AGENDA

... for the Regular Meeting of the Farmington City Council to be held at 6:00 p.m., Tuesday, January 22, 2019 in the Council Chamber, City Hall, 800 Municipal Drive, Farmington, New Mexico...

1. **Roll Call and Convening the Meeting:**

2. **Invocation:** Pastor Burson Corley of College Heights Baptist Church.

3. **Pledge of Allegiance:**

4. **Acceptance of Consent Agenda:** Those items on the agenda that are marked with an asterisk (*) have been placed on the Consent Agenda and will be voted on without discussion with one motion. If any item proposed does not meet with approval of all Councilors or if a citizen so requests, that item will be heard under Business from the Floor.

5. *Approval of Minutes* for the Regular Meeting of the City Council held January 8, 2019.

6. *Approval to Declare* two worn-out, unusable or obsolete fire trucks (Fire) surplus to the needs of the City and not essential for municipal purposes, and to authorize the City Manager or his designee to dispose of such surplus property pursuant to State Statutes.

7. *Approval of Request* from Hilcorp Energy Company and Hilcorp San Juan, L.P. to provide a blanket bond for $455,000 to cover not more than 90 wells, pursuant to Section 19-2-103 of the City Code.

8. *Approval of Warrants* up to and including January 19, 2019.

9. **Recognition of Audra Winters** for her dedicated service to the Parks, Recreation and Cultural Affairs Commission (Mayor)

10. **Recommendation from the Planning and Zoning Commission:**

    **Acceptance of Consent Agenda:** The item marked with an asterisk (*) has been placed on the Planning and Zoning Commission Consent Agenda and will be voted on without discussion. If the item does not meet with approval of all Councilors or if a citizen so requests, the item will be removed from the Consent Agenda and heard in regular order.

    *(1) Adoption of the recommendation from the Planning and Zoning Commission as contained within the Community Development Department Action Summary to approve Petition No. ZC 18-95 from Billy Randall, represented by Misty Hensley, requesting a zone change from the SF-7, Single Family, District to the MF-L, Multi-Family Low Density, District and to grant a variance to certain yard setbacks and lot size requirements to allow two existing duplexes to be in conformance with the Unified Development
Code for property located at 2303 and 2305 Nathan Avenue. (Gary Leikness)

The recommendation of the Planning and Zoning Commission passed by a vote of 7-0 on January 10, 2019.

11. **Approval of the recommendation from the Metropolitan Redevelopment Agency Commission** to approve an incentive request from Cottonwood Clinical Services, Inc., represented by Kim DuTremaine, for $60,000 to renovate parking lots at 653 West Arrington Street, located within the Metropolitan Redevelopment Area, utilizing monies from the Community Transformation and Economic Diversification (CTED) Fund. The recommendation passed by a vote of 5-0 on January 15, 2019. (Warren Unsicker)  

12. **New Business:**

   (a) Mayor
   
   (1) Appointment to the Planning and Zoning Commission.
   
   (2) **Resolution No. 2019-1694**
   - supporting an out-of-zone film tax credit.  

   (b) Councilors

   (c) City Manager

   (1) **Recognition** of Retiring Administrative Services Director Andy Mason

   (2) **Presentation** regarding the ECHO Inc. Holiday Backpack Program (Kirk Denetclaw, Food Program Manager)

   (d) City Attorney

   (1) **Proposed Ordinance** – Discussion
   - authorizing the issuance, sale and delivery of the City of Farmington, New Mexico Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019, in an aggregate principal amount not to exceed $12,500,000 for the purpose of defraying the costs of designing, engineering, constructing, acquiring and improving streets and traffic improvements, and paying costs of issuance of the Series 2019 Bonds (Final Action February 12, 2019)  

   (d) City Clerk

13. **Business from the Floor:**

   (1) Items removed from Consent Agenda for discussion.
(2) Any other Business from the Floor.


AGENDA ITEM SUPPORT MATERIALS ARE AVAILABLE FOR INSPECTION AND/OR PURCHASE AT THE OFFICE OF THE CITY CLERK, 800 MUNICIPAL DRIVE, FARMINGTON, NEW MEXICO.

ATTENTION PERSONS WITH DISABILITIES: The meeting room and facilities are fully accessible to persons with mobility disabilities. If you plan to attend the meeting and will need an auxiliary aid or service, please contact the City Clerk's Office at 599-1106 or 599-1101 prior to the meeting so that arrangements can be made.
TO: Mayor Duckett and City Council

FROM: Kristi Benson, CPPO, CPPB
Chief Procurement Officer

DATE: January 14, 2019

SUBJECT: Declaration of Worn-Out, Unusable or Obsolete Property

USING DEPARTMENT: Fire

The Central Purchasing Division of the Administrative Services Department concurs with the recommendation from the Fire Department to declare the following equipment as worn-out, unusable or obsolete:

<table>
<thead>
<tr>
<th>Unit #</th>
<th>VIN</th>
<th>Year</th>
<th>Model/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9779</td>
<td>4EN3AAA8951000505</td>
<td>2005</td>
<td>E-One 75’ Sidestacker with pump, Cummins ISM500, Allison Transmission, Waterous 2000 gpm pump</td>
</tr>
<tr>
<td>9778</td>
<td>4EM3AAA8151000501</td>
<td>2005</td>
<td>E-One 95’ Aerial Platform with pump, Cummins ISM500, Allison Transmission, Waterous 2000 gpm pump</td>
</tr>
</tbody>
</table>

If it is determined the best disposal method for this property is through the City’s internet-based eSurplus auction system, authorization is requested to grant the Warehouse Superintendent authority to issue an immediate Email award notification to the highest cash bid received meeting the bidding requirements set forth.

Kristi Benson (Presenter)
Consent Agenda/Council Meeting 1/22/19

Copy to:
H. Andrew Mason, Administrative Services Director
Brooke Quintana, Accounting, Controller
Sarah Talley, Accounting, Staff Accountant – Grants Administrator
Ross DeVargas, Accounting, Staff Accountant – Fixed Assets
David Burke, Fire Chief
Robert Sterrett, Support Services Chief
Bob Schrag, Warehouse Superintendent

- 1.0 -
January 16, 2019

City of Farmington
City Attorney’s Office
800 Municipal Drive
Farmington, NM 87401
Attn: Jennifer Breakell

RE: Blanket Bond in the amount of $455,000 – not to exceed 90 wells

Dear Ms. Jennifer,

Pursuant to 19-2-103 of the Farmington City Code, Hilcorp Energy Company and Hilcorp San Juan, L.P. would like to request approval to provide a blanket bond for $455,000 – not to exceed 90 wells.

Thank you in advance for the time and consideration.

Should you have any questions or need additional information, please contact me at 713.757.7116 or kgousman@hilcorp.com

Sincerely,

Kendra Gousman
Risk Analyst
* Adoption of the Planning and Zoning Commission Action as contained within the Community Development Action Summary and approval of Petition ZC 18-95, a request from Billy Randall, represented by Misty Hensley, for a zone change from SF-7, Single Family District, to MF-L, Multi-family Low Density District, and a variance to certain yard setbacks and lot size requirements, to allow for 2 existing duplexes to be in conformance with the UDC for property located at 2303 & 2305 Nathan Avenue. (Gary Leikness)

Recommendation of approval by the Planning and Zoning Commission on January 10, 2019 which passed by a vote of 7-0.
ACTION SUMMARY
Petition ZC 18-95 – A Requested Zone Change from a Single Family (SF-7) District to a Multi-family Low Density (MF-L) District and, a Variance Request from Certain Yard Setbacks as well as Lot Size Requirements
At 2303 and 2305 Nathan Ave.
January 10, 2018

PROJECT INFORMATION

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Billy Randall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representative</td>
<td>Misti Hensley</td>
</tr>
<tr>
<td>Date of Application</td>
<td>December 13, 2018</td>
</tr>
<tr>
<td>Requested Action</td>
<td>A Zone Change Request from a Single Family (SF-7) District to a Multi-family Low Density (MF-L) District and, a Variance Request from Certain Yard Setbacks as well as Lot Size Requirements</td>
</tr>
<tr>
<td>Location</td>
<td>2303 Nathan Ave and 2305 Nathan Ave, henceforth referred to as &quot;subject properties&quot; as they are contiguous to one another.</td>
</tr>
<tr>
<td>Existing Land Use</td>
<td>2303 Nathan Ave, Duplex 2305 Nathan Ave, Duplex</td>
</tr>
<tr>
<td>Existing Zoning</td>
<td>SF-7, Single Family</td>
</tr>
<tr>
<td>Notice</td>
<td>Publication of Notice for public hearings of the Planning and Zoning Commission and the City Council appeared in the Farmington Daily Times on Sunday, December 23, 2018. Property owners within 100 feet were sent notice by certified mail on Wednesday, December 19, 2018 and a public notice sign was posted at the site on Friday, December 28, 2018.</td>
</tr>
<tr>
<td>Staff Planner</td>
<td>Gary Leikness, AICP, CFM Planning Manager</td>
</tr>
</tbody>
</table>

STAFF ANALYSIS

Project Description
The Community Development Department received a request from Billy Randall, represented by Misty Hensley, for a zone change from SF-7, Single Family, to the MF-L, Multi-family Low Density, to ensure conformance for two existing (built in 1957) duplexes with the Unified Development Code (UDC). Duplex units are not allowed in the SF-7 zone, but are allowed in the MF-L zone.
In addition, the request requires and includes a variance to certain yard setbacks, and lot sizes. The variance to yard setbacks and lot sizes would address issues that arise by going from SF-7 to the ML-F Zone.

The petitioner is the owner of two duplexes that are currently "non-conforming uses" in the SF-7 zone. They wish to obtain a zone change to allow the duplexes as "conforming" uses. As the zone changes, new setbacks and minimum lot sizes are required to be met. Therefore the petitioner is also seeking relief from some of the new required setbacks and minimum lot size of the new MF-L zone.

The zone change and variance would allow the applicant to rebuild should the buildings be destroyed. In addition, the zone change and the variance would also allow the property to be sold, with assurance that the structures could be rebuilt and that the land uses may continue.

San Juan County Tax Assessor's records list the size of the 2303 Nathan Ave property as 0.16 acres (6803 ft.²), while the 2305 Nathan Ave property is listed as 0.18 acres (8049 ft.²). On the subject properties, there is one duplex structure, per lot. Both duplexes are approximately 1638 ft.², in size, and are both one story structures, built in 1957.

The following is a breakdown of the requested variances within a MF-L zone:

<table>
<thead>
<tr>
<th></th>
<th>2303 Nathan Ave</th>
<th></th>
<th>2305 Nathan Ave</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Required</td>
<td>Proposed</td>
<td>Deviation</td>
</tr>
<tr>
<td>Sebacks Front (ft)</td>
<td>20</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Sebacks Rear (ft)</td>
<td>25</td>
<td>8</td>
<td>17</td>
</tr>
<tr>
<td>Sebacks Side, north (ft)</td>
<td>8</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Sebacks Side, south (ft)</td>
<td>8</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Lot Size (sq ft)</td>
<td>8000</td>
<td>6800</td>
<td>1200</td>
</tr>
</tbody>
</table>

Table 1

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1 Table is based on the approval of the zone change request. The deviations are to the new MF-L zone.
Figure 1. Aerial of subject properties.
Figure 2. Zoning Map of General Vicinity.
Consistency with the Farmington Comprehensive Plan

The 2020 Future Land Use Plan Map indicates that this area is to remain as Residential Single Family Urban, therefore the request is not supported by the Future Land Use Map (Figure 4).

Figure 4. Comprehensive Plan, Land Use Map
The following content from the Comprehensive Plan, with goals and objectives, are applicable to this requested change in zoning:

**Land Use and Development**

**Goal:** Plan and facilitate land use and development that is consistent, orderly, functional, in harmony with the natural environment, and promotes a progressive, vibrant, scenic, and safe community.

"Objective 4.1: Assure the provision of a variety of different land use types in suitable locations, densities, and patterns while avoiding mixing of incompatible uses in close proximity to each other."

**Housing**

**Goal:** Promote quality, affordable, and safe housing that meets the needs of the community and assure implementation of sound standards for orderly development and growth.

**Objective 7.1:** Provide for variety of housing options, including traditional subdivisions and mixed-use developments, to accommodate housing needs of all residents in Farmington including the elderly, disables, students, and low-income residents.

**Key Issues:** The comprehensive plan, in addressing infill opportunities, suggests, "Zoning districts could be created or modified to allow higher housing unit densities."

The Comprehensive Plan identifies that, "Older homes are not being restored or rehabilitated due to zoning and building code provisions or restrictions that either do not allow a mixed use or are cost prohibited to bring them into compliance with current standards."

In addition, the regional Affordable Housing Plan targets Affordable Rentals as the "greatest need in the study area." It further states, "They are needed by both cost-burdened renter households, as well as a portion of cost-burdened owner households who may be facing foreclosure and need to downsize into a rental home."

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6 Affordable Housing Plan for Northeast San Juan County, NM. 2011, pp. 53
**Compatibility with the Surrounding Area**

The subject properties are surrounded by single family homes, except for two duplexes to the south. The subject properties are surrounded by SF-7, Single Family zoning.

The subject properties include two duplexes that are existing, and have existed since 1957. The units are single story and are arranged such that their appearance from the road is in harmony with other structures. Vehicular access to the subject properties is either on Nathan Ave, or through an alley at the rear. Both duplexes have carports in the rear, with direct access to the alley.

The proposed MF-L zoning does not allow structures to exceed the SF-7 zoning, as both zones have a height limit of 35-feet.

**STAFF ANALYSIS**

A. **Is the proposed zoning consistent with the Farmington Comprehensive Plan?**

The requested zone change from SF-7, Single Family to MF-L, Multi Family Low is generally consistent with the provided sections of the Comprehensive Plan, goals and objectives listed previously in this report. However, the request is not consistent with the Comprehensive Plan Map, in that the request is seeking MF-L Zoning, where the Comprehensive Plan designates future land uses as Single Family.

This criterion is **partially met**.

B. **Is the proposed zoning and land use(s) compatible with the present zoning and conforming uses of nearby property and the character of the neighborhood?**

The proposed zoning is residential in nature, MF-L, Multi Family Low. The lots would only allow two dwelling units per each lot with approval of the accompanying variance request. So, with a new zone, the subject properties would still remain as duplexes, even if they were destroyed or demolished.

The properties to the north are zoned as SF-7, and contains single family residences. The properties to the South are zoned as SF-7, but have two duplexes and single family residences. The properties to the east and west are zoned SF-7 and are single family residences.

The proposed zoning for the subject properties is generally compatible with the present zoning and character of the neighborhood.

This criterion **is met**.
C. Will there be adverse impacts; and/or can any adverse impacts be adequately mitigated?

There are no anticipated adverse impacts by a rezone to MF-L, because the lot size requirements will constrain future redevelopment of the subject properties to be either single family homes, or duplexes. There would be no more increase in housing densities than already exists.

This criterion is met.

D. Is the proposed density and intensity of use permitted in the proposed zoning district?

The lot size requirements will constrain future redevelopment of the subject properties to be either single family homes, or duplexes. There would be no more increase in housing densities than already exists. The lot sizes were addressed in the Variance criteria, below. If the variances are approved,

This criterion is met.

E. Are adequate public facilities and services available to serve development for the type and scope suggested by the proposed zone? If utilities are not available, could they be reasonably extended by the applicant? Is the applicant willing to pay for the extension of public facilities and services necessary to serve the proposed development?
The subject properties have been developed. Public services have been provided and City services such as Police and Fire would be able to serve existing and new developments to this area.

Water, Sewer, and Electric are available at the subject property. Future developments may necessitate the need for upgrade infrastructure. The applicant will have to manage his costs for future development, as he works with the City through the development process.

This criterion is **met**.

**F. Does the proposed change constitute "spot zoning" as defined in Article 11, definitions?**

Article 11 defines “spot zoning” as “where a particular tract within a larger area is specifically zoned so as to impose upon it restrictions not imposed upon the surrounding lands, or grant to it special privileges not granted generally, not done in pursuance of the Comprehensive Plan.” The proposed zone change for the subject properties allows duplexes, which do not comply with the Comprehensive Plan Map.

The proposal would grant to the subject properties, “special privileges not granted generally.” However, as noted in this report, the buildings were constructed as duplexes in 1957. The proposed zone change could constitute spot zoning\(^7\). The information in this report should be considered in this criteria, as it addresses the Comprehensive plan needs and goals.

This criterion is **partially met**.

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\(^7\) The concept of “spot zoning” is addressed in the definition section, UDC:12. “Where a particular tract within a larger area is specifically zoned so as to impose on it restrictions not imposed upon the surrounding lands, or grant to it special privileges not granted generally, not done in pursuance of the Comprehensive Plan.”
**Variance**

As a reminder, Table 1 of this staff report lists the requested variances. It is provided here as well:

<table>
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<td>6800</td>
</tr>
</tbody>
</table>

**Variance Criteria – Section 8.12.4, UDC**

A variance may be granted only where a literal enforcement of the Code provisions would result in unnecessary hardship for a particular property. In order to grant a variance, the ARB must make a positive finding of fact concerning each of the following or, if a positive finding of fact cannot be made that, the ARB specifically describes the circumstance that would outweigh the strict requirement for a positive finding of fact and determine that the variance will not be a public detriment:

1. That special conditions and circumstances exist, which are peculiar to the land, structure or building involved and are not applicable to other lands, structures or buildings in the same district; and, furthermore, that they are not self-imposed, self-created or otherwise the result of actions by the applicant.

**Rear Yard Setback**

The subject properties are two of only four duplexes in the general vicinity. The duplexes have existed since 1957. The existing carports at the rear of the property have existed for an undetermined time. The subject properties have only the carports at the rear of the property to provide off-street parking. Other property in the vicinity have alley access as well, but also enjoy the use of off-street parking in the front of the lot. The carports represent a large component of the requested variances.
Side Yard Setbacks
The side yard setbacks are required to bring the property into compliance with the potential rezone to MF-L. These side yard setback reductions would only allow for the structures to be rebuilding in substantially the way they exist today.

Lot Sizes
Lot sizes are listed that would enable the subject properties to be in conformance with a potential rezone to MF-L, Multi Family Low. This a reasonable request due to the fact that this will only allow the subject properties to be rebuilt substantially the same as they exist today. The proposed variances will not exceed existing densities.

This criterion is met.

2. That a literal interpretation of the provisions of the Code would deprive the applicant of rights commonly enjoyed by other properties in the same district under the terms of the Code.

Strict application of the regulation would deprive the applicant of "rights commonly enjoyed by other properties..." The subject properties are two of only four duplexes in the general vicinity. The duplexes have existed since 1957. The existing carports at the rear of the property have existed for an undetermined time. The subject properties have only the carports at the rear of the property to provide off-street parking. Other property in the vicinity have alley access as well, but also enjoy the use of off-street parking in the front of the lot. The carports represent a large component of the requested variances.

This criterion is met.

3. The applicant demonstrates that the request is a minimum easing of the Code requirements, making possible the reasonable use of the land, building, or structure.

The requested variance represents the minimum easing of the Code requirements, in that the requested setbacks are generally the same as the existing setbacks.

This criterion is met.

4. That the granting of the variance is in harmony with the general interest, the general purpose and intent of the Code, and is not injurious to the neighborhood or otherwise detrimental to the public welfare.

Setbacks are utilized to achieve access to sunlight and free flowing air. They are to protect adjacent properties from negative impacts. The single family homes in the vicinity will continue to have access to air and light.
This criterion is met.

5. That the proposed variance will not permit a use not otherwise allowed in the underlying district.

The granting of this variance will not allow a use that is not otherwise allowed in the MF-L District. Duplexes are an allowed use in the MF-L, Multi Family Zoning.

This criterion is met.

6. That no nonconforming use of neighboring lands, structures or buildings in the same district and no permitted use of lands, structures or buildings in other districts has been or shall be considered grounds for the issuance of a variance.

No nonconforming uses, structures or buildings in the same district have been considered as grounds for this variance request.

This criterion is met.

7. That the applicant would suffer an unnecessary hardship if the variance requested were denied.

The applicant would suffer an unnecessary hardship if the variances were denied. The property owner is striving to find a way that the existing duplexes can exist in a “conforming” manner. Having the variance would allow this to occur. The hardship would include the knowledge that the duplexes, if destroyed by any means could not be rebuilt to the same dimensions as the existing buildings.

This criterion is met.

STAFF COMMENTS

Community Development Director- “Shouldn’t the adjoining duplex buildings located at 2101 Nathan be included in this petition?”

The applicant’s representative has been asked about this, but they are moving forward with these requests without the other duplex lots joining in on the petition.

STAFF CONCLUSION

Staff concludes that the requested ZC 18-95 meets the required criteria for approval of a zone change.

