DEPARTMENT HEAD REPORTS

1. Ordinance No. 2019-1317 amending and restating Ordinance No. 2019-1315; 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 $13,500,000 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 ordinance in conflict herewith. (Jennifer Breakell)

Action Requested of Council:

Adopt Ordinance No. 2019-1317. Notice of Intent to Adopt the Ordinance was published on April 16, 2019.

2. Amended and Restated Agency Agreement among the City, Enchant Energy LLC, Enchant Energy Corporation and Acme Equities LLC (Jennifer Breakell)

Action Requested of Council:

Authorize the Mayor to execute the Amended and Restated Agency Agreement.

3. Consideration for approval of a letter of commitment and co-applying for an U.S. Department of Energy grant for a carbon sequestration feasibility study at San Juan Generating Station (Jennifer Breakell)

Action Requested of Council:

Approve the letter of commitment and authorize the City to become a co-applicant for an U.S. Department of Energy grant.

Background/Rationale:

Enchant Energy is applying for an U.S. Department of Energy grant regarding a carbon sequestration feasibility study at San Juan Generating Station and requests the City's participation as a co-applicant.
4. Fiscal Year 2020 Budget Hearing #3 – Presentation of Preliminary Budget (Rob Mayes and Teresa Emrich)

Action Requested of Council:

Provide direction to staff on how to proceed with developing the Fiscal Year 2020 final budget.

5. Strategic planning for the Community Transformation and Economic Diversification Fund (Rob Mayes)

Action Requested of Council:

Discuss short- and long-term project priorities and provide direction to staff.

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.
ORDINANCE NO. ___

AMENDING AND RESTATING ORDINANCE NO. 2019-1315; 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 $13,500,000 FOR THE PURPOSE OF DEFRA YING 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 eighth 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 has determined and 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 execute 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 the Purchaser’s processing fee, 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.

“Finance Authority Debt Service Account” means the debt service account in the name of the City established under the Indenture and held by the Finance Authority to pay principal and interest, if any, on the Bonds as the same become due.

“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,” “hereinabove” 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 7-9-6.46 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 7-16.46 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 may become effective only upon the City’s failure to timely make payments of principal and interest on the Bonds, as determined in the Pricing Certificate), 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 November 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;

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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 the Bond Purchase Agreement, the Intercept Agreement, and any other 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 $13,500,000 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 $13,500,000 (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 and the Pricing Certificate.

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 $13,500,000 (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, 2034, 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.

(4) The pricing of the Bonds will occur simultaneously with the pricing of the Series 2019B Public Project Revolving Fund Bonds of the Purchaser on or about June 12, 2019.

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
COUNTY OF SAN JUAN

CITY OF FARMINGTON, NEW MEXICO
MUNICIPAL GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS
SERIES 2019

Bond No. _______  $________

INTEREST RATE  MATURITY DATE  DATE OF BOND  CUSIP
____% per annum  JuneMay 1, ___  _________, 2019  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 Unites States of America, and to pay from such sources interest on the unpaid principal amount at the Interest Rate on DecemberNovember 1, 2019 and each JuneMay 1 and DecemberNovember 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 cross-claims 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

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.
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. Transfer of Pledged Revenues from Municipal Gross Receipts Tax Revenues to the Finance Authority.** The Pledged Revenues shall be paid to the Finance Authority, either directly by the City or pursuant to the Intercept Agreement, as specified in the Pricing Certificate, for deposit in the Finance Authority Debt Service Account and remittance to the Trustee in an amount sufficient to pay the principal of and interest on the Bonds as the same become due.

**D. Termination on Deposits to Maturity.** No payment shall be made into the Finance Authority Debt Service Account if the amount in the Finance Authority Debt Service Account totals a sum at least equal to the entire aggregate amount to become due as to principal, interest, if any, and any other amounts due under the Bonds, in which case moneys in such account 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 such accounts shall be transferred to the City and used as provided below.

