcel of land in the Village for the charges imposed hereunder for water and sewerage facilities and services supplied by the System to the owner thereof (except as otherwise provided in Section 3-23-6, NMSA 1978), and the Village expressly covenants and agrees that it will cause each such lien to be perfected in accordance with the provisions of Sections 3-23-6 and 3-36-1 through 3-36-7, NMSA 1978, as from time to time amended, and the Village covenants and agrees that it will take all steps necessary to enforce such lien as to each piece of property the owner of which shall be delinquent for more than six months in the payment of charges imposed hereunder.

D. Levy of Charges. The Village will forthwith and in any event prior to the delivery of the System Revenue Bond fix, establish and levy the rates and charges which are required by paragraph C of this Section, if such action be necessary therefor. No reduction in any initial or existing rate schedule for the System may be made unless:

1. The Village has fully complied with the provisions of Section 21 of this Ordinance for at least the full Fiscal Year immediately preceding such reduction of the initial rate schedule; and

2. The audits for the full two Fiscal Years immediately preceding such reduction disclose that the estimated revenues resulting from the proposed rate schedule will be sufficient to meet the requirements of paragraph C of this Section.

3. The Bank, as well as the appropriate district or state official of USDA, to the extent required by USDA, approves in writing the proposed reduction provided that they shall first have been furnished with a written request signed by the Mayor of the Village requesting and justifying such reduction.

In addition, the Village shall take such actions within its power and control to collect and apply the Hold Harmless GRT as provided in this Ordinance.

E. Efficient Operation. The Village will operate said System so long as any of the System Revenue Bond herein authorized is outstanding, maintain said System in efficient operating condition and make such improvements, extensions, enlargements, repairs and betterments thereto as may be necessary or advisable to insure its economical and efficient operation at all times and to the extent sufficient to supply public or private demands for service within the Village and the territory adjacent thereto.

F. Records. So long as any of the System Revenue Bond remains outstanding, proper books of record and account will be kept by the Village, separate and apart from all other records and accounts, showing complete and correct entries of all transactions

relating to the System. Such books shall include (but not necessarily be limited to) monthly records showing:

1. The number of customers;
2. The revenues received from charges to customers by water facilities and sewer facilities;
3. A detailed statement of the expenses of the System; and
4. Such other items specified in any form furnished by USDA.

In addition, so long as any of the GRT Revenue Bond or any Parity GRT Lien Bonds remain outstanding, proper books of record and account will be kept by the Village, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Hold Harmless GRT.

G. Right to Inspect. Any registered owner of any of the Bonds or any duly authorized agent or agents of such registered owner, shall have the right at all reasonable times to inspect the System and all properties comprising the System or the Hold Harmless GRT.

H. Audits and Budgets. The Village further agrees that except where the State Auditor of the State of New Mexico performs the audit or where the due date for the audit has been postponed as may otherwise be required by the State Auditor or any other state agency with appropriate authority, it will, within 180 days following the close of each Fiscal Year, cause an audit of such books and accounts to be made by an Independent Accountant and shall furnish two copies of such audit to the Purchaser and, if required by USDA, a copy of the audit, its accompanying letters and the Data Collection Form to the Federal Clearinghouse designated by the Office of Management and Budget. Each such audit, in addition to matters thought proper by the accountant, shall include:

1. A statement for the Fiscal Year just closed, of the income and expenditures of the System, including gross revenues, net revenues, the amount of any capital expenditures and profit or loss;
2. A balance sheet as of the end of such Fiscal Year, including all funds created by proceedings authorizing bonds payable from revenues;
3. The accountant's comment regarding the Village's methods of operation and accounting practices;
4. A list of the insurance policies in force, setting out the amount of each policy, the risks covered, the name of the insurer, and the expiration date;
5. A recapitulation of each fund or account created by the various proceedings showing deposits and withdrawals for said Fiscal Year.