Staff concludes that the requested ZC 18-95 meets the criteria for granting a variance.
STAFF RECOMMENDATION

1) The Community Development Department recommends approval of the Petition ZC 18-95, a requested zone change from the SF-7, Single Family Zoning to MF-L, Multi Family Low.

2) The Community Development Department recommends approval of Petition ZC 18-95 a request for variances to the specified regulations as found in Table 1 of this staff report. The following condition applies:
   a. Approval of the requested variances found in petition ZC 18-95 will only be applicable if the subject properties are rezoned to MF-L, Multi Family.

FINDINGS OF THE P&Z COMMISSION

On December 10, 2018, the Planning and Zoning Commission held a public hearing for ZC 18-95 and made the following findings:

1) The two existing duplexes were built in 1957.
2) Per the Unified Development Code, Duplexes are not an allowed use in the SF-7, Single Family, Zone, but are allowable in the MF-L, Multi Family Zone.
3) The petition includes a variance to certain yard setbacks, and lot sizes. The variance to yard setbacks and lot sizes would address issues that arise by going from SF-7 to the MF-L Zone. The two carports extend into the rear yard setback, as well as into a side yard. One lot size falls below the 8000 sq ft required in the MF-L zone.
4) As zone changes are granted, new setbacks and minimum lot sizes are required to be met.
5) San Juan County Tax Assessor's records list the size of the 2303 Nathan Ave property as 0.16 acres (6803 ft.²), while the 2305 Nathan Ave property is listed as 0.18 acres (8049 ft.²).
6) There exists one duplex structure, per lot. Both duplexes are approximately 1638 ft.², in size, and both are one story structures.
8) The Comprehensive Plan identifies that, "Older homes are not being restored or rehabilitated due to zoning and building code provisions or restrictions that either do not allow a mixed use or are cost prohibited to bring them into compliance with current standards."³
9) The regional Affordable Housing Plan³ targets Affordable Rentals as the "greatest need in the study area." It further states, "They are needed by both cost-burdened renter households, as well as a portion of cost-burdened owner

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³ Affordable Housing Plan for Northeast San Juan County, NM, 2011, pp. 53
households who may be facing foreclosure and need to downsize into a rental home

10) The subject properties are surrounded by single family homes, except for two duplexes to the south.

11) The subject properties are surrounded by SF-7, Single Family zoning.

12) Vehicular access to the subject properties is either on Nathan Avenue, or through an alley at the rear. Both duplexes have carports in the rear, with direct access to the alley.

13) The properties to the north are zoned as SF-7, and contain single family residences. The properties to the South are zoned as SF-7, but have two duplexes and single family residences. The properties to the east and west are zoned SF-7 and are single family residences.

14) Public services have been provided as well as City services such as Police and Fire.

15) Duplexes are an allowed use in the MF-L, Multi Family Zoning.

Planning and Zoning Commission Discussion of Petition ZC 18-95 on January 10, 2019

Planning Manager Gary Leikness presented the staff report for ZC 18-95, a request from Billy Randall, represented by Misty Hensley, for a zone change from SF-7, Single Family District, to MF-L, Multi-family Low Density District, and a variance to certain yard setbacks and lot size requirements, to allow for two (2) existing duplexes to be in conformance with the UDC for property located at 2303 & 2305 Nathan Avenue.

The petitioner is the owner of two duplexes. The duplexes are currently legal non-conforming. The duplexes were built in 1957. No information was found as to why the duplexes were allowed to be built in this area at that time.

The 2020 Future Land Use Plan Map recommends that this area be Residential Single Family Urban.

The second part of this request includes the variances. The existing carports at the rear of the properties extend into the rear yard setback. The required rear yard setback is 25-feet. Both properties have an 8-foot rear yard setback. The required side yard setback is 8-feet. The property at 2305 Nathan has a 6-foot side yard setback.

The minimum for MF-L, Multi Family is 8000 sq ft. The lot size of 2302 Nathan is only 6,800 sq. ft.

The Community Development Department recommends approval of a zone change from the SF-7, Single Family Zoning to MF-L, Multi Family Low, and the request for variances to the rear and side yard setbacks, as well as the lot size with the following condition:
a. Approval of the requested variances found in petition ZC 18-95 will only be applicable if the subject properties are rezoned to MF-L, Multi Family Low Density District.

Chair Cardon said the zoning appears to be spot zoning, but the structures are grandfathered because they were built in the 50s.

Commissioner Waldroup asked what the benefit would be to rezone these properties and grant the variances. Mr. Leikness said the benefit pertained to lending issues for the petitioner. According to City Code, if the building were to burn down, the owners could only build a single family home due to the current SF-7 zoning.

Commissioner Waldroup asked why the other two duplexes were not part of this petition as they seem to have similar issues. Mr. Leikness said the owners of the other two duplexes recently called to inquire about the rezoning process.

Commissioner Brown asked what the maximum size would be that could be built on the property if the current building burned down. Mr. Leikness said that only two units on each property could be built, which is the same as the current structures on the properties. The building footprint could not expand.

Misty Hensley, 37 Road 54, Bloomfield, said she is the petitioner's representative and listing broker. Ms. Hensley said the bank is not willing to proceed with the purchase of the property if there is not a guarantee that it can be replaced if destroyed.

Elaine Martin, 2401 N. Wagner, said she has lived in the neighborhood since 1960. The duplexes have been there for a long time and have been good neighbors. Ms. Martin said she has no objections to the duplexes.

Jonathan Palmer, 2309 Wagner, said when he bought his house in the neighborhood, the value was less due to the duplexes. Mr. Palmer objected to the broken down cars parked in the carports and cars parked in the vacant lots or over by the ditch. He said he would support the zone change if the duplexes were improved upon. Mr. Palmer said the tenants have dogs that run through the alley and no one cleans up after the animals. Chair Cardon suggested Mr. Palmer talk to Code Compliance. Mr. Palmer said his main reservation is a lack of parking and would oppose the petitioner for that reason. If the owners were planning to fix up the properties, he would be in favor of the petition.

Commissioner Langenfeld said she was concerned about spot zoning and would not be in favor of approval for that reason.

Commissioner Sewell said he agreed with the spot zoning, but believes all duplexes in the area should be rezoned correctly.

Commissioner Waldroup asked Ms. Holton if, due to the Comprehensive Plan and the large number of multifamily dwellings in the area, would it be beneficial to rezone all of
the duplexes. Ms. Holton said it would definitely be more favorable for the property owners in regards to lending purposes. She said the updating of the Comprehensive Plan will begin in the next year and changes could be made at that time. Ms. Holton emphasized the need for affordable housing.

Chair Cardon noted that the grandfathering clause is important because some areas of Farmington are very old. She said a zone change would not negatively impact this neighborhood.

Commissioner Langenfeld said an unintentional lowering of neighboring property values is a concern, but she understands the logic for the zone change.

Commissioner Ragsdale said that if the duplexes were already in the area, then people should understand that their property values might be lower.

Gary Leikness noted that if all four lots were purchased by the same person, they could be consolidated and a new building could be built.

Commissioner Davis said if a property owner could not finance the property, it would become a blight area. The duplexes in the area are a condition of living in that neighborhood.

**Planning & Zoning Commission Action of Petition ZC 18-95 on January 10, 2019**

A motion was made by Commissioner Sewell and seconded by Commissioner Davis to **approve** Petition ZC 18-95, a request from Billy Randall, represented by Misty Hensley, for a zone change from SF-7, Single Family District, to MF-L, Multi-family Low Density District, and a variance to certain yard setbacks and lot size requirements, to allow for two (2) existing duplexes to be in conformance with the UDC for property located at 2303 & 2305 Nathan Avenue.

AYE: Chair Cardon, Commissioners Brown, Davis, Freeman, Langenfeld, Ragsdale, and Waldroup.

NAY: None

Abstained: None

Absent: Commissioners Freeman, and Mangum.

**Motion passed 7-0**
# PLANNING MEMO COMMENTS SUMMARY

**ZC 18-95 2303 & 2305 NATHAN**  
**Deadline: 12/27/18**

## City of Farmington Departments

<table>
<thead>
<tr>
<th>Department</th>
<th>Name</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>CD</td>
<td>Director – M. Holton</td>
<td>Shouldn't the adjoining duplex buildings located at 2101 Nathan be included in this petition?</td>
</tr>
<tr>
<td>CD</td>
<td>Addressing – Planning Division</td>
<td>No comment</td>
</tr>
<tr>
<td>CD</td>
<td>Chief Building Official – D. Childers</td>
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<td>CD</td>
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<td>CD</td>
<td>MPO</td>
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<td>CD</td>
<td>Oil &amp; Gas Inspector – L. Simms</td>
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<td>CITY</td>
<td>City Manager's Office – J. Baird</td>
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<tr>
<td>ELEC</td>
<td>Customer Care Manager – L. Richardson</td>
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<td>T &amp; D – R. Romero</td>
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<td>LEGAL</td>
<td>City Attorney – J. Breakell</td>
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<td>Deputy City Attorney</td>
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<td>Sergeant – P. Flores</td>
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<td>PRCA</td>
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<td>ORII – C. Styron</td>
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<td>City Engineer – N. Westerling</td>
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<td>PW</td>
<td>Streets Superintendent</td>
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<td>PW</td>
<td>Traffic Engineer – I. Blue Eyes</td>
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<tr>
<td>PW</td>
<td>Water/Waste Water – M. Tso</td>
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## Other Entities

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<tr>
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<tr>
<td>New Mexico Gas Company – R. Castillo</td>
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<td>CenturyLink – D. Willato</td>
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<tr>
<td>Enterprise Field Services</td>
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<tr>
<td>Comcast Cable – M. Johnson</td>
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<tr>
<td>CH2M/HILL OMI</td>
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<td>Surface Land Negotiator for BP – R. Mora</td>
<td>No comment</td>
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<tr>
<td>Farmington School District – C. Lyons</td>
<td></td>
</tr>
</tbody>
</table>

- 3.19 -
PETITION APPLICATION

Incomplete applications will not be accepted. Return completed application to:

Planning Division
Community Development Department
City of Farmington
800 Municipal Drive
Farmington, NM 87401
(505) 599-1317
(505) 599-1299 (fax)

PROJECT TYPE (Check Those Applicable)
- Annexation and/or Zoning
- Preliminary Plat
- Final Plan
- Summary Plat
- Special Use Permit
- Variance (ARB)
- Zone Change to HF-L District
- Temporary Use Permit
- Proposed Length of Use:
- Well site equipment modification

INFORMATION

Applicant's Name: Billy Randall
Address: 322 How 1st
Farmington, NM 87401
E-Mail: brandallstone@gmail.com
Phone: (505) 496-3546
Relationship to Property Owner: SELL
Legal Description of Subject Property: Nygren Section addition, T 51/R 12/B 4, Farmington, NM
Is Property subject to deed restrictions, covenants, or homeowners' association agreements? Yes □ No □

REPRESENTATIVE / CONTACT PERSON (if other than applicant)
Name: Misty Randle
Address: 111 N Aurora
Farmington, NM 87401
E-Mail: mistysharrell@gmail.com

OWNERSHIP

PROPERTY OWNER (Identity General Partners, Managing Partner, Corporation President and Secretary. Specify type of ownership interest: Fee, Real Estate Contract, Option to Purchase)
Name: Billy Randall
Address: 322 How 1st
Phone: (505) 496-3546

MORTGAGE HOLDERS (if any)
Bank of the Southwest

OWNER CERTIFICATION

I certify that I am an owner and the information and exhibits herewith are true and correct to the best of my knowledge in filing this application. I am acting with the knowledge and consent of all persons in interest and understand that without the consent of all persons in interest the requested action cannot lawfully be accomplished. I give my permission for authorized officials of the City of Farmington Planning and Zoning Commission to enter the premises described in this application. I understand applications will generally be reviewed by City Council at their first regular session following the P&Z review.

Owner's Signature: Billy Randall

***STAFF USE ONLY***

Received By:
Date: Date Fee Received:
Project File No.:
Date of Hearing/Meeting:

- □ Blueline Copies of Plans
- □ Ownership Report (subject and surrounding properties)
- □ Legal Description
- □ Detailed Statement of Proposed Use
Please provide me with a list of property owners in conformance with Section 3-21-6 of the NMSA 1978 Comp. and the following specifications:

1. The names and mailing addresses of all property owners within the area described in the legal description which should be referenced on the ownership list;

2. The names and mailing addresses of all property owners within 100 feet of the area excluding public rights-of-way, described in the legal description transmitted herewith;

3. Each property owner name and address should be accompanied by a brief reference to the property that they own or should be referenced on a map that may be attached to the ownership list.

Example: John Jones
100 Lovers Lane
Anytown, New Mexico 87401
Lot 1, Block 10
Jones Subdivision

4. Multiple page ownership lists should contain page numbers using the following format:
   "Page 1 of 4".

5. The ownership list must be certified by an authorized agent or representative of the title company as to its being accurate and as having been compiled within the 30 days before the application is submitted.

Any title company having questions regarding the preparation of an ownership list related to a zoning petition should contact the City of Farmington Development Services Division - Community Development Department for assistance at 599-1317.
Plot plan

2303 1-2 2305 Nathan
Randall, Billy
LEGAL DESCRIPTION

Lots 1, 2, 3, 4, 5, 6, and 7, Block 7, and Lots 8, 9, 10, and 11 of the Inez Subdivision, San Juan County, New Mexico.

Otherwise: west of Poulson Street in Block 7 & 8 in the Inez Subdivision.

LEGAL DESCRIPTION

The North 99 1/2 feet of Lot 12, in Block 3, the South 5 1/4 feet of Lot 12, and the North 45 feet of Lot 13, in Block 3 of the Nygren-Subsion Addition, San Juan County, New Mexico.

Otherwise known as 2303 & 2305 Nathan Avenue.

Pursuant to the provisions of Section 3-21-6, New Mexico Statutes Annotated, 1978 Compilation, notice is hereby given that these petitions will be considered at the regularly scheduled Public Hearing of the Planning and Zoning Commission of the City of Farmington on Thursday, January 10, 2019 at 3:00 p.m. in the City Council Chambers at City Hall, 800 Municipal Drive, Farmington, New Mexico. If forwarded by the Commission, this petition will be considered by the City Council on Tuesday, January 22, 2019 at 6:00 p.m. in the City Council Chambers. All interested individuals are invited to attend the hearing and shall have an opportunity to be heard with respect to the subject Petition.

Karen Walker
Administrative Assistant

Legal No. 1271941 published in The Daily Times
NOTICE OF PUBLIC HEARING
ZONE CHANGE
PETITION NO. ZC 18-95

December 19, 2018

Dear Property Owner:

Notice is hereby given that an application has been filed with the Planning and Zoning Commission of the City of Farmington, New Mexico, a request from Billy Randall, represented by Misty Hensley for (1) a zone change from the SF-7, Single Family District, to the MF-L, Multi-family Low Density District; (2) a variance to the setbacks; and (3) a variance to the lot size for properties located at 2303 and 2305 Nathan Avenue, in the City of Farmington, San Juan County, New Mexico, as described below:

LEGAL DESCRIPTION
The North 59 ½ feet of Lot 12, in Block 3, the South 5 ½ feet of Lot 12, and the North 45 feet of Lot 13, in Block 3 of the Nygren-Skousen Addition, in the City of Farmington, San Juan County, New Mexico.
Otherwise known as 2303 & 2305 Nathan Avenue

Pursuant to the provisions of Section 3-21-6, New Mexico statutes Annotated, 1978 Compilation, notice is hereby given that the petition will be heard in a public hearing by the Planning and Zoning Commission of the City of Farmington on Thursday, January 10, 2019 at 3:00 p.m., in the City Council Chambers at City Hall, 800 Municipal Drive, Farmington, New Mexico. If forwarded by the Commission, this item will be reviewed by the City Council on Tuesday, January 22, 2019 at 6:00 p.m., in the City Council Chambers. All persons shall have an opportunity to be heard why said application should be granted or denied. All persons of interest and citizens are invited to attend said hearing.

You are receiving this letter because you may own property within 100 feet (excluding public right-of-way) of the proposed change. You are invited to attend the hearing noted above or submit written comments prior to the meeting to the Community Development Department – Planning Division at 800 Municipal Drive, Farmington, New Mexico 87401. Please be advised that all submitted comments will become public record and that there is the possibility that any petition may be withdrawn before the hearing date.

If you have any questions or would like additional information regarding this notice or the petition, please contact Gary Leikness at 505-599-1309 or gleikness@fmmn.org.

Sincerely,

Karen Walker
Administrative Assistant
100ft Notification Address List

Dolores River Self Storage, LLC
5737 Road 321
Ignacio, CO 81137
ZC 18-95

Dolores Louene Papin Trust
2303 N. Cochiti Ave.
Farmington, NM 87401
ZC 18-95

Aileen C. Archuleta
2306 N. Cochiti Ave.
Farmington, NM 87401
ZC 18-95

Phillip D. & Loretta A. Lemons
2400 N. Cochiti Ave.
Farmington, NM 87401
ZC 18-95

Lizette N. Vannest
2402 Cochiti Ave.
Farmington, NM 87401
ZC 18-95

Crystal A. Garcia
3101 Greenbriar Ave.
Farmington, NM 87401
ZC 18-95

Mary P. Harmon Living Trust
2406 Cochiti Ave.
Farmington, NM 87401
ZC 18-95

Bernabe C. Sandoval
910 W. Main St.
Farmington, NM 87401
ZC 18-95

Greg & Georgette M. Allen
2405 Nathan Ave.
Farmington, NM 87401
ZC 18-95

Louise Thomason
2406 Nathan Ave.
Farmington, NM 87401
ZC 18-95

Cethe H. & Pauline N. Sorrels Living Trust
2408 Nathan Ave.
Farmington, NM 87401
ZC 18-95

B. Patsy Martin Living Trust
P.O. Box 2018
Farmington, NM 87499
ZC 18-95

Brad Allen & Sara Katherine Maxwell
2321 N. Wagner Ave.
Farmington, NM 87401
ZC 18-95

David C. Bowman
42 Road 2390
Aztec, NM 87410
ZC 18-95

Jonathan & Kami Palmer
2309 N. Wagner Ave.
Farmington, NM 87401
ZC 18-95

Gregory Joe Roach, Donna Lynn Rhoden & Ralph Jack Roach
477 W. St.
Whiteland, ID 46184
ZC 18-95
Report for Council Regarding:

Presentation by staff for approval of designation of CTED Funds regarding a request from Cottonwood Clinical Services, Inc., for MRA incentives for certain improvements to property located in the MRA at 653 W. Arrington.

Presented by - Warren Unsicker and Kim DuTremaine (property owner)

Summary: Per the attached application, Cottonwood Clinical Services, Inc. has acquired and is in the process of renovating the building at 653 W Arrington St., Farmington, NM 87401 to house their primary services within the City of Farmington. They are seeking financial assistance with improvements to their parking lot. This application has been unanimously recommended by the MRA Commission.

- 7,650+ sf Facility
- $230,000k building purchase price
- $257,136.72 in total proposed renovations
- Increase of approximately $1,577.24 in property taxes (based on $575k valuation)
- 16 staff to occupy facility (12 relocated, 4 new)
- $750,000 in wages to be paid annually
- $60,000 in GRT to be remitted annually
- Shared parking for public events (after operating hours of 8a-9p M-F, 10a-2p Sat)

Incentive Requested: $60,000 to cover cost of renovation to parking lots.
Staff Recommendation: Approval per the recommendation of the MRA Commission.

Building Background:
This building has been blighted and in disrepair for well over a year. Due to its lack of occupancy, it had become a location for homeless and inebriates to use as shelter. This caused not only significant damage to the property by way of human defecation, physical damage to drywall and windows, and removal of electrical infrastructure for copper, but also resulted in numerous calls for police to pick-up downed subjects and intervene in violent activity. Due to the attractive nuisance the building had become, the City was required to board up the facility in order to mitigate further harm to the public and the facility. The property was set to have a tax lien against it as well.

Even during current renovations, the building has been the victim of additional vandalism despite the new owner’s efforts to secure the facility with cameras and iron fencing around the minor courtyards.

Current/Proposed Improvements:
653 W Arrington was acquired in its devalued state by Kim DuTrumaine in 2018 for $230,000 to serve as the primary facility for Cottonwood Clinical Services, Inc., a behavioral health and substance abuse services clinic. The property valuation had dropped from $467,475 to $400,000 over the course of the 2017 and 2018 tax years according to the San Juan County Assessor.

Due to the degraded state of the building, Ms. DuTrumaine set to work to renovate the building interior and exterior in order to make the facility habitable by staff and clients. As a result, Ms.
DuTrumaine has contracted to perform $194,506.72, of interior and exterior improvements to the building (detailed in the attached “Cottonwood Quotes” document, subtract sealing costs for parking lot), which includes, HVAC, electrical, plumbing, flooring, roofing, glass, interior walls, as well as exterior landscape maintenance, security features, and lighting. The addition of exterior lighting, interior and exterior cameras, and a security system will further deter vandalism and illicit behavior on the premises.