**E. Use of Surplus Revenues.** After making all the payments hereinafore required to be made by this Section, any moneys remaining in the Finance Authority Debt Service Account shall be transferred to the City on a timely basis and shall be applied to any other lawful purpose, including, but not limited to, the payment of any Parity Obligations or bonds or obligations subordinate and junior to the lien of the Bonds, or other purposes authorized.
by the City, the Constitution and laws of the State, as the Governmental Unit may from time to
time determine.

F. 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. The provisions of this Section 19 which follow this sentence shall be effective if, pursuant to the Pricing Certificate, the City determines that the Intercept Agreement will be become effective only upon the City's failure to timely make payments of principal and interest on the Bonds.

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 125% 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 unrefunded 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. This Ordinance hereby supersedes and repeals Ordinance No. 2019-1315.
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-Tem 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 May 7, 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. ___**

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 7th day of May, 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”).

W I T N E S S E T H:

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 (0.125%) 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: __________________________
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.
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 $13,500,000 (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 $13,500,000.00 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
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 (0.125%) 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.

      (3) 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.
(4) 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.

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

(6) Specimen Bonds.

(7) Executed Contingent Intercept Agreement.

(8) An executed Arbitrage and Tax Certificate of the City.

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

(10) 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.

E. 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.

F. 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.

G. 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;
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.

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

$13,500,000
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 $13,500,000 (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 $13,500,000.00, 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 $13,500,000.

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.
CITY OF FARMINGTON, NEW MEXICO

DATED: ____________________

By: _______________________

Print: Name and Title
ORDINANCE NO. 2019-1317


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, 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-eighth 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 has determined and 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 execute 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 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. 2019-1317.

"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 the Purchaser's processing fee, 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.

"Finance Authority Debt Service Account" means the debt service account in the name of the City established under the Indenture and held by the Finance Authority to pay principal and interest, if any, on the Bonds as the same become due.

"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," "hereinabove" 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.

"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 may become effective only upon the City's failure to timely make payments of principal and interest on the Bonds, as determined in the Pricing Certificate), 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 May 1 and November 1, commencing December 1, 2019.

"Municipal Gross Receipts Tax" means the excise tax imposed by the City pursuant to Section 7-190-9 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. "NMSA 1978" means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented.

"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.

-1.56-
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 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 7-190-9 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; 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, (xi) the final terms of the Bond Purchase Agreement, the Intercept Agreement, and any other 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 $13,500,000 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 $13,500,000 (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 and the Pricing Certificate.

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 $13,500,000 (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 May 1, 2034, 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 May
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 May 1 and November 1 in each year commencing on November 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.

(4) The pricing of the Bonds will occur simultaneously with the pricing of the Series 2019B Public Project Revolving Fund Bonds of the Purchaser on or about June 12, 2019.

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 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 thereon. Notice having been given in the manner herebefore 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 the Bonds so called for redemption is 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.
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 officer of the Registrar. The Bonds when so authenticated and bearing the manual or facsimile signatures of the officers in office at the time of signing thereof shall be valid and binding 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.
<table>
<thead>
<tr>
<th>INTEREST RATE</th>
<th>MATURITY DATE</th>
<th>DATE OF BOND</th>
<th>CUSIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>6% per annum</td>
<td>May 1, 2019</td>
<td></td>
<td>n/a</td>
</tr>
</tbody>
</table>

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 November 1, 2019 and each May 1 and November 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 $5,000,000, 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 May 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 May 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 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 notices 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 cross-claims 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)

(Form of Assignment)

For value received, __________________________ hereby sells, assigns and transfer 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)

(End of Form of Bond)
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 WAMM 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. Transfer of Pledged Revenues from Municipal Gross
Receipts Tax Revenues to the Finance Authority. The Pledged Revenues
shall be paid to the Finance Authority, either directly by the City or
pursuant to the Intercept Agreement, as specified in the Pricing
Certificate, for deposit in the Finance Authority Debt Service Account
and remittance to the Trustee in an amount sufficient to pay the
principal of and interest on the Bonds as the same become due.