Likewise, the current parking areas on both the east (primary) and west (secondary) lots have fallen into disrepair with significant cracks and potholes (see below imagery). As a part of the renovations, they were quoted between $62,630 and $79,062.29 to resurface the lots to provide safe and secure parking for their clients and staff.

In total, the renovations they are in the midst of performing could result in between $257,136.72 to $273,569.01 in total improvements to a facility that had become a public safety hazard and nuisance to the MRA.

The resulting improvements could significantly increase the value of the property to upwards of $575,000, which would result in an increase in property taxes of $1,577.24 (see attached tax estimate card).

New Business Impact:
The resulting clinical services business will be their third facility in the community, and will serve as their primary location. It will provide the city with a newly renovated space occupied by 16 staff, including 9 clinicians, 5 support staff, 1 lab tech, and 1 medical director. While not all newly hired, (12 will be relocated from the other two facilities) they will be new to the MRA. These staff will result in approximately $750,000 in total wages annually in the MRA.

They will be providing clinical group outpatient substance abuse counseling during their operating hours from 8am-9pm Monday through Friday and 10am to 2pm every other Saturday. They see upwards of 400-500 patients a week that will be frequenting the MRA. They likewise provide in-house urinalysis for their clients as a part of their rehabilitation. The total GRT generated by the new facility and its combined services will be approximately $60,000 annually.

Incentive Request:
Cottonwood Clinical Services, Inc. is requesting a total of $60,000 to resurface and restripe the east and west parking lots of the property (see attached map) that would provide safe and secure parking for its clients and staff. The quotes returned for this service ranged from $62,630 up to $79,062.29. If awarded, Cottonwood would most likely implement the lower of the two quotes.

Should the Council choose to provide additional funding, the client would be willing to include additional landscaping over and above the maintenance being performed on existing landscape. They have likewise agreed to consider an MOU with the City for after-hours use of the lots for City events in the MRA.

Recommendation:
It is staff’s recommendation that the Council award $60,000 in incentive from the CTED fund due to the significant physical and visual improvements it will provide to the district, as well as the removal of blight and safety concerns that will occur that is in accordance with the mission of the MRA.
Images:
Alcoves

Security System
January 09, 2019

Re: MRA Incentive

Warren Unsicker
Director of Economic Development
City of Farmington

Mr. Unsicker,

As per our discussion I have attached two (2) quotes for the parking area rehabilitation. Originally I thought the quotes were for the front area only, however it appears they are for both the East and West lots. Total parking lot renovation estimate is up to $79,062.29. This does not include parking landscaping as our budget was tight. Cottonwood is open to adding landscaping to the parking design should additional funding be made available. I have also included the quote for construction to renovate the entire building, exterior & interior. The total budget for interior and exterior renovation is $194,506.72. This quote for renovation from Spellbring Construction does NOT include the asphalt rehabilitation. The TOTAL ESTIMATED RENOVATION to include asphalt, interior and exterior is $273,569.01.

Cottonwood is willing to share use of the parking area located at 653 W. Arrington with the city of Farmington, and will be open to entering into an MOU for said use.

For the Arrington location located in the MRA Civic Center District, Cottonwood will employ nine (9) full time behavioral health clinicians with an average wage of $55,000 per annum. There will be five (5) support staff with an average wage of $32,000 per annum. We are also including a medical lab for urinalysis testing at the Arrington location that will require one (1) lab tech (average salary 45,000) and one (1) PhD medical director at contract of $50,000 per annum.

It is estimated that we will bring a total of sixteen (16) clinical, support staff, lab and PhD positions to the MRA area, totaling $750,000 in new wages per annum. It is important to note that Cottonwood will have three (3) separate locations operating within Farmington city limits upon completion of the Arrington location. Cottonwood currently employs twenty-six (26) full time employees. An additional four (4) employees will be hired for the Arrington location. The 20th street location will house six (6) of the existing employees, and the Schwartz location will house four (4) existing employees. Cottonwood as a whole will employ thirty (30) persons ranging from clinical, administrative, lab, medical director, and other support staff.
It is estimated that the GRT for the Arrington location will be approximately $60,000 per annum.

I will be sending renderings as soon as they are available.

If there are any questions or concerns, please contact me at 505-330-3455.

Regards,

Kim DuTremaine  
CEO/Clinical Director
The City of Farmington is pleased to announce the MRA Incentives Progam. This program is designed for innovative and catalytic programs that contribute significantly to the economic vitality and “Placemaking” of the MRA District. Projects must fully meet the criteria outlined in the MRA Plan to be considered for funding. Applicants will generally be required to match all funding provided by the City of Farmington and/or the Metropolitan Redevelopment Agency. All monies awarded to projects will be on a reimbursement basis upon the projects completion.

Full Name: Kim DrTremaine  
Business Name: William Kim DrTremaine LLC  
Address: 153 W. Arrington  
City: Farmington  
State: NM  
Zip: 87401

Location of Project within the MRA:  
☐ Animas District  
☒ Civic Center District  
☐ Downtown District

Project Description: Remodel existing structure to include exterior lighting, paint, parking lot, upgraded landscape, upgrade electric, new signage, interior, remodel/teaching, lab, new hallway floors, rec room, system

How will the MRA benefit from your project? Cleaning floors daily and also structure of the occupied business for approx 5 to 7 years. Make location visually and state

Estimated Construction Cost: $200,000  
Estimated Project Start/Completion Dates: 12/18 - 2/19

Estimated Long-Term Economic Impact:

Number of New Permanent Jobs Created within the MRA: 16

Estimated Annual Total of Gross Receipt Tax (GRT to be paid to the state): $60,000

What are the barriers (if any) to completion of your project? Time other than ability to afford re-paving of parking areas.

What assistance are you seeking from the City of Farmington and/or the Metropolitan Redevelopment Agency?

Downtown is parking area - pavement fixing.

Estimated cost to the City of Farmington and/or the Metropolitan Redevelopment Agency? 0 to 60,000

Please attach a copy of your business plan for review.
Please select the area of the MRA Plan (recommended use for land area, per figure 20, page 81 Catalyst Projects) with which your project aligns. MRA Plan is available for review at fmtn.org.

**Downtown Goal:** Revitalize Downtown Farmington by creating a visual and functional identity as the heart of the Four Corners area, with streetscape improvements, adaptive reuse of older buildings in a shopping park environment, with residential uses, encouraged by incentives for redevelopment.

- Retail/office mixed uses with first floor retail or restaurant space and office above
- Residential - Upper level condominiums, townhouses, and apartments
- Lodging/hospitality, including hotel and meeting space
- Restaurants and entertainment venues to support office and residential development
- Pure office space, either as a multi-tenant building or single tenant corporate office

**Civic Center Neighborhood Goal:** Preserve the neighborhood character by protecting existing structures, improving infrastructure and minimizing the impact of the Civic Center expansion.

- Lodging/hospitality, including hotel and meeting space
- Supporting restaurant and retail development

**Animas District Goal:** Redevelop the Animas Neighborhood as a mixed-use development with new types of affordable housing, expanded medical and cultural facilities linking Downtown to the Riverwalk.

- Mixed-use retail and office
- Residential – market rate single family detached homes, condominiums, townhouses, and apartments
- Class “A” office space for local corporate offices
- Lodging/Hospitality, including hotel and meeting space
- Restaurants and entertainment venues to support office and residential development
- Waterfront development, completing improvements identified in the Riverine Corridor Plan as a joint project of the City, the River Reach Foundation and local rafter and kayaking groups
- A pharmacy within walking distance of the Medical Center
- Medical offices
- Support restaurants and retail
- Housing, to include workforce housing, market rate apartments, market rate condos and live/work space.
- Consumer and service retail near Broadway

Return to:
City of Farmington
800 Municipal Drive
Farmington, NM 87401
ATTN: MRA Incentives Program

- 4.8 -
MRA Districts

[Map showing different districts within the area]
William & Kim DuTremaine, LLC
Business Plan for 653 W. Arrington, Farmington, NM 87401

ASSOCIATIONS
William & Kim DuTremaine, LLC is a property management company owned and operated by William & Kim DuTremaine. DuTremaine’s currently own and operate Cottonwood Clinical Services, Inc., a New Mexico corporation which has been in operations since July 01, 2008. Currently the DuTremaine LLC is in process of developing the property located at 653 W. Arrington in order to rent the space to Cottonwood Clinical Services, Inc. Below is an outline of the business operations of Cottonwood.

COTTONWOOD CLINICAL SERVICES, INC.
Cottonwood Clinical Services, Inc., hereinafter referred to as CCS, has been in operation since July 01, 2008 as a for profit corporation. It has provided substance abuse and behavioral health services to San Juan County for the past ten (10) years. It has long-term ongoing contracts with several state and county agencies to include: CYFD (Children, Youth & Families Department, NMCD (New Mexico Corrections Department, USPO (United States Probation Office), San Juan County DUI Court and several other community agencies. CCS has been an approved Medicaid provider since October of 2008.

CCS currently has two facilities. The main office is located at 511 E 20th, Farmington, NM 87401 (San Juan County) where it provides an array of behavioral health services. The facility is approximately 4,500 sq. ft. and employs fifteen (15) full time employees both clinical and clerical. Approximately 500 clients are seen at this location each week. The second facility is designated for adolescent services and is located at 228 N. Schwartz, Farmington, NM 87401. The facility is approximately 3,700 sq. ft and employs six (6) full time employees. Approximately 70 clients are seen at this location each week.

CCS has maintained business licenses, insurances & taxes for these locations for the past ten (10) years. CCS maintains good standing with the NM State Corporation Commission.

653 W. ARRINGTON
CCS plans to move its main office to the 653 W. Arrington location upon completion of construction/remodel. This will bring its full operations to the area including all of its full and part time employees, and clientele. CCS prides itself on having a clean, secure, and up to date facility to provide its services to community members.

Construction is scheduled to begin December 01, 2018 and be completed by February, 2019. The location will be brought up to code with the City of Farmington. Exterior will receive new lighting, security systems, fencing, and new glass throughout. Walkways and driveways will be safe and secure as well as aesthetically pleasing. Landscape will be revised and replaced where necessary. Interior will receive updated fixtures, flooring, window coverings, etc.
Our hope is to revitalize this beautiful building, occupying it for the majority of the day (8am to 9pm), and have it bustling with activity as to keep homeless and vagrant populations from using it as a resting place both day and night. This will help in keeping trash and other items from building up and cluttering the area.
City of Farmington

NOTIFICATION OF ADDRESS ASSIGNMENT

The City's addressing and street naming policies require every building to have a correct address and consistent street name. For reasons listed below, it is necessary to assign the following street number/name.

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<thead>
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<th>Old / Incorrect</th>
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<tbody>
<tr>
<td>New / Correct</td>
<td>653 W. Arrington</td>
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<tr>
<td>Current Owner(s)</td>
<td>Bobby and Carrie Willis</td>
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<tr>
<td>Effective Date</td>
<td>Tuesday, August 30, 2011</td>
</tr>
</tbody>
</table>

LOCATION MAP

Residents should notify personal correspondents of their new address. The address must be posted on the building at a point clearly visible from the street. If the home is more than 50 feet from the roadway, then the address must also be posted at the street by the driveway.

REASON FOR NOTICE: New Mexico Title Co. currently shares the same address as another building. Its principal access is off of Arrington and the address change is per the customer's request.

Monday, August 29, 2011

Date

Margaret Ambrosino, Associate Planner

Current Resident(s) PNM Comcast Cable U.S. Post Office
Current Assessor's Office Qwest Communications County Clerk's Office
City Clerk Customer Service
Fire Department Police Department
Addressing Admin Aide Building Inspection
Farmington GIS Ambulance Director, SJRMC
Shape the future of Google.

Tell us what you think about Google Maps by participating in our user research studies.

SIGN UP
Spellbring Construction Inc. is pleased to submit this proposal for performance of all work and furnishing of material as general contractor. This proposal is covered by the applicable plans and specifications as follows:

Drawings received from: N/A
Proposal Date 11/02/18 Revised __/__/____

<table>
<thead>
<tr>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>HVAC – As per description on inspection report.</td>
<td>29,780.00</td>
</tr>
<tr>
<td>Electrical service re-do including meter, (exterior)</td>
<td>15,346.00</td>
</tr>
<tr>
<td>Plumbing – As per description on inspection report.</td>
<td>4,925.00</td>
</tr>
<tr>
<td>Carpet and tile floor covering – All flooring except bathrooms and downstairs.</td>
<td>28,203.00</td>
</tr>
<tr>
<td>Roof repair – As per description on inspection report.</td>
<td>9,100.00</td>
</tr>
<tr>
<td>Sealing of exterior doors – As per description on inspection report.</td>
<td>800.00</td>
</tr>
<tr>
<td>Glass replacement in windows – As per description on inspection report allowance</td>
<td>2,600.00</td>
</tr>
<tr>
<td>Gates x4</td>
<td>4,800.00</td>
</tr>
<tr>
<td>Fencing west side for employee area</td>
<td>7,950.00</td>
</tr>
<tr>
<td>Interior electrical</td>
<td>3,500.00</td>
</tr>
<tr>
<td>Blinds as per Budget Blinds verbal estimate.</td>
<td>4,000.00</td>
</tr>
<tr>
<td>General conditions – permit, estimating, mobilization, clean up and supervisor wages.</td>
<td>2,348.20</td>
</tr>
<tr>
<td>Demolition – shelving, cabinets &amp; counter top, walls at new door openings.</td>
<td>4,108.08</td>
</tr>
<tr>
<td>Framing – new testing room and install &amp; relocation of doors</td>
<td>3,128.68</td>
</tr>
<tr>
<td>Painting – All office walls, baseboards, exposed beams, door and window trim.</td>
<td>9,873.36</td>
</tr>
<tr>
<td>Wallboards, tape &amp; texture – All patching of relocated doors or damaged areas.</td>
<td>1,516.32</td>
</tr>
<tr>
<td>Materials – All framing materials, gyp board, paint, tape &amp; texture, new doors and all miscellaneous materials</td>
<td>12,215.13</td>
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<tr>
<td>Security system</td>
<td>8,090.53</td>
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<tr>
<td>Parking lot asphalt</td>
<td>14,200.00</td>
</tr>
<tr>
<td>Landscaping allowance</td>
<td>7,320.00</td>
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<tr>
<td>IT</td>
<td>3,000.00</td>
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<tr>
<td>Front Desk</td>
<td>13,000.00</td>
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<tr>
<td>Signs allowance</td>
<td>2,600.00</td>
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<tr>
<td>Fire extinguishers &amp; signs</td>
<td>1,516.00</td>
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</tbody>
</table>

EXCLUSIONS:

- No work done in bathrooms other than plumbing repair discussed in report
- No ceiling tile except in room 102
- Anything not listed above

Sub total: 193,920.30
7.625% Sales Tax: 14,786.42

Total: 208,706.72

WORK WILL BE SCHEDULED UPON RECEIPT OF SIGNED PROPOSAL AND DEPOSIT
Terms: A 20% deposit of $41,741.35 due with signed acceptance to schedule. Monthly draws, billed on the 1st, due on the 10th. This proposal is valid for 30 days from the proposal date or revision date if applicable.

All material is guaranteed to be as specified. All work to be completed in a substantial workmanlike manner according to specifications submitted, per standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders and will become an extra charge over and above the estimate. All agreements are subject to strikes, accidents, or delays beyond our control. If either party commences legal action to enforce its rights pursuant to this agreement, the prevailing party in said legal action shall be entitled to recover its reasonable attorney's fees and costs of litigation relating to said legal action as determined by a court of competent jurisdiction. ANY PAYMENTS NOT MADE AS DESCRIBED ABOVE WILL RESULT IN A 3% SERVICE/INTEREST CHARGE PER MONTH UNTIL PAID IN FULL.

ACCEPTANCE: You are hereby authorized to furnish all materials and labor required to complete the work mentioned in the above proposal, for which we agree to pay the amount mentioned in said proposal and according to the terms thereof.

Aaron Spellbring, President Date

Personally guaranteed by
A J Road Company, LLC
73 Forest Ridge Road
Durango, CO 81303

(505) 392-9293  (970) 759-3033

Name / Address
Stefan

WE HEARBY SUBMIT SPECIFICATIONS AND ESTIMATE FOR:

<table>
<thead>
<tr>
<th>Description</th>
<th>Qty/hr</th>
<th>Rate</th>
<th>Total</th>
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<tr>
<td>EAST SIDE 213x44</td>
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<td></td>
</tr>
<tr>
<td>FULL DEPTH REHABILITATION</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Mill/mix existing asphalt and base to a depth of 6&quot;</td>
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<td></td>
</tr>
<tr>
<td>2) Grade, mechanically compact new base</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Transport, pave 3' after mechanically compaction new hot mix asphalt per sq foot</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paint line strips using white rubberized paint per linear foot</td>
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<td></td>
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<tr>
<td>Paint ADA accessible parking spot using reflective blue and white paint</td>
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<td></td>
<td></td>
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<tr>
<td>TOTAL SIDES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FULL DEPTH REHABILITATION</td>
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</tr>
<tr>
<td>1) Mill/mix existing asphalt and base to a depth of 6&quot;</td>
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</tr>
<tr>
<td>2) Grade, mechanically compact new base</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Transport, pave 3' after mechanically compaction new hot mix asphalt per sq foot</td>
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</tr>
<tr>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Sales Tax \%

WE PROPOSE TO FURNISH MATERIALS AND LABOR
COMPLETE IN ACCORDANCE WITH ABOVE SPECIFICATIONS for the sum of:

Our Guarantee:
All material is guaranteed to be as specified. All work is to be completed in a workmanlike manner according to industry standard practices. Any alterations from above specifications involving extra cost/time will become an extra charge beyond this estimate. All agreements contingent upon any delays that may occur beyond our control.

There is a $30.00 return check fee for all checks not honored (30) days after the invoice date an interest rate of 3% per month for any unpaid balances. The customer as stated above, further agrees to pay reasonable attorney's fees and other collection costs incurred by A J Road Co. Prices are subject to change.

We hope you will be satisfied with our quality of work. If you are not pleased let us know. A J Road Company, LLC is licensed, bonded, and fully insured.

ACCEPTANCE OF PROPOSAL

I understand any additions or alterations requested by me will be an additional fee above this estimate.

I understand final payment is due at completion of work.

Signature:

Date of Acceptance:

Total

Construction draw before start

Total payment at completion
Oldcastle SW Group, Inc.

P.O. Box 16
2100 Hwy. 371
Farmington, NM 87499

Phone: (505)324-3910
Fax: (505)324-3927

To: All Bidders
Address: Farmington

Contact:

Project Name: NM Title Company Parking Lot Reconstruction
Project Location: 653 W. Arrington, Farmington, NM

Bid Number: 09/20/18
Bid Date: 9/20/2018

<table>
<thead>
<tr>
<th>Item #</th>
<th>Item Description</th>
<th>Estimated Quantity</th>
<th>Unit</th>
<th>Unit Price</th>
<th>Total Price</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Mobilization</td>
<td>1.00</td>
<td>LS</td>
<td>$3,900.00</td>
<td>$3,900.00</td>
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</table>

**Total Price for above Items:** $3,900.00

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<tr>
<th>Item #</th>
<th>Item Description</th>
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<th>Unit</th>
<th>Unit Price</th>
<th>Total Price</th>
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</thead>
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<td>1.00</td>
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<td>3</td>
<td>Compact And Fine Grade</td>
<td>1.00</td>
<td>LS</td>
<td>$3,440.00</td>
<td>$3,440.00</td>
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<tr>
<td>4</td>
<td>Pave 2.5&quot; Of NMDOT SPIV HMA</td>
<td>1.00</td>
<td>LS</td>
<td>$18,250.00</td>
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</table>

**Total Price for above East Side Items:** $27,290.00

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<tr>
<th>Item #</th>
<th>Item Description</th>
<th>Estimated Quantity</th>
<th>Unit</th>
<th>Unit Price</th>
<th>Total Price</th>
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</thead>
<tbody>
<tr>
<td>5</td>
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<td>1.00</td>
<td>LS</td>
<td>$5,600.00</td>
<td>$5,600.00</td>
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<tr>
<td>6</td>
<td>Compact And Fine Grade (Includes ADA Area)</td>
<td>1.00</td>
<td>LS</td>
<td>$3,440.00</td>
<td>$3,440.00</td>
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<tr>
<td>7</td>
<td>Pave 2.5&quot; Of NMDOT SPIV HMA</td>
<td>1.00</td>
<td>LS</td>
<td>$22,400.00</td>
<td>$22,400.00</td>
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</tbody>
</table>

**Total Price for above West Side Items:** $31,440.00

**Total Bid Price:** $62,630.00

Notes:
- The above prices include one mobilization for the project. If additional mobilizations are required, they will be billed at $1,500 per each.
- Engineering or layout is excluded.
- Tax is not included in the price quoted above. Any applicable taxes will be in addition to the above prices.
- Any work not described above is excluded.
- NM Contractor's License # 89829 (this license, issued under the Construction Industries Licensing Act, does not protect the consumer if the contractor defaults).
- A minimum slope of 1% is required at all areas to be paved to insure positive drainage of the asphalt surface. Areas to be paved that have less than 1% slope may require this proposal to be revised and/or our warranty of the paved area may be invalid.
- This proposal may be withdrawn by us if not accepted within 30 days.
- Four Corners Materials, upon receipt of a signed proposal, will schedule the work to fit the request of the owner as best as possible. Four Corners Materials currently has several projects on our schedule and new jobs will be scheduled accordingly.
- Development and implementation of a SWPPP as required by the NPDES stormwater program is the responsibility of others and Four Corners Materials assumes no responsibility for the development of the SWPPP or for the day-to-day activities at the project.
- Should the subgrade be soft, un-stable, or otherwise unsuitable to support the pavement, you will be notified and a remedy negotiated.
- Prices above are based on today's liquid asphalt price. Because of the volatile asphalt market and huge cost increases we are seeing we must reserve the right to adjust prices accordingly.
- Unless the words "Lump Sum" appear next to an item at work, is understood and agreed that the quantities referred to above are estimates only and that payment shall be made at the stated unit prices for actual quantities of work performed by Four Corners Materials.
- Quality Control / Quality Assurance Testing is excluded.
- Seal Coat (if required) is excluded.
- Import and/or export of earthen materials are not included in the above prices. If import and/or export of earthen materials are required, this will be performed at an additional cost.
- Price shown DOES NOT include Performance and Payment bond. Add 2% if bond is required.
- Four Corners Materials, upon receipt of a signed proposal, will schedule the work to fit the request of the owner as best as possible. Four Corners Materials currently has several projects on our schedule and new jobs will be scheduled accordingly.
- Traffic Control is excluded.
Payment Terms:
The person signing below represents that he/she is authorized to enter into this agreement on behalf of the buyer and has received the seller's Standard Terms & Conditions, which are incorporated by reference herein as attached.

ACCEPTED:
The above prices, specifications and conditions are satisfactory and are hereby accepted.

Buyer: ______________________________
Signature: __________________________
Date of Acceptance: _________________

CONFIRMED:
Oldcastle SW Group, Inc.

Authorized Signature: ____________________
Estimator: Paul Mcgee
(970) 317-4886
paul.mcghee@fourcomersmaterials.com
## Property Record Card

San Juan County Assessor

### Property Information

**DUTREMAINE WILLIAM & KIM LLC**

511 E 20TH STREET

FARMINGTON, NM 87401

- **Account:** R4002942
- **Parcel:** 2076171322384
- **Situs Address:** 653 W ARRINGTON ST

- **Tax Area:** 5IN-TIF-NR - TIF
- **Redevelopment Area:** Non-Residential
- **Acres:** 0.868

### Value Summary

<table>
<thead>
<tr>
<th>Value By</th>
<th>Market</th>
<th>Override</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial/Ag (1)</td>
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<td>N/A</td>
</tr>
<tr>
<td>Land (1)</td>
<td>$60,766</td>
<td>N/A</td>
</tr>
<tr>
<td>Land (2)</td>
<td>$6,200</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$400,600</strong></td>
<td><strong>$400,600</strong></td>
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</tbody>
</table>

### Legal Description

MARKLEY ESTATES SUBDIVISION REPLAT C LOT 1A BK. 1637 PG.1050

### Commercial/Ag Occurrence 1

<table>
<thead>
<tr>
<th>Property Code</th>
<th>Actual Year Built</th>
<th>Architectural Style</th>
<th>Condition</th>
<th>HVAC</th>
<th>Roof Structure</th>
<th>Percent</th>
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<tbody>
<tr>
<td>0220 - NON-RESIDENTIAL IMPROVEMENT</td>
<td>1977</td>
<td>344 - Office Building</td>
<td>Average</td>
<td>1100 - Package Unit</td>
<td>1 - Flat</td>
<td>100</td>
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<tr>
<td>100 - Package Unit</td>
<td>1977</td>
<td>344 - Office Building</td>
<td>Average</td>
<td>1100 - Package Unit</td>
<td>1 - Flat</td>
<td>100</td>
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<tr>
<td>344 - Office Building</td>
<td>1977</td>
<td>344 - Office Building</td>
<td>Average</td>
<td>1100 - Package Unit</td>
<td>1 - Flat</td>
<td>100</td>
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<table>
<thead>
<tr>
<th>SubArea</th>
<th>ACTUAL</th>
<th>AREA_UNITS</th>
<th>EFFECTIVE</th>
<th>FOOTPRINT</th>
<th>HEATED</th>
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Property Record Card
San Juan County Assessor

Commercial/Ag Occurrence 1

<table>
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<table>
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<th>Rate</th>
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</table>

Land Occurrence 1

<table>
<thead>
<tr>
<th>Property Code</th>
<th>0200 - NON-RESIDENTIAL LAND</th>
<th>Land Code</th>
<th>31000SF - SIDE STRTS OFF MAIN DOWNTOWN - SF</th>
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</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>1 - Adequate</td>
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</tr>
<tr>
<td>Gas</td>
<td>1 - Natural</td>
<td>Frontage</td>
<td>0</td>
</tr>
<tr>
<td>Measure</td>
<td>SF - Square Feet</td>
<td>Length</td>
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<tr>
<td>Street Code</td>
<td>5 - Paved/Curb/Sidewalk</td>
<td>Sewer Type</td>
<td>1 - City Sewer</td>
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<td>Water</td>
<td>1 - City Water</td>
<td>Topography Code</td>
<td>1 - Level</td>
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</table>

<table>
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<tr>
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<th>HEATED</th>
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<tbody>
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<table>
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<th>Rate</th>
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Land Occurrence 2

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<th>31000A - SIDE STRTS OFF MAIN DOWNTOWN - A</th>
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<tbody>
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<td>Electricity</td>
<td>1 - Adequate</td>
<td>Frontage</td>
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<tr>
<td>Measure</td>
<td>A - Acre</td>
<td>Sewer Type</td>
<td>1 - City Sewer</td>
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</tbody>
</table>

A#: R4002942 P#: 2076171322384 As of: 01/09/2019
**Property Record Card**
San Juan County Assessor

### Land Occurrence 2

<table>
<thead>
<tr>
<th>Street Code</th>
<th>5 - Paved/Curb/Sidewalk</th>
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</thead>
<tbody>
<tr>
<td>Water</td>
<td>1 - City Water</td>
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</table>

<table>
<thead>
<tr>
<th>SubArea</th>
<th>ACTUAL</th>
<th>AREA_UNITS</th>
<th>EFFECTIVE</th>
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<table>
<thead>
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<th>Rate</th>
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<td>$6,200</td>
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<td>24,800.00</td>
<td>24,800.00</td>
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### Abstract Summary

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<tr>
<th>Code</th>
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<th>Actual Value</th>
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<th>Actual Value Override</th>
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</table>
Date: 01/09/2019

Account: R4002942

Situs Address: 653 W ARRINGTON ST

Legal: MARKLEY ESTATES SUBDIVISION REPLAT C LOT 1A BK.1637 PG.1050

List or Sale Price: $575,000

Tax Area: 5IN-TIF-NR

Prior Year Taxes: $3,622.88

Estimated 2018 Taxes based on prior year mill rate: $5,200.12

*Important: This is an estimated property tax calculation based on the PRIOR YEAR mill rate. The estimated tax calculation does not take into consideration any exemptions or levies. Current year mill rates have not yet been imposed by the State of New Mexico.

*Disclaimer: The estimated amount of property tax levy is calculated using the stated price and estimates of the applicable tax rates. The county assessor is required by law to value the property at its 'current and correct' value, which may differ from the listed price. Further, the estimated tax rates may be higher or lower than those that will actually be imposed. Accordingly, the actual tax levy may be higher or lower than the estimated amount. New Mexico law requires your real estate broker or agent to provide you an estimate of the property tax levy on the property on which you have submitted or intend to submit an offer to purchase. All real estate brokers and agents who have complied with these disclosure requirements shall be immune from suit and liability arising from suit relating to the estimated amount of property tax levy.

Buyer Signature

Date
### Account: R4002942

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RESOLUTION NO. 2019-1694

A RESOLUTION IN SUPPORT OF AN OUT-OF-ZONE FILM TAX CREDIT

WHEREAS, the State of New Mexico has developed a robust film industry, employing more than a thousand fulltime workers and attracting hundreds of millions of dollars a year of direct spending into our economy; and

WHEREAS, New Mexico's film industry is built upon the state's film incentive program, which offers film productions a rebate of up to 30 percent on their spending in the state; and

WHEREAS, the majority of the film industry's spending in New Mexico is derived from film productions that utilize union based workers; and

WHEREAS, the vast majority of New Mexico's film union membership live in the Albuquerque and Santa Fe region; and

WHEREAS, union staffed film productions that choose to film outside of the Albuquerque and Santa Fe region are required to pay extra travel based expenses to crew members, costing as much as $500,000 per production to locate outside of this zone; and

WHEREAS, the additional cost of crew travel creates a disincentive for film productions to locate outside this zone; and

WHEREAS, this has created a growing disparity in both film based economic development opportunities and crew training for the rest of the state; and

WHEREAS, other top film production states, including Louisiana and New York, addressed this opportunity gap by providing an extra 5 to 10 percent production rebate to film productions who film outside of the main production center zone; and

WHEREAS, this extra credit to film in underserved areas helps to offset the additional cost for film productions of bringing in a union trained crew; and

WHEREAS, the State of New Mexico is considering significant expenditures to its film incentive program in the upcoming legislative session including eliminating its cap of annual film rebate expenditures and paying in excess of $150 million in accrued film incentive rebates; and

WHEREAS, given the significant financial expenditures being requested of all New Mexico taxpayers in support this economic development program it is appropriate and equitable to also modernize New Mexico's film incentive program to help expand film production opportunities in all parts of the state.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF FARMINGTON, NEW MEXICO, THAT:

1. The City urges Governor Michelle Lujan Grisham and the New Mexico Legislature to establish an additional 5 percent tax rebate to film productions that film in underserved parts of the state.

2. The City also encourages the state to enhance or establish new programs to increase film crew training in underserved film production communities as well as assist individuals in film crew training programs to have opportunities to work on union affiliated film productions to aid in their advancement into a professional film crew organization.

PASSED, SIGNED, APPROVED AND ADOPTED this 22nd day of January, 2019.

Nate Duckett, Mayor

SEAL

ATTEST:

Dianne Smylie, City Clerk
ORDINANCE NO. ___

AN ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE CITY OF FARMINGTON, NEW MEXICO MUNICIPAL GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2019 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $12,500,000 FOR THE PURPOSE OF DEFRAYING THE COSTS OF DESIGNING, ENGINEERING, CONSTRUCTING, ACQUIRING AND IMPROVING STREETS AND TRAFFIC IMPROVEMENTS, AND PAYING COSTS OF ISSUANCE OF THE SERIES 2019 BONDS; PROVIDING THAT THE BONDS WILL BE PAYABLE FROM MUNICIPAL GROSS RECEIPTS TAX REVENUES DISTRIBUTED TO THE CITY PURSUANT TO SECTION 7-1-6.12 NMSA 1978, PROVIDING THAT THE MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, REDEMPTION PROVISIONS AND OTHER DETAILS OF THE BONDS WILL BE ESTABLISHED IN A BOND PURCHASE AGREEMENT AND PRICING CERTIFICATE, AND DELEGATING AUTHORITY TO THE CITY MANAGER AND CITY ADMINISTRATIVE SERVICES DIRECTOR TO APPROVE THE FINAL TERMS OF THE BONDS AND TO EXECUTE AND DELIVER THE BOND PURCHASE AGREEMENT; PROVIDING FOR THE EXECUTION OF THE BONDS AND OTHER DOCUMENTS AND AGREEMENTS RELATING TO THE BONDS BY AUTHORIZED OFFICERS OF THE CITY; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

The City Council is informed that:

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

WHEREAS, the City is a legally and regularly created, established, organized and existing municipal corporation under the general laws of the State of New Mexico; and

WHEREAS, pursuant to Section 7-19D-9 NMSA 1978, as amended, and Ordinance No. 2018-1312 adopted by the City Council on August 21, 2018 ("Ordinance No. 2018-1312"), the City enacted a municipal gross receipts tax in an amount equal to one-half of one percent (0.5%) of the gross receipts reported or required to be reported by persons engaging in business in the City for the month in which the tax is distributed to the City (the “Municipal Gross Receipts Tax”); and

WHEREAS, Ordinance No. 2018-1312 provides that one-quarter of the revenue derived from the Municipal Gross Receipts Tax shall be dedicated for Public Works Purposes (the “Public Works Dedication”); and

WHEREAS, pursuant to Section 7-1-6.12 NMSA 1978, the City receives monthly distributions of Municipal Gross Receipts Tax Revenues from the New Mexico Department of Taxation and Revenue equal to one half of one percent (0.5%) of the gross receipts of persons
engaging in business within the City, as determined and adjusted under the Gross Receipts and Compensating Tax Act, Chapter 7, Article 9 NMSA 1978; and

WHEREAS, the City Council intends to pledge the Public Works Dedication portion of the Municipal Gross Receipts Tax, i.e. the 0.125% increment of Municipal Gross Receipts Tax (the “Pledged Revenues”) as security for repayment of the Bonds; and

WHEREAS, the Pledged Revenues are not pledged to the payment of any bonds or other obligations which are presently outstanding; and

WHEREAS, the City Council hereby determines that issuance of the Bonds for the purpose of paying costs of designing, engineering, constructing, acquiring and improving streets and traffic improvements and paying the Expenses allocable to the financing of those improvements (the “Project”) is necessary and in the interest of the City and its residents; and

WHEREAS, the City Council hereby determines that it is in the best interests of the City and its residents that the Bonds be issued with a first lien, but not an exclusive first lien, on the Pledged Revenues on parity with the lien thereon of outstanding Parity Bonds; and

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

“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

WHEREAS, the proposed form of this Bond Ordinance has been filed with the City Clerk and presented to the City Council; and

WHEREAS, the City Council anticipates that the Bonds will be sold to the New Mexico Finance Authority (the “Purchaser”) pursuant to the Bond Purchase Agreement which, together with the exact principal amounts, interest rates, redemption features and other final terms of the Bonds, shall be as set forth in the Bond Purchase Agreement and Pricing Certificate, both of which shall be deemed to supplement this Bond Ordinance; and

WHEREAS, the City Council intends to delegate authority to the Mayor, the City Manager or the City Treasurer/Administrative Services Director to approve the final terms of the Bonds and to execute the Pricing Certificate, and to executed and deliver the Bond Purchase Agreement to the Purchaser, pursuant to and as authorized by as permitted by Section 6-14-10.2 NMSA 1978, on or before the date of delivery of the Bonds, setting forth the final terms of the Bonds; and
WHEREAS, forms of the Bond Purchase Agreement and contingent Intercept Agreement have been presented to the City Council in connection with this Bond Ordinance; and

WHEREAS, the City Council has determined that it is in the best interests of the City to authorize the issuance of the Bonds pursuant to this Bond Ordinance.

NOW, THEREFORE, be it ordained by the governing body of the City of Farmington:

Section 1. **Definitions.** As used in this Bond Ordinance, the following terms shall, for all purposes, have the meanings herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

“Act” means the general laws of the State, including Sections 3-31-1 through 3-31-12 NMSA 1978, as amended, and enactments of the City Council relating to the Pledged Revenues and the issuance of the Bonds, including this Bond Ordinance.

“Authorized Officer” means the following officers of the City: Mayor, City Manager, City Treasurer/Administrative Services Director, or other officer of the City when designated by a certificate signed by the Mayor of the City from time to time, a certified copy of which shall be delivered to the Paying Agent and the Registrar.

“Bond Fund” has the meaning assigned to that term in Section 16 of this Bond Ordinance.

“Bond Ordinance” means this City Ordinance No. _____.

“Bond Purchase Agreement” means the bond purchase agreement between the City and the Purchaser.

“Bondholder,” “holder,” “owner” or “Owner” means the registered owner of any Bond as shown on the registration books of the City for the Bonds, from time to time, maintained by the Registrar. Any reference to a majority or a particular percentage or proportion of the Bondholders shall mean the Holders at the particular time of a majority or of the specified percentage or proportion in aggregate principal amount of all Bonds then outstanding.

“Bonds” means the “City of Farmington, New Mexico Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019” authorized by this Bond Ordinance.

“Business Day” means a day on which commercial banks in the city in which the principal office of the Paying Agent and Registrar is located are open for conduct of substantially all of their business operations.

“City” means the City of Farmington, in the County of San Juan and State of New Mexico.

“City Council” means the City Council of the City or any future successor governing body of the City.
“Closing Date” means the date on which the Bonds are issued and delivered to the Purchaser.

“Closing Memorandum” means the memorandum prepared on behalf of the City by its municipal advisor which shall specify the deposit and application of proceeds of the Bonds on the Closing Date.

“Code” means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, and all applicable regulations whether proposed, temporary or final, including regulations issued and proposed pursuant to the statutory predecessor of the Code, and, in addition, all official rulings and judicial determinations applicable to the Bonds, and under the statutory predecessor of the Code and any successor provisions to those sections or regulations.

“Continuing Disclosure Undertaking” means the continuing disclosure undertaking with respect to the Bonds to be executed on the day of issuance and delivery of the Bonds to the Purchaser, if required.

“Costs of Issuance” or “Expenses” means all costs relating to issuance of the Bonds, including, without limitation, costs of advertising and publication, costs of preparing the Bonds, fees and expenses of the financial advisor, bond counsel, the Paying Agent, the Registrar, rating fees and other reasonable and necessary fees and costs, including applicable gross receipts taxes, related to the issuance of the Bonds.

“Event of Default” means any of the events stated in Section 28 of this Bond Ordinance.

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

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

“Hold Harmless MGRT Distribution” means the distribution to the City made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to one eighth of one percent (0.125%) increment of municipal gross receipts tax imposed on all persons engaging in business in the City by City Ordinance No. 2018-1312, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year beginning on July 1, 2015 until the distribution is eliminated after July 1, 2029.

“Independent Accountant” means (A) an accountant employed by the State and under supervision of the State Auditor of the State, or (B) any certified public accountant, registered 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 City who (i) is, in fact, independent and not under the domination of the City, (ii) does not have any substantial
interest, direct or indirect, with the City, and (iii) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or similar audits of the books or records of the City.

“Insured Bank” means any federally or state-chartered savings and loan association or federally or state-chartered commercial bank, the deposits of which are insured by the Federal Deposit Insurance Corporation and which has, or is the lead bank of a parent holding company which has (i) unsecured, uninsured and unguaranteed obligations which are rated AA or better by Fitch and S&P or (ii) combined capital, surplus and undivided profits of not less than $10,000,000.

“Intercept Agreement” means the agreement between the City and the Purchaser (which becomes effective only upon the City’s failure to timely make payments of principal and interest on the Bonds), which provides for the direct payment by New Mexico Department of Taxation and Revenue to the Purchaser of the Pledged Revenues in amounts sufficient to pay principal and interest on the Bonds, and any amendments or supplements to the Intercept Agreement.

“Interest Payment Date” means each June 1 and December 1, commencing December 1, 2019.

“Municipal Gross Receipts Tax” means the excise tax imposed by the City pursuant to Section 7-19D-9 NMSA 1978, as amended, and Ordinance No. 2018-1312 adopted by the City Council on August 21, 2018, in an amount equal to one-half of one percent (0.5%) of the gross receipts reported or required to be reported by persons engaging in business in the City for the month in which the tax is distributed to the City.

“Municipal Gross Receipts Tax Income Fund” means the Pledged Revenue Fund established in Section 16 of this Bond Ordinance and maintained by the City.


“Outstanding” or “outstanding” when used in reference to bonds means, on any particular date, the aggregate of all Bonds delivered under this Bond Ordinance except:

A. those cancelled at or prior to such date or delivered or acquired by the City at or prior to such date for cancellation;

B. those otherwise deemed to be paid in accordance with Section 34 of this Bond Ordinance;

C. those in lieu of or in exchange or substitution for which other Bonds shall have been delivered, unless proof satisfactory to the City and the Paying Agent is presented that any Bond for which a new Bond was issued or exchanged is held by a bona fide holder or in due course.
“Parity Gross Receipts Tax Bonds” means the Bonds and any other bonds or obligations which may in the future be issued by the City with a lien on Pledged Revenues on parity with the lien thereon of the Bonds.