D. Termination on Deposits to Maturity. No payment shall
be made into the Finance Authority Debt Service Account if the amount in
the Finance Authority Debt Service Account totals a sum at least equal to
the entire aggregate amount to become due as to principal, interest, if
any, and any other amounts due under, the Bonds, in which case moneys in
such account 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 such accounts shall be
transferred to the City and used as provided below.

E. Use of Surplus Revenues. After making all the payments
hereinabove required to be made by this Section, any moneys remaining in
the Finance Authority Debt Service Account shall be transferred to the
City on a timely basis and shall be applied to any other lawful purpose,
including, but not limited to, the payment of any Parity Obligations or
bonds or obligations subordinate and junior to the lien of the Bonds, or
other purposes authorized by the City, the Constitution and laws of the
State, as the Governmental Unit may from time to time determine.

F. 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. The provisions of this
Section 19 which follow this sentence shall be effective if, pursuant to
the Pricing Certificate, the City determines that the Intercept Agreement
will be made effective only upon the City's failure to timely make
payments of principal and interest on the Bonds.
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.

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 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 125% 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 Section 22 or the first paragraph of Section 23 above, 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 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 unrefunded 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 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 free 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. This Ordinance hereby supersedes and repeals Ordinance No. 2019-1315.

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-Tem 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 May 7, 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. ___

AMENDING AND RESTATEING ORDINANCE NO. 2019-1315; 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 $13,500,000 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 7th day of May, 2019.

(SEAL)

ATTEST:

Dianne Smylie, City Clerk

Nate Duckett, Mayor
AMENDED AND RESTATED AGENCY AGREEMENT
AMONG
THE CITY OF FARMINGTON, NEW MEXICO
AND
ENCHANT ENERGY LLC
ENCHANT ENERGY CORPORATION
AND
ACME EQUITIES LLC

MAY 7, 2019
AMENDED AND RESTATED AGENCY AGREEMENT

This AMENDED AND RESTATED AGENCY AGREEMENT ("Agreement"), is effective on May 7, 2019 ("Effective Date"), by and among THE CITY OF FARMINGTON, NEW MEXICO, an incorporated municipality and a body politic and corporate, existing as a political subdivision under the constitution and laws of the State of New Mexico ("Farmington"), ENCHANT ENERGY LLC, a Delaware limited liability company ("Enchant Energy LLC"), ENCHANT ENERGY CORPORATION, a New Mexico domestic corporation ("Enchant Energy Corporation"), and ACME EQUITIES LLC, a Delaware limited liability company ("Acme"), Farmington, Enchant Energy LLC, Enchant Energy Corporation and Acme are hereinafter sometimes referred to each as a "Party" and jointly as the "Parties." All capitalized terms used herein but not defined shall have the meaning ascribed to such terms in the Participation Agreement as defined herein.

RECITALS

This Agreement is made with reference to the following facts, among others:

A. The San Juan Project is an electric generation plant located in San Juan County, New Mexico, near Farmington, New Mexico, also known as the San Juan Generating Station ("San Juan Project").

B. The Amended and Restated San Juan Project Participation Agreement, dated March 23, 2006, as amended, governs the ownership and operation of the San Juan Project. On September 1, 2017, Farmington, PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico corporation; TUCSON ELECTRIC POWER COMPANY, an Arizona corporation; THE INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO, a body politic and corporate, existing as a political subdivision under the constitution and laws of the State of New Mexico; and UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS, a political subdivision of the State of Utah (collectively the "Participants") entered into that certain New Exit Date Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement ("Participation Agreement") to effectuate the restructuring of the ownership of the San Juan Project and to accommodate the intent of certain Parties to exit from active involvement in the operation of the San Juan Project.

C. Under the terms of the Participation Agreement, Farmington is the sole Extender (as defined therein) that wants to continue operation of the San Juan Project beyond July 1, 2022, and all other Participants are Non-Extenders (as defined therein).