“Paying Agent” means the City Treasurer, as agent for the City for the payment of the Bonds or any other entity at the time appointed Paying Agent by resolution of the City Council.

“Permitted Investments” means, but only to the extent permitted by applicable laws of the State, ordinances of the City or the Investment Policy of the City, as amended from time to time, including the following:

A. Certificates of deposit issued by banks and savings and loan associations located within the geographical boundaries of the City, collateralized in accordance with this policy and with a maximum stated maturity of five (5) years.

B. Obligations of the United States Government, its agencies, or instrumentalities excluding mortgage backed securities which are either direct obligations of the United States or are backed by the full faith and credit of the United States Government with a maximum stated maturity of five (5) years.

C. Repurchase agreements collateralized by obligations of the U.S. Government, its agencies, or instrumentalities.

D. The New Mexico State Treasurer's Local Government Investment Pool established pursuant to Sec. 6-10-10.1 NMSA 1978, and operated by the New Mexico State Treasurer.

E. Interest bearing demand accounts in approved depositories.

“Pledged Revenues” means the revenues derived from the (i) one eighth of one percent (.125%) portion of the one-half of one percent (0.5%) municipal gross receipts tax imposed on all persons engaging in business in the City by City Ordinance No. 2018-1332, adopted on August 21, 2018, with an effective date of January 1, 2019, which portion equals, subject to the exemptions specified in Section 7-19D-9 NMSA 1978, one eighth of one percent (.125%) of the gross receipts of all persons engaging in business in the City for the month in which the tax is distributed to the City and (ii) the Hold Harmless Distribution associated with such portion; provided that the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the City is not pledging and the term “Pledged Revenues” does not include the state-shared gross receipts tax or any other local option gross receipts tax income received by the City).

“Pricing Certificate” means one or more certificates executed by the Mayor, or in the Mayor’s absence, the City Manager or City 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; (ix) the amount of the Reserve Requirement, if any, and whether such Reserve Account shall be funded with proceeds of the Bonds or through the deposit of a Reserve Account Insurance Policy; (x) whether an Insurance Policy shall be acquired and the terms of the Insurance Policy, if any, and (xi) 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.

“Project” means designing, engineering, constructing, acquiring and improving streets and traffic improvements and paying the Expenses of the issuance of the Bonds.

“Purchaser” means the New Mexico Finance Authority or such other purchaser as may be designated in the Bond Purchase Agreement.

“Registrar” means the City Treasurer, as agent for the City for transfer and exchange of the Bonds or any other entity at the time appointed by resolution of the City Council.

“Related Documents” means the Bond Purchase Agreement, the Pricing Certificate, the Intercept Agreement, Tax Compliance Certificate, and any other document or agreement containing an obligation of the City as may be required in connection with the issuance of the Bonds and the application of the proceeds thereof to the Project.

“Reserve Requirement” means the reserve requirement for the Bonds, if any, the amount and method of funding of which shall be specified in the Pricing Certificate.

“State” means the State of New Mexico.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Bond Ordinance) by the City Council and the officers of the City, directed toward the Improvement Project, the issuance of the Bonds for the Improvement Project and the sale of the Bonds to the Purchaser be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of the Project. The Project and the method of financing the Improvement Project are hereby authorized and ordered at a total cost not to exceed $12,500,000 to be paid from proceeds of the Bonds.

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

A. The Project is necessary and in the best interest of the City and its residents.

B. Moneys available for the Project from all sources other than the issuance of Revenue Bonds are not sufficient to defray the cost of the Project.
D. The Pledged Revenues may lawfully be pledged to secure the payment and redemption of the Bonds.

E. It is economically feasible to defray, in part, the cost of the Project by the issuance of the Bonds.

F. The issuance of the Bonds pursuant to the Act, to provide funds to finance the costs of the Project, is necessary and in the interest of the public health, safety and welfare of the residents of the City.

Section 5. Bonds – Authorization and Detail.

A. Authorization. This Bond Ordinance has been adopted by the affirmative vote of at least three-fourths of all of the members of the City Council. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the citizens of the City, it is hereby declared necessary that the City, pursuant to the Act, issue its negotiable, fully registered, revenue bonds to be designated the “City of Farmington, New Mexico Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019” in an aggregate principal amount not to exceed $12,500,000 (excluding any premium paid for the Bonds by the Purchaser) and the issuance, sale and delivery of the Bonds is hereby authorized. The Bonds shall be payable and collectible, both as to principal and interest, solely from the Pledged Revenues. The Bonds shall be sold by a private sale to the Purchaser pursuant to the Bond Purchase Agreement at the price established in the Bond Purchase Agreement.

B. Parameters Authorized; Details of Bonds. There is hereby authorized and created a series of bonds designated as the City of Farmington, New Mexico Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019.”

(1) The Bonds shall be issued subject to the following parameters:

(aa) The Bonds shall be issued in an aggregate principal amount not to exceed $12,500,000 (excluding any premium paid for the Bonds by the Purchaser) for the Project.

(bb) The net effective interest rate on the Bonds shall not exceed 12% per annum.

(cc) The final maturity of the Bonds shall not be later than June 1, 2039, or such other earlier date as is specified in the Bond Purchase Agreement and Pricing Certificate.

(2) The forms, terms, and provisions of the Bonds in the form set forth in Section 13 are hereby approved with only such changes therein as are not inconsistent with this Bond Ordinance and as shall be set forth in the Bond Purchase Agreement and Pricing Certificate.

(3) The Bonds shall be negotiable instruments but shall be issued only
as fully registered bonds, in such numbers and denominations as may be requested by the Purchaser, but exchangeable for other fully registered Bonds of any denominations which are multiples of $5,000. The Bonds shall be numbered separately and consecutively, shall be dated the date of their delivery to the Purchaser, shall mature on June 1 of each year and shall bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from their date, payable semi-annually on June 1 and December 1 in each year commencing on December 1, 2019 until their respective maturities. The Bonds shall bear the rates of interest, maturities and provisions for redemption prior to maturity as shall be established in the Bond Purchase Agreement and Pricing Certificate.

Section 6. Prior Redemption.

A. Optional Redemption. Provisions for optional redemption of the Bonds shall be as established in the Bond Purchase Agreement and Pricing Certificate.

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

C. Conditional Redemption. If money or Defeasance Obligations (as defined in Section 34) sufficient to pay the optional redemption price of the Bonds to be called for optional redemption are not on deposit with the Paying Agent prior to the giving of notice of optional redemption pursuant to subsection B of this Section, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which
the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Bonds to be redeemed shall be selected in the manner deemed reasonable and fair by the City and the Registrar shall give notice, in the manner in which the original notice or optional redemption was given, that such money was not received and the information required by subsection B of this Section. In that event, the Registrar shall promptly return to the Owners thereof the Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

Section 7. **Filing of Manual Signatures.** Prior to the execution of any Bond pursuant to Sections 6-9-1 to 6-9-6 NMSA 1978, as amended, the Mayor or Mayor Pro-Tem and City Clerk shall each file with the New Mexico Secretary of State his or her manual signature certified by him or her under oath; provided that filing shall not be necessary for any officer where any previous filing may have legal application to the Bonds.

Section 8. **Execution and Authentication of Bonds.**

A. **Execution.** The Bonds shall be signed with the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature, or the manual signature, of the Mayor or Mayor Pro-Tem and shall be attested with the facsimile or manual signature of the City Clerk. There shall be affixed to each Bond the printed, engraved, stamped or otherwise placed facsimile of, or imprint of, the City's corporate seal. The Bonds shall be authenticated by the manual signature of an authorized officer of the Registrar. The Bonds when authenticated and bearing the manual or facsimile signatures of the officers in office at the time of signing thereof shall be valid and binding special obligations of the City, notwithstanding that before delivery thereof and payment therefor, any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. The Mayor or Mayor Pro-Tem and City Clerk, at the time of the execution of the Bonds and the signature certificate, each may adopt as and for his or her own facsimile signature, the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds or certificates pertaining to the Bonds.

B. **Authentication.** No Bond shall be valid or obligatory for any purpose unless the certificate of authentication has been duly executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been fully executed if manually signed and inscribed by 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 9. **Negotiability.** The Bonds shall be fully negotiable and shall have all the qualities of negotiable paper and the Bondholders shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Uniform Commercial Code. Except as set forth herein, the Bonds outstanding shall in all respects be equally and ratably secured, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds.

Section 10. **Payment and Presentation of Bonds for Payment.** Principal and interest on the Bonds shall be payable in lawful money of the United States of America, without deduction for exchange or collection charges. Principal shall be payable in immediately available funds at maturity or redemption thereof upon presentation and surrender of such Bond at the principal
office of the Paying Agent or at the designated office of any successor Paying Agent. Upon any
partial prior redemption of any Bond, the registered owner, in its discretion, may request the
Registrar to authenticate a new Bond or to make a notation on the Bond indicating the date and
amount of prepayment, except in the case of final maturity, in which case the Bond must be
presented to the Paying Agent prior to payment. Interest on the Bonds shall be payable by check
or draft mailed to the registered owner thereof (or in such other manner as may be agreed upon
by the Paying Agent and the registered owner), as shown on the registration books maintained by
the Registrar at the address appearing therein on the 15th day of the calendar month next
preceding the Interest Payment Date (the “Record Date”). Any interest which is not timely paid
or provided for shall cease to be payable to the owner thereof (or of one or more predecessor
Bonds) as of the Record Date, but shall be payable to the owner thereof (or of one or more
predecessor Bonds) at the close of business on a special record date for the payment of that
overdue interest. The special record date shall be fixed by the Paying Agent whenever moneys
become available for payment of the overdue interest, and notice of the special record date shall
be given to Bond owners not less than ten (10) days prior thereto. If any Bond presented for
payment remains unpaid at maturity or redemption, it shall continue to bear interest at the rate or
rates designated in, and applicable to, such Bond from time to time. If any Bond is not presented
for payment at maturity or redemption when funds available therefor have been deposited with
the Paying Agent, it shall cease bearing interest on and from the date of maturity or redemption.

Section 11. Registration, Transfer, Exchange and Ownership of Bonds.

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

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

C. Owner of the Bonds. The person in whose name any Bond is registered
shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of
either the principal of or interest on any such Bond shall be made only to or upon the order of the
registered owner thereof or his legal representative as stated herein, but such registration may be
changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and
discharge the liability upon such Bond to the extent of the sum or sums so paid.
D. **Lost Bonds.** If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such Bond, if mutilated, and such evidence, information or indemnity relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. If any such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, the Registrar may request the Paying Agent to pay such bond in lieu of replacement.

E. **Additional Bonds.** Executed but unauthenticated Bonds are hereby authorized to be delivered to the Registrar in such quantities as may be convenient to be held in custody by the Registrar pending delivery as herein provided.

F. **Charges.** For each new Bond issued in connection with a transfer or exchange, the Registrar may make a charge to the owner of the Bond requesting such exchange or transfer sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

G. **Successor Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed hereunder shall resign or is prohibited by law from continuing as Registrar or Paying Agent, or if the City shall reasonably determine that the Registrar or Paying Agent has become incapable of fulfilling its duties hereunder, the City 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 $50,000,000. It shall not be required that the same institution serves as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

H. **Book-Entry.** The Bonds may be issued or registered, in whole or in part, in book-entry form from time to time with no physical distribution of bond certificates made to the public, with a Depository acting as securities depository for the Bonds. A single certificate for each maturity date of the Bonds issued in book-entry form will be delivered to the Depository and immobilized in its custody. The book-entry system will evidence ownership of the Bonds in authorized denominations, with transfer of ownership effected on the books of the Depository and its participants ("Participants"). As a condition to delivery of the Bonds in book-entry form, the Underwriters will, immediately after acceptance of delivery thereof, deposit, or cause to be deposited, the Bond certificates with the Depository, registered in the name of the Depository or its nominee. Principal, premium, if any, and interest will be paid to the Depository or its nominee as the registered owner of the Bonds. The transfer of principal, premium, if any, and interest payments to Participants will be the responsibility of the Depository; the transfer of principal, premium, if any, and interest payments to the beneficial owners of the Bonds (the “Beneficial Owners”) will be the responsibility of Participants and other nominees of Beneficial Owners maintaining a relationship with Participants (the “Indirect Participants”). The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Depository, Participants or Indirect Participants.
If (i) the Bonds are not eligible for the services of the Depository, (ii) the Depository determines to discontinue providing its services with respect to the Bonds or (iii) the City determines that a continuation of the system of book-entry transfers through the Depository ceases to be beneficial to the City or the Beneficial Owners, the City will either identify another Depository or certificates for the Bonds will be delivered to the Beneficial Owners or their nominees, and the Beneficial Owners or their nominees, upon authentication of Bonds and registration of those Bonds in the Beneficial Owners' or nominees' names, will become the owners of the Bonds for all purposes. In that event, the City shall mail an appropriate notice to the Depository for notification to Participants, Indirect Participants and Beneficial Owners of the substitute Depository or the issuance of bond certificates to Beneficial Owners or their nominees, as applicable.

Officers of the City are authorized to sign agreements with the Depository relating to the matters set forth in this Section.

Notwithstanding any other provision of this Bond Ordinance, so long as all of the Bonds are registered in the name of the Depository or its nominee, all payments of principal, premium, if any, and interest on the Bonds, and all notices with respect to the Bonds, shall be made and given by the Paying Agent, Registrar or the City to the Depository as provided in this Bond Ordinance and by the Depository to its Participants or Indirect Participants and notices to the Beneficial Owners of the Bonds in the manner provided in an agreement or letter of the City to the Depository.

Section 12. Special Limited Obligations. All of the Bonds and all payments of principal, premium, if any, and interest thereon whether at maturity or on a redemption date, together with any interest accruing thereon, shall be special limited obligations of the City and shall be payable and collectible solely from the Pledged Revenues, which revenues are so pledged and are payable as set forth in Section 19 of this Bond Ordinance. The owner or owners of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt of the City within the meaning of any constitutional, charter or statutory provision or limitation, nor shall they be considered or held to be general obligations of the City, and each of the Bonds shall recite that it is payable and collectible solely out of the Pledged Revenues, pledged as set forth in this Bond Ordinance, and that the holders thereof may not look to any general or other municipal fund for the payment of the principal of and interest on the Bonds. Nothing herein shall prevent the City from applying other funds of the City legally available therefor to the payment of the Bonds, in its sole discretion.

Section 13. Form of Bonds. The forms, terms and provisions of the Bonds shall be substantially in the form set forth below, with such changes therein as are not inconsistent with this Bond Ordinance.
FORM OF BOND

UNITED STATES OF AMERICA

STATE OF NEW MEXICO

CITY OF FARMINGTON, NEW MEXICO

MUNICIPAL GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS

SERIES 2019

Bond No. ____________________________ $ __________

INTEREST RATE __% per annum

MATURE DATE June 1, ______

DATE OF BOND ________, 2019

CUSIP n/a

REGISTERED OWNER: NEW MEXICO FINANCE AUTHORITY

PRINCIPAL AMOUNT: ____________________________ DOLLARS

The City of Farmington (the "City"), in the County of San Juan and State of New Mexico, a municipal corporation duly organized and existing under the Constitution and laws of the State of New Mexico, for value received, hereby promises to pay, solely from the special funds available for the purpose as hereinafter set forth, to the registered owner named above or registered assigns, on the Maturity Date specified above, upon presentation and surrender hereof at the principal office of the City Treasurer, Farmington, New Mexico, as paying agent, or any successor paying agent (the "Paying Agent"), the Principal Amount stated above, in lawful money of the United States of America, and to pay from such sources interest on the unpaid principal amount at the Interest Rate on December 1, 2019 and each June 1 and December 1 of each year (each an "Interest Payment Date") thereafter to its maturity, or until redeemed if called for redemption prior to maturity. This bond will bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from its date. Interest on this bond is payable by check mailed to the registered owner hereof (or by such other arrangement as may be mutually agreed to by the Paying Agent and the registered owner) as shown on the registration books for this issue maintained by the City Treasurer, Farmington, New Mexico, as registrar, or any successor registrar (the "Registrar") at the address appearing therein at the close of business on the fifteenth day of the calendar month next preceding the Interest Payment Date (the "Record Date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the owner hereof as of the Record Date but shall be payable to the owner hereof at the close of business on a special record date to be fixed by the Paying Agent for the payment of interest. The special record date shall be fixed by the Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to owners of Bonds (defined below) as then shown on the Registrar's registration books not less than ten (10) days prior to the special record date. If, upon presentation at maturity or redemption, payment of this bond is not made as herein provided, interest hereon shall continue at the Interest Rate until the principal hereof is paid in full. The
principal, premium, if any, and interest on this bond are payable in lawful money of the United States of America, without deduction for the services of the Paying Agent or the Registrar.

This bond is one of a duly authorized series of fully registered bonds of the City in the aggregate principal amount of $___________ issued in denominations of $5,000 or integral multiples thereof, designated as the City of Farmington Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019 (the “Bonds”) issued under and pursuant to City Ordinance No. __________ (the “Bond Ordinance”).

The Bonds maturing on and after June 1, 20__, are subject to prior redemption at the City’s option in one or more units of principal of $5,000 on and after June 1, 20__ in whole or in part at any time, in such order of maturities as the City may determine (and by lot if less than all of the bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner considered appropriate and fair), for the principal amount of each $5,000 unit of principal so redeemed plus accrued interest to the redemption date.

Redemption shall be made upon prior notice mailed to each registered owner of each bond selected for redemption as shown on the registration books kept by the Registrar in the manner and upon the conditions provided in the Bond Ordinance.

Notice of redemption of this bond will be given by providing at least thirty (30) days prior written notice in the manner required by the depository for the Bonds or by first-class postage prepaid mail to the owner hereof at the address shown on the registration books as of the fifth day prior to the mailing of notice as provided in the Bond Ordinance. Notices of redemption will specify the number or numbers and maturity date of the Bonds to be redeemed (if less than all are to be redeemed), the date fixed for redemption, the amount of such Bond to be redeemed (if less than the full amount of any Bond is to be redeemed), and shall further state that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount thereof plus accrued interest to the redemption date and that from and after such date, the redemption amount having been deposited and notice having been given, interest will cease to accrue. Upon any partial prior redemption of this bond, the registered owner, in its discretion, may request the Registrar to authenticate a new bond or to make an appropriate notation on this bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this bond must be presented to the Paying Agent prior to payment.

Books for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer or exchange of a Bond at the principal office of the Registrar, duly endorsed or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or owner a new Bond or Bonds in fully registered form of the same aggregate principal amount, maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of Bonds shall be without charge to the owner or any transferee, but the Registrar may require the payment by the owner of any Bond of any tax or other similar governmental charge required to be paid with respect to such exchange or transfer. The Registrar shall not be required (i) to transfer or exchange any Bond during the period of fifteen
(15) days next preceding the mailing of notice calling any Bonds for redemption, or (ii) to transfer or exchange any Bond or part thereof called for redemption. The Registrar will close books for change of registered owners' addresses on each Record Date; transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

The person in whose name any Bond is 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 in the Bond Ordinance; 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. 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.

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

This Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the City, and is payable and collectible solely out of the revenues derived from the revenues from the Pledged Revenues (as such term is defined in the Bond Ordinance) and the bondholders may not look to any other general or other municipal fund for the payment of the interest and principal of this bond. The lien of the Bonds on the Pledged Revenues is an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged Revenues. Upon satisfaction of the conditions set forth in the Bond Ordinance, additional bonds may be issued and made payable from the Pledged Revenues having a lien thereon either on a parity with, or subordinate and junior to, the lien on the Pledged Revenues of the Bonds, but additional bonds may not be issued with a lien thereon superior to the lien thereon of the Bonds. Amounts and securities held in the Bond Fund, as such terms are defined in the Bond Ordinance, have been exclusively pledged for payment of the principal of, premium, if any, and interest on the Bonds.

The Bonds are issued to provide funds for designing, engineering, constructing, acquiring and improving streets and traffic improvements and paying the Expenses of the issuance of the Bonds.

The City covenants and agrees with the owner of this Bond and with each and every person who may become the owner hereof that it will keep and perform all of the covenants of the Bond Ordinance.

This Bond is subject to the condition, and every owner hereof by accepting the same agrees with the obligor and every subsequent owner hereof, that the principal of and interest on
this bond shall be paid, and this bond is transferable, free from and without regard to any equities, set-offs or crossclaims between the obligor and the original or any other owner hereof.

It is hereby certified that all acts and conditions necessary to be done or performed by the City or to have happened precedent to and in the issuance of the Bonds to make them legal, valid and binding special obligations of the City have been performed and have happened as required by law, and that the Bonds do not exceed or violate any constitutional or statutory limitation of or pertaining to the City.

This bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the Certificate of Authentication.

IN WITNESS WHEREOF, the City of Farmington, New Mexico has caused this bond to be signed and executed on the City's behalf with the facsimile or manual signature of the Mayor or Mayor Pro-Tem and the facsimile or manual signature of the City Clerk and has caused the corporate seal of the City or a facsimile thereof to be affixed hereon, all as of the Date of Bond.

CITY OF FARMINGTON, NEW MEXICO

By ____________________________

Mayor or Mayor Pro-Tem

By ____________________________

City Clerk

(SEAL)
Certificate of Authentication

This is one of the Bonds described in the Bond Ordinance, and this bond has been registered on the registration books kept by the undersigned as Registrar for the Bonds.

Date of Authentication:

City Treasurer of the City of Farmington,
New Mexico, as Registrar

By

Authorized Officer

(End of Form of Registrar's Certificate of Authentication)

(End of Form of Bond)

(End of Form of Assignment)

For value received, _______________________________ hereby sells, assigns and transfers unto _______________________________ the within bond and hereby irrevocably constitutes and appoints _______________________________ attorney, to transfer the same on the books of the Registrar, with full power of substitution in the premises.

______________________________
Social Security or Tax Identification No. of Assignee

Dated: ____________________________

Signature Guarantee:

______________________________

NOTE: The assignor's signature to this Assignment must correspond with the name as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment)
Section 14. Period of Usefulness of the Project. It is hereby determined and recited that the period of usefulness of the assets financed with proceeds of the Bonds is not less than twenty (20) years.

Section 15. Use of Bond Proceeds and Other Funds; Completion of Project. Except as herein otherwise specifically provided, the proceeds derived from the sale of the Bonds, shall be used and paid solely for the valid costs of the Project.

A. Expenses. An amount necessary, together with other legally available funds of the City, shall be used to pay Expenses.

B. Program Account Deposit. The amount specified in the Closing Memorandum shall be deposited to the City's Program Account in the Program Fund maintained on behalf of the Purchaser by BOKF, NA and applied toward costs of the Project.

Section 16. Funds and Accounts. The City hereby creates and continues the following special and separate funds and accounts:

A. Municipal Gross Receipts Tax Income Fund. So long as any of the Bonds or Parity Obligations shall be outstanding, either as to principal or interest, or both, the Pledged Revenues shall be set aside and deposited monthly into a separate fund (which shall be a segregated account) known as the "City of Farmington Municipal Gross Receipts Tax Income Fund."

B. Bond Fund. The City of Farmington Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019 Bond Fund is hereby established and shall be maintained by the City for the purposes described in Section 19 hereof.

C. Program Account. The City hereby consents to the establishment of the Program Account maintained on behalf of the Purchaser by BOKF, NA and applied toward costs of the Project.

Section 17. Purchaser Not Responsible. The Purchaser of the Bonds shall in no manner be responsible for the application or disposal by the City or by its officers of the funds derived from the sale thereof or any other funds herein designated.

Section 18. Reserved.

Section 19. Administration of Income Fund. So long as any of the Bonds shall remain outstanding, either as to principal or interest or both, the following payments shall be made monthly from the Pledged Revenues:

A. Bond Fund Payments. As a first charge on the Pledged Revenues, the following amounts shall be withdrawn from the Income Fund and shall be concurrently credited to the Bond Fund for the purposes described in this Section 19:
(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

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

B. Credit. In making the deposits required to be made into the Bond Fund, if there are any amounts then on deposit in the Bond Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to subsection A above shall be reduced by the amount available in such fund for such purpose.

C. Transfer of Money out of Bond Fund. Each payment of principal and interest becoming due on the Bonds shall be transferred from the Bond Fund to the Paying Agent on or before two Business Days prior to the due date of such payment.

D. Defraying Delinquencies in the Bond Fund. If, in any month, the City shall, for any reason, fail to pay into the Bond Fund the full amount required, the difference between the amount paid and the amount so stipulated shall be paid therein from the first Pledged Revenues thereafter received and not required to be otherwise applied.

E. Payment of Parity Obligations. Concurrently with the payment of the Pledged Revenues required by subsections A and D of this Section, any amounts on deposit in the Income Fund shall be used by the City for the payment of principal of, interest on and debt service reserve fund deposits relating to outstanding Parity Gross Receipts Tax Bonds payable from such Pledged Revenues, as the same become due. If funds on deposit in the respective Income Funds are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Bonds and any other outstanding Parity Bonds, then the available funds in the Income Fund will be used, first, on a pro-rata basis, based on the amount of principal and interest then due with respect to each series of outstanding Parity Bonds, for the payment of principal of and interest on all series of outstanding Parity Bonds and, second, to the extent of remaining available funds in the Income Funds on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding Parity Bonds.

F. Termination upon Deposits to Maturity. No payment shall be made into the Bond Fund if the amounts in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Bonds to their respective
maturities or applicable redemption dates, in which case moneys in the Bond Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in the Bond Fund may be used as provided below.

G. Payment of Subordinate Lien Obligations. Subsequent to the payments required by subsections A, D and E of this Section, any balance remaining in the Income Fund, after making the payments hereinabove provided shall be used by the City for the payment of interest on and the principal of additional bonds or other obligations, if any, having a lien on any of the Pledged Revenues subordinate to the lien thereon of the Bonds hereafter authorized, issued and payable from the Pledged Revenues, as the same become due. Payments with respect to principal, interest and reserve funds for any such subordinate lien obligations may be made at any intervals as may be provided in the ordinance or resolution authorizing such additional obligations.

H. Surplus Revenues. After making all the payments hereinabove required to be made by this Section, the remaining Pledged Revenues, if any, may be applied to any other lawful purpose, as the City may from time to time determine.

Section 20. General Administration of Funds. The funds and accounts designated in this Bond Ordinance shall be administered as follows:

A. Investment of Money. Any moneys in any fund or account designated in Sections 16 through 19 hereof may be invested in any Permitted Investment then permitted by New Mexico law, except as is provided in Section 34 hereof with respect to defeasance. The obligations so purchased as an investment of moneys in any such fund or account shall be deemed at all times to be part of said fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to the fund or account, and any loss resulting from each investment shall be charged to the fund or account. The City Treasurer shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund or account.

B. Deposits of Funds and Accounts. The moneys and investments comprising each of the funds and accounts hereinabove designated in Sections 16 through 19 of this Bond Ordinance shall be maintained and kept separate from all other funds and accounts in an Insured Bank or Insured Banks. The amounts prescribed shall be paid to the appropriate funds or accounts as specified in Sections 16 through 19. Each payment shall be made into the proper bank account and credited to the proper fund or account not later than the last day designated; provided that when the designated date is a Saturday, Sunday or a legal holiday, then such payment shall be made on the next preceding business day. Nothing herein shall prevent the establishment of one such bank account or more (or consolidation with any existing bank account), for all of the funds and accounts in Sections 16 through 19 of this Bond Ordinance.

Section 21. Lien on Pledged Revenues. The Pledged Revenues and the amounts and securities on deposit in the Bond Fund, and the proceeds thereof, are hereby authorized to be
pledged to, and are hereby pledged, and the City grants a security interest therein for, the payment of the principal of, premium, if any, and interest on the Bonds, subject to the uses thereof permitted by, and the priorities set forth in, this Bond Ordinance. The Bonds constitute an irrevocable and first lien, but not an exclusive first lien on the Pledged Revenues on parity with the lien thereon of additional Parity Bonds, if any, hereafter authorized to be issued and payable from the Pledged Revenues.

Section 22. Reserved.

Section 23. Additional Bonds and Other Obligations.

A. Limitations upon Issuance of Other Parity Obligations. Nothing in this Bond Ordinance contained shall be construed in such a manner as to prevent the issuance by the City of additional bonds or other obligations payable from the Pledged Revenues and constituting a lien upon said revenues on a parity with, but not prior nor superior to, the lien of the Bonds herein authorized, nor to prevent the issuance of bonds or other obligations refunding all or a part of the Bonds herein authorized, provided, however, that before any such additional Parity Obligations are authorized or actually issued, (excluding refunding bonds the proceeds of which are used to refund Parity Obligations as provided in Section 24, but including Parity refunding bonds which refund subordinate bonds or other subordinate obligations), the following conditions shall be met:

1. The City is then current in all of the accumulations required to be made into the Bond Fund pursuant to Section 19 of this Bond Ordinance; and

2. The Pledged Revenues received by the City for the Fiscal Year immediately preceding the date of the issuance of such additional Parity Obligations shall have been sufficient to pay an amount representing at least 200% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on the then outstanding Bonds, all other then outstanding Parity Obligations and the Parity Obligations proposed to be issued (excluding any accumulation for reserves therefor).

For purposes of the tests set forth in clauses (1) and (2) above, if on the date of issuance of any such Parity Obligations the full amount of a reserve fund requirement for the Parity Obligations is immediately funded or capitalized from the proceeds of such Parity Obligations, the amount of such reserve fund requirement so funded shall be deducted from the principal and interest coming due in the final Fiscal Year for the proposed additional Parity Obligations.

B. Certificate or Opinion of Earnings. A written certification or opinion by an Independent Accountant or the City’s Administrative Services Director that said annual Pledged Revenues for such preceding Fiscal Year are sufficient to pay the amounts set forth in Subsection A(2) of this Section, as applicable, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver said additional bonds or other obligations on parity with the Bonds herein authorized.
C. **Subordinate Obligations Permitted.** Nothing in this Bond Ordinance contained shall be construed in such a manner as to prevent the issuance by the City of additional bonds or other obligations payable from the Pledged Revenues and constituting a lien upon said Pledged Revenues subordinate or junior in all respects to the lien of the Bonds herein authorized.

D. **Superior Obligations Prohibited.** Nothing herein contained shall be construed so as to permit the City to issue bonds or other obligations payable from the Pledged Revenues having a lien thereon prior and superior to the Bonds.

**Section 24. Refunding Bonds.** The provisions of Section 23 hereof are subject to the following exceptions:

A. **Privilege of Issuing Refunding Obligations.** If at any time after the Bonds, or any part thereof, shall have been issued and remain outstanding, the City shall find it desirable to refund any outstanding bonds or other outstanding obligations payable from Pledged Revenues, such bonds or other obligations, or any part thereof, may be refunded (but only with the consent of the registered owner or owners thereof, unless the bonds or other obligations, at the time of their required surrender for payment shall then mature, or shall then be callable for prior redemption at the City's option), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged Revenues is changed (except as provided in subsection D of Section 23 and in subsections B and C of this Section).

B. **Limitations Upon Issuance of Parity Refunding Obligations.** No refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued on parity with the Bonds herein authorized, unless:

(1) The lien on the Pledged Revenues of the outstanding obligations so refunded is on a parity with the lien thereon of the Bonds herein authorized; or

(2) The refunding bonds or other refunding obligations are issued in compliance with Subsection A of Section 23 hereof.

C. **Refunding Part of an Issue.** The refunding bonds or other obligations so issued shall enjoy complete equality of lien with the portion of any bonds or other obligations of the same issue which is not refunded, if any there be; and the registered owner or owners of such refunding bonds or such other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the registered owner or owners of the bonds or other obligations of the same issue refunded thereby.

D. **Limitations Upon Issuance of any Refunding Obligations.** Any refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued with such details as the City may by ordinance or resolution provide, subject to the inclusion of any such rights and privileges designated in Subsection C of this Section, but without any impairment of any contractual obligations imposed upon the City by any proceedings authorizing the issuance of any unfunded portion of such outstanding obligations of any one or more issues (including but not necessarily limited to the issue herein authorized). If only a part of the outstanding bonds and any other outstanding obligations of any issue or issues payable from the
Pledged Revenues is refunded, then such obligations may not be refunded without the consent of the registered owner or owners of the unrefunded portion of such obligations, unless:

(1) The refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest requirements evidenced by such refunding obligations and by the outstanding obligations not refunded on and prior to the last maturity date of such unrefunded obligations, or

(2) The refunding bonds or other refunding obligations are issued in compliance with Subsection A of Section 23 hereof, or

(3) The lien on the Pledged Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any obligations not refunded.

Section 25. Equality of Parity Bonds. The Parity Bonds from time to time outstanding shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of their issuance or the date incurred, it being the intention of the City Council that, except as set forth herein, there shall be no priority among Parity Bonds regardless of whether they are actually issued and delivered or incurred at different times.

Section 26. Protective Covenants. The City hereby covenants and agrees with each and every holder of the Bonds issued hereunder:

A. Use of Bond Proceeds. The City will proceed without delay to apply the proceeds of the Bonds as set forth in Section 15 of this Bond Ordinance.

B. Payment of Bonds Herein Authorized. The City will promptly pay the principal of and the interest on every Bond at the place, on the date and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

C. City's Existence. The City will maintain its corporate identity and existence so long as any of the Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the City, without adversely affecting to any substantial degree the privileges and rights of any owner of the Bonds.

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

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

F. Audits and Budgets. The City will, within two hundred and seventy (270) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to
the Pledged Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues.

G. **Other Liens.** Other than as described and identified by this Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

H. **Impairment of Contract.** The City agrees that any law, ordinance or resolution of the City that in any manner affects the Pledged Revenues or the Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to Section 33 of this Bond Ordinance.

I. **Bond Fund.** The Bond Fund shall be used solely and only, and those funds are hereby pledged, for the purposes set forth in this Bond Ordinance.

J. **Surety Bonds.** Each municipal official and employee being responsible for receiving Pledged Revenues shall be bonded at all times, which bond shall be conditioned upon the proper application of such funds.

K. **Performing Duties.** The City will faithfully and punctually perform all duties with respect to the Bonds required by the Constitution and laws of the State of New Mexico and the ordinances and resolutions of the City relating to the Bonds.

L. **Tax Covenants.** The City covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. The Mayor, Mayor Pro-Tern and other officers of the City having responsibility for the issuance of the Bonds shall give an appropriate certificate of the City, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds.

The City covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield on investment property, (iii) make timely and adequate rebate payments, yield reduction payments or payments of alternative amounts in lieu of rebate to the federal government, if required, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Mayor, Mayor Pro-Tern and other appropriate officers are hereby authorized and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, if any, as may be required or appropriate to assure such exclusion of that interest.
In furtherance of the covenants set forth above, the City hereby establishes a fund separate from any other funds established and maintained hereunder designated as the Rebate Fund (the “Rebate Fund”). Money and investments in the Rebate Fund shall not be used for the payment of the Bonds and amounts credited to the Rebate fund shall be fee and clear under any pledge under this Bond Ordinance. Money in the Rebate Fund shall be invested in a manner provided in Section 20 for investment of money, and all amounts on deposit in the Rebate Fund shall be held by the City, or a designated trustee, in trust, to the extent required to pay rebatable arbitrage to the United States of America. The City shall unconditionally be entitled to accept and rely upon the recommendation, advice, calculation and opinion of an accounting firm or other person or firm with knowledge of or experience in advising with respect to the provisions of the Code relating to rebatable arbitrage. The City shall remit all rebate installments and the final rebate payment to the United States of America as required by the provisions of the Code. Any moneys remaining in the Rebate Fund after redemption and payment of all the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and remitted to the City.

Section 27. Reserved.

Section 28. Events of Default. Each of the following events is hereby declared an “event of default”:

A. Nonpayment of Principal. Failure to pay the principal of any of the Bonds when the same becomes due and payable, either at maturity, or by proceedings for redemption, or otherwise.

B. Nonpayment of Interest. Failure to pay any installment of interest when the same becomes due and payable.

C. Incapable of Performing. If the City shall for any reason be rendered incapable of fulfilling its obligations hereunder.

D. Default of any Provision. Default by the City in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in this Bond Ordinance on its part to be performed (other than a default set forth in subsections A and B of this Section), and the continuance of such default for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the City by the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding.

E. Bankruptcy. The City (i) files a petition or application seeking reorganization or arrangement of debt under Federal Bankruptcy law, or other debtor relief under the laws of any jurisdiction, or (ii) is the subject of such petition or application which the City does not contest or is not dismissed or discharged within sixty (60) days.

Section 29. Remedies upon Default. Upon the happening and continuance of any of the events of default as provided in Section 28 of this Bond Ordinance, then and in every case, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may
proceed against the City, the City Council and its agents, officers and employees, but only in
their official capacities, to protect and enforce the rights of any holder of Bonds under this Bond
Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any
court of competent jurisdiction, either for the appointment of a receiver or for the specific
performance of any covenant or agreement contained herein or in an award relating to the
execution of any power herein granted for the enforcement of any legal or equitable remedy as
such holder or holders may deem most effectual to protect and enforce the rights provided above,
or to enjoin any act or thing which may be unlawful or in violation of any right of any
Bondholder, or to require the City Council to act as if it were the trustee of an express trust, or
any combination of such remedies. All such proceedings at law or in equity shall be instituted,
had and maintained for the equal benefit of all holders of the Bonds then outstanding. The
failure of any Bondholder so to proceed shall not relieve the City or any of its officers, agents or
employees of any responsibility for failure to perform, in their official capacities, any duty. Each
right or privilege of such holder (or trustee thereof) is in addition and cumulative to any other
right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall
not be deemed a waiver of any other right or privilege.

Section 30. Duties upon Default. Upon the happening of any of the events of default
provided in Section 28 of this Bond Ordinance, the City, in addition, will do and perform all
proper acts on behalf of and for the owners of the Bonds to protect and preserve the security
created for the payment of the Bonds and to insure the payment of the principal of and interest on
the Bonds promptly as the same become due. All proceeds derived therefrom, so long as any of
the Bonds, either as to principal or interest, are outstanding and unpaid, shall be applied as set
forth in Section 19 of this Bond Ordinance. In the event the City fails or refuses to proceed as
provided in this Section, the holder or holders of not less than twenty-five percent (25%) in
aggregate principal amount of the Bonds then outstanding, after demand in writing, may proceed
to protect and enforce the rights of the owners of the Bonds as hereinabove provided.

Section 31. Bonds Not Presented When Due. If any Bonds shall not be duly presented
for payment when due at maturity or on the redemption date thereof, and if moneys sufficient to
pay such Bonds are on deposit with the Paying Agent for the benefit of the owners of such
Bonds, all liability of the City to such owners for the payments of such Bonds shall be
completely discharged, such Bonds shall not be deemed to be outstanding and it shall be the duty
of the Paying Agent to segregate and to hold such moneys in trust, without liability for interest
thereon, for the benefit of the owners of such Bonds as may be provided in any agreement
hereafter entered into between the Paying Agent and an officer of the City.

Section 32. Delegated Powers. The officers of the City are authorized and directed to
take all action necessary or appropriate to effectuate the provisions of this Ordinance, including,
without limiting the generality of the foregoing, the publication of the summary of this
Ordinance set out in Section 39 (with such changes, additions and deletions as they may
determine). The Mayor or, in the absence of the Mayor, the Mayor Pro-Tem, is authorized and
directed to execute and the Clerk is authorized and directed to affix the seal of the City to and
attest, where applicable, the Related Documents, in substantially the form as hereby approved or
with such changes therein as are not inconsistent with this Ordinance and as shall be approved by
the Mayor or, in the absence of the Mayor, the Mayor Pro-Tem, the execution thereof to
constitute conclusive evidence of his approval of any and all changes or revisions thereof from
the form presented to the City Council. From and after adoption of this Ordinance and the execution and delivery of the Related Documents, the officers, agents and employees of the City are hereby authorized, empowered, and directed to do all such acts and to execute all such documents as may be necessary to carry out and comply with the provisions of the Related Documents. Pursuant to Section 6-14-10.2, NMSA 1978, any of the Mayor, City Manager and City Treasurer/Administrative Services Director is each individually delegated authority to execute and deliver the Bond Purchase Agreement to the Purchaser, to execute the Pricing Certificate, and to determine any or all of the final terms of the Bonds, subject to the parameters and conditions contained in this Bond Ordinance. The Mayor, City Manager or City Treasurer/Administrative Services Director shall present the Bond Purchase Agreement to the City Council in a timely manner, before or after delivery of the Bonds, at a regularly scheduled public meeting of the City Council.