D. On February 21, 2019, Farmington and Acme entered into a Letter of Intent, as amended by that certain First Amendment to Letter of Intent dated March 21, 2019 between Farmington, Acme and Enchant Energy Corporation, pursuant to which the Parties stated the basic terms for the acquisition and continued operation of the San Juan Project after 2022. Farmington, Acme and Enchant Energy Corporation have committed to negotiate the final terms of the binding transaction agreements and are working together closely and cooperatively to complete the acquisition in order to continue operations of the San Juan Project in an
environmentally responsible and cost effective manner that preserves jobs and maintains tax revenues.

E. In furtherance of finalizing the binding transaction agreements and such other actions as are necessary and appropriate for the acquisition and continued operation of the San Juan Project after 2022, Farmington appointed Acme as its agent and representative to exercise certain rights of Farmington under the Participation Agreement, and Acme accepted this appointment, as set forth in the Agency Agreement between Farmington and Acme, dated March 1, 2019, that Farmington duly authorized and approved ("Original Agency Agreement"); and

F. Acme has formed its wholly owned entities Enchant Energy LLC and Enchant Energy Corporation in furtherance of finalizing the binding transaction agreements and such other actions as are necessary and appropriate for the acquisition and continued operation of the San Juan Project after 2022, and Farmington hereby appoints Enchant Energy LLC and Enchant Energy Corporation, and hereby restates and reaffirms the appointment of Acme (together Enchant Energy LLC, Enchant Energy Corporation and Acme are the "Agents"), as its agents and representatives to exercise certain rights of Farmington under the Participation Agreement, and the Agents accept this appointment by Farmington, as more fully set forth herein.

AGREEMENT

The Parties, for mutually agreeable consideration and for and in consideration of the mutual covenants to be kept and performed hereunder, agree as follows.

1. Appointment.

1.1 Generally. Pursuant to Section 408.3 of the Participation Agreement, because no third party or Extender agreed to purchase the Non-Extenders' interest in the San Juan Project by November 30, 2018, the Non-Extenders are required to negotiate in good faith with the Extender to convey the Non-Extenders' rights, titles and interests in the San Juan Project to the Extender in a manner that is consistent with the Participation Agreement and assures the continued successful and proper operation and maintenance of the San Juan Project. Farmington, as the sole Extender, hereby authorizes, appoints and designates the Agents as its agents and representatives to act for and on behalf of Farmington with respect to (i) the negotiation, sale, acquisition, transfer and conveyance of the Non-Extenders' rights, titles and interests in the San Juan Project to Farmington and (ii) exercise of the rights of entry and access of Farmington to the San Juan Project pursuant to the Participation Agreement. The Agents agree to, and accept, this appointment and designation by Farmington.

1.2 Limitation on Agency. The intention of the Parties is that the rights granted by Farmington to the Agents hereunder apply only to the foregoing appointment as set forth in Section 1.1 herein. This Agreement does not establish or constitute the Agents as agents or representatives for Farmington for any other purpose. All rights, obligations, conditions and undertakings of Farmington as set forth in the Participation Agreement or otherwise shall remain with, and be the principal responsibility of, Farmington to the same extent as if this Agreement had not been executed.
2. Term and Termination of Appointment. This Agreement, and all rights granted to the Agents hereunder, shall terminate without any further action required by either Party upon the earlier to occur of: (i) the conveyance of the rights, titles and interests of the Non-Extenders' in the San Juan Project to Farmington; (ii) mutual agreement of the Parties to terminate this Agreement; or (iii) September 21, 2019, subject to extension by mutual agreement of the Parties.

3. General Terms.

3.1 Governing Law. This Agreement is made under and will be governed by the laws of the State of New Mexico, without regard to conflict of laws or choice of law principles that would require the application of the laws of a different jurisdiction.