Section 33. Amendment of Bond Ordinance. This Bond Ordinance may be amended without the consent of the holder of any Bond to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained herein. Prior to the date of the initial delivery of the Bonds to the Purchaser, the provisions of this Bond Ordinance may be amended with the written consent of the Purchaser, with respect to any changes which are not inconsistent with the substantive provisions of this Bond Ordinance. In addition, this Bond Ordinance may be amended without receipt by the City of any additional consideration, but with the written consent of the holders of seventy-five percent (75%) of the Bonds then outstanding (not including Bonds which may be held for the account of the City); but no ordinance adopted without the written consent of the holders of all outstanding Bonds shall have the effect of permitting:

A. An extension of the maturity of any Bond; or

B. A reduction of the principal amount or interest rate of any Bond; or

C. The creation of a lien upon the Pledged Revenues ranking prior to the lien or pledge created by this Bond Ordinance; or

D. A reduction of the principal amount of Bonds required for consent to such amendatory ordinance; or

E. The establishment of priorities as between Bonds issued and outstanding under the provisions of this Bond Ordinance; or

F. The modification of or otherwise affecting the rights of the holders of less than all the outstanding Bonds.

Section 34. Defeasance. When all principal and interest in connection with the Bonds hereby authorized have been duly paid, the pledge and lien on the Pledged Revenues for the payment of the Bonds shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of this Bond Ordinance. Payment shall be deemed made with respect to any Bond or Bonds when the City has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations, as defined below) to meet all requirements of principal and interest as
the same become due to their final maturities or upon designated redemption dates. Any Defeasance Obligations shall become due when needed in accordance with a schedule agreed upon between the City and such bank at the time of the creation of the escrow. Defeasance Obligations within the meaning of this Section shall include only (1) cash, (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGs”), and (3) obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

Section 35. **Bond Ordinance Irrepealable.** After any of the Bonds are issued, this Bond Ordinance shall be and remain irrepealable until the Bonds and the interest thereon shall be fully paid, canceled and discharged, as herein provided, or there has been defeasance of the Bonds as herein provided.

Section 36. **Severability Clause.** If any Section, paragraph, clause or provision of this Bond Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Ordinance.

Section 37. **Repealer Clause.** All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 38. **Effective Date.** Upon due adoption of this Bond Ordinance, it shall be recorded in the book of ordinances of the City kept for that purpose, authenticated by the signatures of the Mayor or Mayor Pro-Tern and City Clerk, and the title and general summary of the subject matter contained in this Bond Ordinance (set out in Section 39 below) shall be published in a newspaper which maintains an office and is of general circulation in the City and this Bond Ordinance shall be in full force and effect in accordance with law.

Section 39. **General Summary for Publication.** Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Bond Ordinance shall be published in substantially the following form:

(Form of Summary of Bond Ordinance for Publication)

**City of Farmington, New Mexico**

**Notice of Adoption of Ordinance**

Notice is hereby given of the title and of a general summary of the subject matter contained in an ordinance duly adopted and approved by the City Council of the City of Farmington, on February 12, 2019 relating to the authorization and issuance of the City's Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019. Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the City Clerk, Farmington City Hall, 800 Municipal Drive, Farmington, New Mexico.

The title of the Ordinance is: **ORDINANCE NO. ____**
AN ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE CITY OF FARMINGTON, NEW MEXICO MUNICIPAL GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2019 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $12,500,000 FOR THE PURPOSE OF DEFRAying THE COSTS OF DESIGNING, ENGINEERING, CONSTRUCTING, ACQUIRING AND IMPROVING STREETS AND TRAFFIC IMPROVEMENTS, AND PAYING COSTS OF ISSUANCE OF THE SERIES 2019 BONDS; PROVIDING THAT THE BONDS WILL BE PAYABLE FROM MUNICIPAL GROSS RECEIPTS TAX REVENUES DISTRIBUTED TO THE CITY PURSUANT TO SECTION 7-1-6.12 NMSA 1978, PROVIDING THAT THE MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, REDEMPTION PROVISIONS AND OTHER DETAILS OF THE BONDS WILL BE ESTABLISHED IN A BOND PURCHASE AGREEMENT AND PRICING CERTIFICATE, AND DELEGATING AUTHORITY TO THE CITY MANAGER AND CITY ADMINISTRATIVE SERVICES DIRECTOR TO APPROVE THE FINAL TERMS OF THE BONDS AND TO EXECUTE AND DELIVER THE BOND PURCHASE AGREEMENT; PROVIDING FOR THE EXECUTION OF THE BONDS AND OTHER DOCUMENTS AND AGREEMENTS RELATING TO THE BONDS BY AUTHORIZED OFFICERS OF THE CITY; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

A general summary of the Ordinance is contained in its title. This notice constitutes compliance with § 6-14-6 N.M.S.A. 1978.

(End of Form of Summary for Publication)
DONE AND APPROVED this 12th day of February, 2019.

APPROVED:

__________________________
Nate Duckett, Mayor

ATTEST:

__________________________
Diane Smylie, MMC, City Clerk

APPROVED AS TO FORM:

__________________________
City Attorney
CONTINGENT INTERCEPT AGREEMENT

This CONTINGENT INTERCEPT AGREEMENT is made and entered into June 7, 2019, by and between the NEW MEXICO FINANCE AUTHORITY (the “Finance Authority”), a public body politic and corporate constituting a governmental instrumentality separate and apart from the State of New Mexico (the “State”) under the laws of the State and the CITY OF FARMINGTON, NEW MEXICO, a political subdivision duly organized and existing under the laws of the State (the “Governmental Unit”).

WITNESSETH:

WHEREAS, Sections 6-21-1 through 6-21-31, NMSA 1978, as amended, authorized the creation of the Finance Authority within the State to assist in financing the cost of public projects of participating qualified entities, including the Governmental Unit, such as the issuance of the City of Farmington, New Mexico Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019 (the “Bonds”) to finance the design, engineering, construction, acquisition and improvement of streets and traffic improvements and paying the Expenses of the issuance of the Bonds (collectively, the “Project”); and

WHEREAS, the Governmental Unit has authorized the Bonds through the adoption by the City Council of the Governmental Unit of Ordinance No. 2019-____ on February 12, 2019 (the “Ordinance”), and Section 3-31-1 through 3-31-12, NMSA 1978, as amended (the “Governmental Unit Act”); and

WHEREAS, pursuant to Sections 6-21-1 through 6-21-31, NMSA 1978, as amended (the “Act”) the Finance Authority and the Governmental Unit are authorized to enter into agreements to purchase and sell the Bonds and to facilitate the financing of the Project as described in the Bond Purchase Agreement by and between the Finance Authority and the Governmental Unit dated ________, 2019 (the “Bond Purchase Agreement”); and

WHEREAS, the Governmental Unit desires to finance the Project and such financing is permitted under the Governmental Unit Act; and

WHEREAS, the Finance Authority has established its Loan Program (the “Program”) funded by its public project revolving fund (as defined in the Act) for the financing and refinancing of infrastructure and equipment projects upon the execution of the Bond Purchase Agreement and the assignment of bonds to a trustee (the “Trustee”); and

WHEREAS, the Finance Authority has agreed to purchase the Bonds from the Governmental Unit for the purpose of financing the Project for the Governmental Unit, which bond purchase is to be governed by the Bond Purchase Agreement and the Ordinance; and

WHEREAS, the Act confers upon the Finance Authority the authority to purchase the Bonds from the Governmental Unit to finance the Project, and

WHEREAS, Section 7-1-6.15, NMSA 1978, as amended, authorizes the Governmental Unit to direct that the revenues distributed to the Governmental Unit monthly by the New
Mexico Department of Taxation and Revenue pursuant to Sections 7-1-6 NMSA 1978, derived from the (i) one eighth of one percent (.125%) portion of the one-half of one percent (0.5%) municipal gross receipts tax imposed on all persons engaging in business in the City by City Ordinance No. 2018-1332, adopted on August 21, 2018, with an effective date of January 1, 2019, which portion equals, subject to the exemptions specified in Section 7-19D-9 NMSA 1978, one eighth of one percent (.125%) of the gross receipts of all persons engaging in business in the City for the month in which the tax is distributed to the City and (ii) the Hold Harmless Distribution associated with such portion; provided that the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the “Pledged Revenues”) to be paid to the Finance Authority or its assignee, to secure payments on the Bonds.

NOW THEREFORE, the parties hereto agree:

Unless otherwise defined in this Intercept Agreement and except where the context by clear implication otherwise requires, capitalized terms used in this Intercept Agreement shall have for all purposes of this Intercept Agreement the meanings assigned thereto in the Bond Purchase Agreement, the Ordinance and the Indenture, as defined in the Bond Purchase Agreement.

Section 1. Authorization to the Finance Authority. The Governmental Unit hereby recognizes that the Finance Authority has purchased the Bonds to finance the Project. Pursuant to the Bond Purchase Agreement and this Intercept Agreement, the Governmental Unit shall directly make timely payment of all principal of and interest on the Bonds to the Finance Authority. In the event that the Governmental Unit fails to make timely payment of all principal of and interest on the Bonds to the Finance Authority, the Governmental Unit agrees that all payments due on the Bonds from the Pledged Revenues shall be paid by the Distributing State Agency to the Finance Authority or its designee, on behalf of the Governmental Unit, from scheduled distributions of the Pledged Revenues in accordance with the Intercept Schedule attached hereto as Exhibit “A” (the “Intercept Schedule”).

This Intercept Agreement shall be deemed a written certification, authorization and request by the Governmental Unit to the Distributing State Agency to pay to the Finance Authority, on behalf of the Governmental Unit, sums shown on the Intercept Schedule from monthly distributions of the Pledged Revenues to the Governmental Unit to assure the timely payment of the principal of and interest on the Bonds.

To the extent that the Pledged Revenues are insufficient to meet the debt service requirements due on the Bonds and other Parity Obligations now or hereafter issued or incurred, the amounts intercepted under this Intercept Agreement shall be applied to allow partial payment on a pro-rata basis of the debt service due and owing on the Bonds and other Parity Obligations. The Finance Authority is aware of Parity Obligations existing as of the Closing Date and will take those Parity Obligations into account in determining the pro-rata distribution of the Pledged Revenues. The Governmental Unit must inform the Finance Authority of any additional Parity Obligations issued during the term of the Bonds.
Section 2. **Term; Amendments.** This Intercept Agreement will remain in full force and effect from its effective date as herein provided until such time as the Bonds and this Intercept Agreement have been paid in full. Nothing herein shall be deemed in any way to limit or restrict the Governmental Unit from issuing its own obligations, providing its own program or participating in any other program for the financing of public projects which the Governmental Unit may choose to finance. This Intercept Agreement may be amended only by written instrument signed by the parties hereto.

Section 3. **Authorization.** The execution and performance of the terms of this Intercept Agreement have been authorized and approved by the Ordinance.

Section 4. **Severability of Invalid Provisions.** If any one or more of the provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such provision shall be null and void and shall be deemed separable from the remaining provisions and shall in no way affect the validity of any of the other provisions hereof.

Section 5. **Counterparts.** This Intercept Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6. **Further Authorization.** The Governmental Unit agrees that the Finance Authority shall do all things necessary or convenient to the implementation of the Program to facilitate the purchase of the Bonds from the Governmental Unit pursuant to the terms of the Bond Purchase Agreement.

Section 7. **Effective Date.** This Intercept Agreement shall take effect on the Closing Date of the Bonds.

Section 8. **Initial Intercept Date.** As indicated on the Intercept Schedule, the first distribution of the Pledged Revenues that is subject to interception by the Distributing State Agency under the terms of this Intercept Agreement consist of Pledged Revenues due to the Governmental Unit distributed in July, 2019.

Section 9. **Final Intercept Date.** Once the Bonds have been fully paid off and satisfied or earlier as otherwise determined by the Finance Authority, the Finance Authority shall provide written notice to the Distributing State Agency and the Governmental Unit to discontinue the interception of the Governmental Unit’s Pledged Revenues.

[Remainder of page left intentionally blank]
[Signature page follows]
IN WITNESS WHEREOF, the parties to this Intercept Agreement have caused their names to be affixed hereto by the proper officers thereof as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By: ____________________________
    John Gasparich, Chief Executive Officer

CITY OF FARMINGTON, NEW MEXICO

By: ____________________________
    Nate Duckett, Mayor

(SEAL)

Attest:

By: ____________________________
    Dianne Smylie, City Clerk

Acknowledged:

By: ____________________________
    State Taxation and Revenue Department

Date: __________________________

4468805.docx
EXHIBIT “A”

INTERCEPT SCHEDULE
CITY OF FARMINGTON, NEW MEXICO

<table>
<thead>
<tr>
<th>Month</th>
<th>Pledged Revenues</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly, beginning July, 2019 through May 2039</td>
<td>The distribution of revenues to the Governmental Unit monthly by the New Mexico Department of Taxation and Revenue pursuant to Sections 7-1-6, derived from the (i) one eighth of one percent (.125%) portion of the one-half of one percent (0.5%) municipal gross receipts tax imposed on all persons engaging in business in the City by City Ordinance No. 2018-1332, adopted on August 21, 2018, with an effective date of January 1, 2019, which portion equals, subject to the exemptions specified in Section 7-19D-9 NMSA 1978, one eighth of one percent (.125%) of the gross receipts of all persons engaging in business in the City for the month in which the tax is distributed to the City and (ii) the Hold Harmless Distribution associated with such portion; provided that the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance.</td>
<td>$0*</td>
</tr>
</tbody>
</table>

*Except in the event that the Governmental Unit fails to make timely payments of principal and interest on the Bonds, as provided in the Bond Purchase Agreement at which time a monthly collection schedule will be prepared by the Finance Authority and given to the Governmental Unit and the State Taxation and Revenue Department. The State Taxation and Revenue Department shall thereafter distribute Pledged Revenues set forth in the collection schedule to be applied to payment of the principal and interest on the Bonds.
$12,500,000
CITY OF FARMINGTON, NEW MEXICO
MUNICIPAL GROSS RECEIPTS TAX IMPROVEMENT
REVENUE BONDS
SERIES 2019
(Loan No._____

BOND PURCHASE AGREEMENT
_______, 2019

City of Farmington
Farmington, New Mexico 87401

The New Mexico Finance Authority (the "Purchaser") enters into this Bond Purchase Agreement (the "Agreement") with the City of Farmington, New Mexico (the "City"), to purchase the City of Farmington, New Mexico Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019 in the aggregate principal amount of $12,500,000 (the "Bonds"). The Bonds are issued pursuant to, Sections 3-31-1 to 3-31-12 and 6-21-1, et seq., NMSA 1978, as amended (the "Act") and Ordinance No. 2019-____ of the Farmington City Council (the "Council") authorizing the sale of the Bonds adopted on February 12, 2019 (the "Ordinance"). Capitalized terms in this Agreement have the same definitions as set forth in the Ordinance, unless the context clearly requires otherwise.

1. Purchase, Sale and Delivery of the Bonds.

A. On the basis of the representations, warranties, covenants and agreements contained in this Agreement, the Ordinance and the Bonds, and subject to the terms and conditions set forth herein and therein, the City agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the City the Bonds at a purchase price equal to $__________ (the principal amount of $12,500,000.00 plus a premium of $__________). The Bonds shall be in the principal amounts, mature on the dates, bear interest at the rates and have the terms set forth in the Ordinance and this Agreement, as authorized by Section 6-14-10.2 NMSA 1978.

B. The date of delivery of and payment for the Bonds is referred to in subparagraph C below as the “Closing Date.” The Bonds shall be delivered to the Purchaser in typewritten form on the Closing Date upon receipt of the purchase price for the Bonds by the City, and a copy of the Bonds shall be available for examination by the Purchaser prior to the Closing Date.

C. The parties hereto understand and agree that the Closing Date will occur on or about June 7, 2019, or such other mutually agreeable date.

D. The net proceeds from the issuance of the Bonds will be used to provide funds

PPRF-4263-B
E. Proceeds from the sale of the Bonds in an amount equal to the amount of the deposit into the City’s Account in the Program Fund (as such term is defined in the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Purchaser and BOKF, NA, as successor trustee (the “Trustee”), and the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, by and between the Purchaser and the Trustee (collectively, the “Indenture”)) and as set forth in the form of Delivery, Deposit and Cross-Receipt Certificate attached as Exhibit A to this Agreement shall be available for requisition beginning on the Closing Date, upon receipt of a properly executed requisition in substantially the same form attached to this Agreement as Exhibit B.

F. Interest on the Bonds shall be payable on each June 1 and December 1, commencing on December 1, 2019. The Bonds shall be payable as to principal on each June 1, commencing on June 1, 2020.

2. Representations, Warranties and Covenants of the City. By the City’s acceptance of this Agreement, the City hereby represents and warrants to, and agrees with, the Purchaser as follows:

A. The City is authorized to issue the Bonds for the purpose of financing the costs of the Improvement Project. The City has the power to enter into the transactions contemplated by, and to carry out its obligations under, this Agreement and the Ordinance. The City Council of the City has duly adopted the Ordinance and this Agreement, which are valid and enforceable against the City and which authorize the execution and delivery of this Agreement and the execution, issuance, sale and delivery of the Bonds. At or prior to Closing, the City (i) will have full legal right, power and authority to (A) perform its obligations under and comply with the provisions of the Ordinance and the Act, (B) issue, execute and deliver, and perform its obligations under the Bonds, and (C) carry out and consummate the transactions contemplated by and perform its obligations under this Agreement, and the documents delivered in connection with the Ordinance and the Act; and (ii) will have the full legal right, power and authority under the Act to execute and deliver this Agreement and to adopt the Ordinance

B. The Ordinance and this Agreement constitute legal, valid and binding agreements of the City, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding obligations of the City entitled to the benefits of the Ordinance and will be enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights and upon the issuance, authentication and delivery of the Bonds as aforesaid, the Ordinance and will provide the legally valid and binding pledge of the revenues it purports to create as set forth in the Ordinance.
C. The "Pledged Revenues" consist of the revenues derived from the (i) one eighth of one percent (.125%) portion of the one-half of one percent (0.5%) municipal gross receipts tax imposed on all persons engaging in business in the City by City Ordinance No. 2018-1332, adopted on August 21, 2018, with an effective date of January 1, 2019, which portion equals, subject to the exemptions specified in Section 7-19D-9 NMSA 1978, one eighth of one percent (.125%) of the gross receipts of all persons engaging in business in the City for the month in which the tax is distributed to the City and (ii) the Hold Harmless Distribution associated with such portion; provided that the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the City is not pledging and the term "Pledged Revenues" does not include the state-shared gross receipts tax or any other local option gross receipts tax income received by the City).

D. The proceeds of the Bonds will be deposited in certain funds and accounts created pursuant to the Ordinance as set forth in the Delivery, Deposit and Cross-Receipt Certificate in substantially the form attached to this Agreement as Exhibit A and shall be used by the City only (i) for payment of costs of Project, (ii) to pay debt service on the Bonds and (iii) for payment of the City's costs of issuance of the Bonds. The distribution and use of the Bond proceeds will be in compliance with the provisions of the Ordinance.

E. The proceeds of the Bonds are expected to be fully expended within 3 years of the Closing Date, except for certain costs of issuance, which will be expended within six months after the Closing Date, unless a longer term is approved by Bond Counsel in writing.

F. Payments of principal and interest on the Bonds will be made by the City or the New Mexico Taxation and Revenue Department (the Distributing State Agency) to the Purchaser pursuant to the terms and conditions of an Intercept Agreement dated the Closing Date (the "Contingent Intercept Agreement").

G. There is no litigation or proceeding pending or, to the knowledge of the undersigned, threatened, in any way affecting the existence of the City, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Agreement, or contesting the powers of the City or its authority with respect to the Bonds, the Ordinance or this Agreement.

H. The issuance, sale and delivery of the Bonds, the execution and delivery of this Agreement and compliance with the obligations on the City's part contained in this Agreement and in the Bonds do not conflict with or constitute a breach or default under any administrative regulation, judgment, decree, loan agreement, indenture, note, bond, resolution, ordinance, agreement or other instrument to which the City is a party or to which the City, or any of its properties or other assets, is otherwise subject.

I. Statements contained in the Ordinance or any certificate of the City provided to the Purchaser pursuant to this Agreement or in connection with the delivery of the Bonds and delivered to the Purchaser shall be deemed representations and warranties by the City to the Purchaser.
J. The City is not in default, and has not been in default, in the payment of principal of, premium, if any, or interest on, any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, or interest.

K. Since the date of this Agreement, the City has not incurred any material liabilities, direct or contingent, nor has there been any adverse change in the financial position of the City affecting the Pledged Revenues, whether or not arising from transactions in the ordinary course of business.

L. At or prior to the Closing Date, except as may be required under the securities law of the State, all approvals, consents and orders of any governmental authority having jurisdiction in the matter which would constitute a condition precedent to any of the actions to be taken by the City with respect to the Bonds prior to the Closing Date will have been obtained and will be in full force and effect.

M. The City agrees to provide continuing disclosure to the Purchaser, as the Purchaser may reasonably require, that shall include, but not be limited to: annual audits, operational data required to update information in any disclosure documents used to assign or securitize debt service on the Bonds by issuance of bonds by the Purchaser pursuant to the Indenture, as defined below, and notification of any event deemed material by the Purchaser.

N. The City agrees that this Agreement will not be amended without the prior written consent of the Purchaser, and, if the Bonds have been pledged under the Indenture (as defined below), without the prior written consent of the Trustee (as defined below) pursuant to the Indenture.

3. Representations and Warranties of the Purchaser. The Purchaser represents and warrants, and agrees with the City, as follows:

A. The Purchaser is authorized to purchase the Bonds.

B. In connection with the purchase of the Bonds, the Purchaser acknowledges that no offering document or prospectus has been prepared with respect to the sale of the Bonds to the Purchaser, and that the Purchaser is buying the Bonds in a private placement by the City to the Purchaser. The Purchaser has reviewed such information as it deems relevant in making its decision to purchase the Bonds.

C. The Purchaser acknowledges that the Bonds will not be listed on any securities exchanges and that no trading market now exists in the Bonds, and none may exist in the future.

D. The Purchaser is purchasing the Bonds for its own account (and not on behalf of another) and has no present intention of reselling the Bonds; however, the Purchaser reserves the right to sell, pledge, transfer, convey, hypothecate, mortgage, or dispose of the
Bonds at some future date determined by the Purchaser, but only to persons who have been provided sufficient information with which to make an informed decision to invest in the Bonds and in compliance with the Securities Act of 1933, as amended, the regulations promulgated thereunder and applicable state securities laws and regulations.

E. The Purchaser intends to reimburse the Public Project Revolving Fund (as defined in the New Mexico Finance Authority Act, NMSA 1978, Section 6-21-1 et seq.) for the amount of the Bonds from the proceeds of tax-exempt bonds.

F. Redemption. The Bonds maturing on or after June 1, 2029 are subject to prior redemption at the City’s option in one or more units of principal of $5,000 on and after June 1, 2028 in whole or in part at any time, in such order of maturities as the County may determine (and by lot if less than all Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as considered appropriate and fair) for the principal amount of each $5,000 unit of principal so redeemed plus accrued interest to the redemption date. Redemption shall be made upon prior notice mailed to the Purchaser as shown on the registration books kept by the Registrar in the manner and upon the conditions provided in the Ordinance.

4. Conditions of Closing. The City’s obligation to sell and the Purchaser’s obligations under this Agreement to purchase and pay for the Bonds shall be subject to the following conditions:

A. The City shall have performed its obligations and agreements to be performed under the Ordinance and this Agreement at or before the Closing Date, and the representations and warranties of the City contained in this Agreement shall be accurate as of the date of this Agreement and as of the Closing Date.

B. This Agreement shall have been duly authorized and executed by the City and the Purchaser and shall be in full force and effect.

C. As determined by the Purchaser in its sole discretion, there shall not have been any material adverse change since the date of this Agreement relating to the City, or its operations, or any material adverse change in the law affecting the validity or tax-exempt status of the Bonds.

D. On the Closing Date, the Purchaser shall receive:

   (1) An opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, dated the Closing Date approving the legality and enforceability of the Bonds and the tax-exempt status of the Bonds addressed and delivered to the Purchaser.

   (2) An opinion of the City Attorney’s office dated the Closing Date, in form and substance satisfactory to the City and the Purchaser.
A written opinion of Purchaser’s Counsel that the Bonds may be pledged by the Purchaser as a loan or as securities pursuant to the Indenture as determined by the Purchaser.

A certificate, dated the Closing Date, of an authorized officer of the City to the effect that each of the representations and warranties of the City set forth in this Agreement is true, accurate and complete as of the Closing Date.

A General and No-Litigation Certificate of the City dated the Closing Date.

Specimen Bonds.

Executed Contingent Intercept Agreement.

An executed Arbitrage and Tax Certificate of the City.

A copy of the Final Terms Certificate executed by an Authorized Officer of the City.

Such additional certificates, opinions or other documents as Bond Counsel may reasonably require to evidence the satisfaction, as of the Closing Date, of the conditions then to be satisfied in connection with the transactions contemplated by the Ordinance and this Agreement. Such additional certificates, opinions or other documents may include, but not be limited to:

(a) an executed IRS Form 8038-G for the Bonds; and

(b) a Delivery, Deposit and Cross-Receipt Certificate, in substantially the form attached to this Agreement as Exhibit A or otherwise satisfactory to the Purchaser and Bond Counsel, providing for the deposit of the purchase price of the Bonds in a program account established for the City with the Trustee under the Indenture.

All matters relating to this Agreement, the Bonds, the sale of the Bonds to the Purchaser, the Ordinance and the consummation of the transactions contemplated by this Agreement and the Ordinance shall be mutually satisfactory to and approved by the City and Purchaser.

No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling, regulation or administrative proceeding by any governmental body or council, shall have been issued or commenced with the purpose or effect of prohibiting the issuance or sale of the Bonds.

As determined by the Purchaser in its sole discretion, there shall not have been any material adverse change since the date of this Agreement relating to the City, or its
operations, or any material adverse change in the law affecting the validity or tax-exempt status of the Bonds.

If the City is unable to satisfy the conditions to the obligations of the Purchaser contained in this Agreement, or if the obligations of the Purchaser are terminated for any reason permitted by this Agreement, this Agreement may be terminated and neither the Purchaser nor the City shall have any further obligations under this Agreement. Payment by the Purchaser to the City of the purchase price of the Bonds shall be conclusive evidence that all of the conditions set forth in this section have been satisfied or waived by the Purchaser.

5. The Purchaser's Right to Cancel. The Purchaser shall have the right in its sole discretion to cancel its obligations under this Agreement to purchase the Bonds by notifying the City in writing of its election to do so between the date hereof and the Closing Date, if any of the following events occur prior to the Closing:

A. Legislation, including legislation not introduced in Congress as of the date of this Agreement, shall be enacted or actively considered for enactment by the Congress, or recommended by the President of the United States of America to the Congress for passage, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration; a decision by a court of the United States of America or the United States Tax Court shall be rendered; or a ruling, regulation (proposed, temporary or final) or an official statement by or on behalf of the Treasury Department of the United States of America, the Internal Revenue Service or other agency or department of the United States of America shall be made or proposed to be made which has the purpose or effect, directly or indirectly, of imposing federal income taxes upon interest on the Bonds;

B. Any other action or event shall have transpired which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated herewith or contemplated by the Ordinance and this Agreement and, in the sole judgment of the Purchaser, materially adversely affects the purchase of the Bonds by the Purchaser;

C. Legislation shall be enacted, or actively considered for enactment by the Congress, with an effective date on or prior to the date of Closing, or a decision by a court of the United States of America shall be rendered, or a ruling or regulation by the SEC or other governmental agency having jurisdiction over the subject matter shall be made, the effect of which is that (1) the Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and then in effect, or (2) the Ordinance is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and then in effect;

D. A stop order, ruling or regulation by the SEC shall be issued or made, the effect of which is that the sale of the Bonds, as contemplated herein, is in violation of any
provision of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect;

E. There shall exist any fact or there shall occur any event which, in the sole judgment of the Purchaser, either (1) makes untrue or incorrect in any material respect any statement or information provided by the City to the Purchaser in connection with the sale of the Bonds by the City to the Purchaser or (2) is not reflected in statements or information provided by the City to the Purchaser in connection with the sale of the Bonds by the City to the Purchaser but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect;

F. There shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the sole judgment of the Purchaser, impractical or inadvisable to proceed with the purchase of the Bonds;

G. Trading in the City’s outstanding securities shall have been suspended by the SEC or trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such Exchange;

H. A banking moratorium shall have been declared either by Federal, New York or State authorities;

I. Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or affecting any authority for or the validity of the Bonds, this Agreement, the Ordinance, the existence or powers of the City, or any of the transactions described herein; or

6. **Representations and Agreements to Survive Delivery.** All representations, warranties, covenants and agreements of the City and the Purchaser set forth in this Agreement and any other documents relating to the issuance of the Bonds shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the City or the Purchaser, and shall survive the delivery of the Bonds to the Purchaser.

7. **Payment of Expenses.** The Purchaser shall pay the expenses incurred by it, its legal counsel and its financial advisor relating to the preparation, issuance, delivery and sale of the Bonds. The City shall pay the expenses incurred by it, its legal counsel and its financial advisor relating to the preparation, issuance, delivery and sale of the Bonds from the proceeds of the Bonds or other legally available moneys.

8. **Parties in Interest.** This Agreement is solely for the benefit of the Purchaser and the City and their respective successors and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement. This Agreement may not be assigned by the City or the Purchaser.

PPRF-4263-B
9. **Applicable Law.** This Agreement shall be construed in accordance with the laws of the State of New Mexico.

10. **Notices.** Any notice or other communication to be given to the Purchaser under this Agreement may be given by mailing or delivering the same in writing to the New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501, Attention: Chief Executive Officer; and any notice or other communication to be given to the City under this Agreement may be given by delivering the same in writing to 800 Municipal Drive, Farmington, New Mexico 87401, Attention: Finance Director.

11. **Entire Agreement.** This Agreement, when accepted by the City in writing as heretofore specified, shall constitute the entire agreement among the City and the Purchaser and is made solely for the benefit of the Purchaser and the City, and no other person shall acquire or have any right hereunder or by virtue hereof.

12. **Amendments; Execution of Counterparts.** This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document. This Agreement may not be effectively amended, changed, modified or altered without the written consent of all the parties hereto, and, if the Bonds have been pledged under the Indenture, without the prior written consent of the Trustee pursuant to the Indenture.

[Remainder of page intentionally left blank]

[Signature page follows]
Please sign and return a duplicate original of this Agreement to the Purchaser. Upon your signing and delivering this Agreement, it will constitute a binding agreement.

NEW MEXICO FINANCE AUTHORITY

By: ________________________________
    John Gasparich Chief Executive Officer

Accepted and confirmed as of ____________, 2019:

CITY OF FARMINGTON, NEW MEXICO

By: ________________________________
    ________________________________
    City Treasurer and
    Administrative Services Director

(SEAL)

ATTEST:

By: ________________________________
    Dianne Smylie, City Clerk
EXHIBIT A

$12,500,000
CITY OF FARMINGTON, NEW MEXICO
MUNICIPAL GROSS RECEIPTS TAX IMPROVEMENT
REVENUE BONDS
SERIES 2019
(Loan No. ________)

STATE OF NEW MEXICO
COUNTY OF SAN JUAN
CITY OF FARMINGTON

DELIVERY, DEPOSIT AND
CROSS-RECEIPT CERTIFICATE

We, the undersigned officers of the City of Farmington, New Mexico (the “City”), do hereby certify:

1. On the 7th day of June, 2019, the City of Farmington, authenticated and delivered the City of Farmington, New Mexico, Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019 in the aggregate principal amount of $12,500,000 (the “Bonds”) to the New Mexico Finance Authority (“Finance Authority”), the purchaser of the Bonds, as authorized by Ordinance No. 2019-____ adopted by the City Council of the City (the “Council”) on February 12, 2019 relating to the issuance, sale and delivery of the Bonds (the “Ordinance”).

2. The undersigned has received $________ as proceeds of the Bonds (the principal amount of $12,500,000.00, plus a premium of $________), which will be placed in the funds and accounts created under either the General Indenture of Trust and Pledge dated as of June 1, 1995, between the Finance Authority and BOKF, NA, as successor Trustee (the “Trustee”), as amended and supplemented, and its successors and assigns, and all supplemental indentures thereto and used as set forth below and in the Ordinance:

   Deposit to the City’s account in the Program Fund, for the Project, including Costs of Issuance of $________: $________

   Deposit to the Finance Authority Debt Service Account: $________

   Processing Fee paid to the Finance Authority: $________

   TOTAL: $________

3. The proceeds of the Bonds will be available to the City upon submittal of a Requisition Form to the Finance Authority in the form attached to the Bond Purchase Agreement as Exhibit B and will be used as set forth in the Ordinance.
IN WITNESS WHEREOF, we have hereunto set our hands and seal of the City of Farmington, this 7th day of June, 2019.

CITY OF FARMINGTON, NEW MEXICO

By: ________________________________
    Nate Duckett, Mayor

(SEAL)

ATTEST:

By: ________________________________
    Dianne Smylie, City Clerk
It is hereby certified by the undersigned, on behalf of the Finance Authority, the lawful purchaser of the Bonds, that this day, the Finance Authority received from City of Farmington, New Mexico, its Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019 in the aggregate principal amount of $12,500,000.

NEW MEXICO FINANCE AUTHORITY

By: ________________________________
    John Gasparich, Chief Executive Officer
EXHIBIT B

(Form of Requisition)

REQUISITION NO. 1

RE: City of Farmington, New Mexico, Municipal Gross Receipts Improvement Revenue Bonds, Series 2019– New Mexico Finance Authority Bond Purchase Transaction

TO: BOKF, NA
c/o New Mexico Finance Authority
207 Shelby Street
Santa Fe, New Mexico 87501
Attention: Accounting

You are hereby authorized to disburse from the Program Account – City of Farmington, New Mexico, Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019, with regard to the above-referenced Bond Purchase Transaction, the following:

LOAN NO. ________
REQUISITION NUMBER: 1
NAME AND ADDRESS OF PAYEE:
________________________________________________________
________________________________________________________
________________________________________________________

AMOUNT OF REQUISITION: $___________
PURPOSE OF REQUISITION: ____________________________

The requisition of funds are for the purposes stated above and are a proper charge against the Program Account – City of Farmington, New Mexico, Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019. All representations contained in the Bond Purchase Agreement and the related closing documents remain true and correct and the City of Farmington is not in breach of any of the covenants contained therein.

If this is the final requisition, payment of costs of the Project is complete or, if not complete, City of Farmington understands its obligation to complete the acquisition of the Project from other legally available funds.

Capitalized terms used herein, are used as defined or used in the Bond Purchase Agreement dated _____________, 2019 between the New Mexico Finance Authority and the City of Farmington relating to the City of Farmington, New Mexico, Municipal Gross Receipts Tax Improvement Revenue Bonds, Series 2019.

PPRF-4263-A

- 6.49 -
CITY OF FARMINGTON, NEW MEXICO

DATED: ________________  By: _______________________

Print: Name and Title

PPRF-4263-A  - 6.50 -
Regular Meeting of the City Council, City of Farmington, New Mexico, held in the Council Chamber at City Hall at 6:00 p.m. on Tuesday, January 8, 2019. The open regular session was held in full conformity with the laws and ordinances and rules of the Municipality.

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

MAYOR
Nate Duckett

COUNCILORS
Linda G. Rodgers
Sean E. Sharer
Jeanine Bingham-Kelly
Janis Jakino

constituting all members of said Governing Body.

Also present were:

CITY MANAGER
Rob Mayes

ASSISTANT CITY MANAGER
Julie Baird

CITY ATTORNEY
Jennifer Breakell

CITY CLERK
Dianne Smylie

The meeting was convened by the Mayor. Thereupon the following proceedings were duly had and taken:

INVOCATION: The invocation was offered by Pastor Steve Carrington of United Pentecostal Church.

Metropolitan Redevelopment Agency Commissioner John McNeill led the Pledge of Allegiance.

CONSENT AGENDA: The Mayor announced that those items on the agenda marked with an asterisk (*) have been placed on the Consent Agenda and will be voted on without discussion by one motion. He stated that if any item did not meet with approval of all Councilors or if a citizen so requested, that item would be removed from the Consent Agenda and heard under Business from the Floor.

*MINUTES: The minutes of the Regular Meeting of the City Council held December 11, 2018 and the minutes of the Regular Work Session of the City Council held December 18, 2018.

*INTERGOVERNMENTAL AGREEMENT FOR AMBULANCE SERVICES between San Juan County and the cities of Aztec, Bloomfield and Farmington (term to October 1, 2019 with one automatic one-year renewal).

*AGREEMENT TRANSFERRING A PARCEL OF LAND (approximately 1.64 acres) located on Ojo Court from San Juan County to the City for the addition of a wet shelter adjacent to the sobering center. This property was previously conveyed to San Juan County from the City for construction of a sobering center.

*FIRST AMENDMENT TO INTERGOVERNMENTAL AGREEMENT FOR BEHAVIORAL HEALTH SERVICES (Joint Intervention and Sobering Programs) between the City, San Juan County, San Juan Regional Medical Center and Presbyterian Medical Services.

*SECOND AMENDMENT TO INTERGOVERNMENTAL AGREEMENT FOR BEHAVIORAL HEALTH SERVICES (Joint Intervention and Sobering Programs) between the City, San Juan County, San Juan Regional Medical Center and Presbyterian Medical Services.

*PURCHASE AGREEMENT between the City and the William and Claytie Irrevocable Trust for purchase by the City of Lots 1 and 2 in Block 7 of the Riverside Subdivision (205 East Corcorran Drive) utilizing the Community Transformation and Economic Diversification Fund (purchase price $57,000 plus closing costs).
WARRANTS PAYABLE for the time period of December 9, 2018 through January 5, 2019, for current and prior years, in the amount of $14,305,132.49.

There being no requests to remove any items, a motion was made by Councilor Rodgers, seconded by Councilor Sharer to approve the Consent Agenda, as presented, and upon voice vote the motion carried unanimously.

RECOGNITION OF IREKE COOPER/ADMINISTRATIVE REVIEW BOARD

Mayor Duckett recognized Ireke Cooper for his 12 years of dedicated service to the Administrative Review Board. The Mayor presented Mr. Cooper with a plaque and the presentation was concluded with a hearty round of applause.

RECOGNITION OF STEVE WHITE/ AIRPORT ADVISORY COMMISSION

Mayor Duckett recognized Steve White for his eight years of dedicated service to the Airport Advisory Commission. The Mayor presented Mr. White with a plaque and the presentation was concluded with a hearty round of applause.

Airport Manager Mike Lewis also thanked Mr. White for his service on the Commission.

RECOGNITION OF DERALD POLSTON/ METROPOLITAN REDEVELOPMENT AGENCY COMMISSION

Mayor Duckett recognized Derald Polston for his eleven years of dedicated service to the Metropolitan Redevelopment Agency Commission. The Mayor presented Mr. Polston with a plaque and the presentation was concluded with a hearty round of applause.

Metropolitan Redevelopment Agency Commissioner John McNeill also thanked Mr. Polston for his service, vision and input while serving on the Commission.

RECOMMENDATIONS FROM THE PLANNING AND ZONING COMMISSION:

*CONSENT AGENDA: Community Development Director Mary Holton requested that the Planning and Zoning Commission recommendations marked with an asterisk (*) be placed on the Planning and Zoning Commission Consent Agenda and voted on without discussion by one motion. She asked that if the items proposed did not meet with approval of all Councilors or if a citizen so requested, the item would be removed from the Consent Agenda and heard in regular order.

*(1) Adoption of the recommendation from the Planning and Zoning Commission as contained within the Community Development Department Action Summary to deny Petition No. ZC 18-86 from El Rancho Holdings, LLC, represented by Mike Atchison, requesting a zone change from the GC, General Commercial, District to the MU, Mixed Use, District to allow household living and mixed uses on property located at 2000 West Main Street and 103 Gower Road.

*(2) Adoption of the recommendation from the Planning and Zoning Commission as contained within the Community Development Department Action Summary to approve Petition No. ZC 18-89 from Doug Hunt, represented by Teresa Hunt, requesting a zone change from the MF-L SMHAO, Multi-Family Low Density Special Mobile Home Area Overlay, District to the GC, General Commercial, District to allow commercial use on property located at 1105 Schofield Lane.

There being no requests to remove any items, a motion was made by Councilor Jakino, seconded by Councilor Rodgers to approve the Planning and Zoning Commission Consent Agenda, as presented, and upon voice vote the motion carried unanimously.
COUNCIL BUSINESS

Recognition of the General Services Department

Referring to an email that he received from Maria Rodman, Chief Executive Officer for the Farmington Boys and Girls Club, Mayor Duckett relayed her appreciation to General Services Director Eddie Smylie and his staff and personnel from the Fire Department for going above and beyond to assist with a water break at the facility that could have resulted in damage to their new gym floor.

Recognition of the Public Works and Electric Utility Departments

Councilor Rodgers thanked the Public Works Department for their diligent work in sanding the roadways in response to the recent winter weather. She also commended the Electric Utility Department for quickly restoring power following a recent outage. Councilor Jakino echoed her comments and thanked the public safety departments for their efforts during the holiday season. Councilor Sharer also expressed his appreciation to the Public Works Department.

There being no further business to come before the Council, a motion was made by Councilor Sharer, seconded by Councilor Rodgers to adjourn the meeting at 6:13 p.m., and upon voice vote the motion carried unanimously.

The City Clerk certified that notice of the foregoing meeting was given by posting pursuant to Resolution No. 2013-1466, et seq.

Approved this 22nd day of January, 2019.

Entered in the permanent record book this day of , 2019.

Nate Duckett, Mayor

ATTEST:

Dianne Smylie, City Clerk