3.2 Venue. Venue with respect to any judicial proceeding arising out of or relating to this Agreement will lie exclusively in the state or federal courts in Albuquerque, New Mexico, and the Parties irrevocably consent and submit to the exclusive jurisdiction of such courts for such purpose and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding. Service of process may be made in any manner recognized by such courts. A final judgment of the state or federal court will be enforceable in other states under applicable law.

3.3 Notice. All notices, requests and demands to or upon the respective Parties to be effective shall be in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, addressed as follows, or to such other address as may be hereafter notified by the respective Parties:

If to Farmington:

City of Farmington
800 Municipal Drive
Farmington, NM 87401-2663
Attention: Jennifer Breakell, City Attorney
Telephone: (505) 599-1122
Email: jbreakell@farmington.org

with a copy to:

Thompson Hine LLP
Attention: Gregory D. Chafee
Two Alliance Center
3560 Lenox Road Suite 1600
Atlanta, GA 30326-4266
Telephone: (404) 407-3642
Email: greg.chafee@thompsonhine.com

If to the Agents:

Acme Equities LLC
745 Fifth Avenue
6th Floor
New York, NY 10151
Attention: Lawrence A. Heller
Telephone: (212) 457-1600
Mobile (917) 691-4971
Email: lheller@acmeequities.com

Enchant Energy LLC
c/o Acme Equities LLC
745 Fifth Avenue
6th Floor
New York, NY 10151
Attention: Lawrence A. Heller
Telephone: (212) 457-1600
Mobile (917) 691-4971
Email: lheller@acmeequities.com

Enchant Energy Corporation
c/o Acme Equities LLC
745 Fifth Avenue
6th Floor
New York, NY 10151
Attention: Lawrence A. Heller
Telephone: (212) 457-1600
Mobile (917) 691-4971
Email: lheller@acmeequities.com

with a copy to:

Sidley Austin LLP
Attention: Irving L. Rotter
1000 Louisiana Street
Suite 6000
Houston, TX 77002
Telephone: (713) 495-7707
Email: irotter@sidley.com

A Party may, at any time or from time-to-time, by written notice to the other Parties, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.
3.4 Other Documents. Each Party agrees, upon request of another Party, to make, execute and deliver any and all documents and instruments reasonably required to carry into effect the terms of this Agreement; provided, that such documents and instruments will not increase or expand the obligations of a Party hereunder.

3.5 Amendment and Modification. Except as otherwise provided herein, this Agreement may be amended, modified or supplemented only by written instrument executed by all of the Parties with the same formality as this Agreement.

3.6 Entire Agreement. This Agreement is the entire understanding between the Parties as to the subject matter hereof and supersedes the Original Agency Agreement and any other existing agreement between the Parties relating to the same subject matter.

3.7 No Interpretation Against Drafter. This Agreement has been drafted with full participation by all of the Parties and their counsel of choice, and no provision hereof will be construed against any Party on the ground that such Party or its counsel was the author of such provision. All of the provisions of this Agreement will be construed in a reasonable manner to give effect to the intentions of the Parties in executing this Agreement.

3.8 No Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of the Parties and their respective successors and permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person.

3.9 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any Party under this Agreement will not be materially and adversely affected thereby, such provision will be fully severable, this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and the Parties will negotiate in good faith to attempt to agree upon a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

3.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart will have the same force and effect as an original instrument as if all the Parties to the aggregated counterparts had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart thereof without impairing the legal effect of any signatures thereon and may be attached to any other counterpart of this Agreement identical in form thereto but having attached to it one or more additional pages. Electronic or pdf signatures will have the same effect as an original signature.

[Signature Page Follows]
IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed
as of the Effective Date.

ENCHANT ENERGY LLC

By: ____________________________
Name: ____________________________
Title: ____________________________

THE CITY OF FARMINGTON, NEW MEXICO

By: ____________________________
Name: ____________________________
Title: ____________________________

LEGAL DEPARTMENT

By: ____________________________
Date: ____________________________

ENCHANT ENERGY CORPORATION

By: ____________________________
Name: ____________________________
Title: ____________________________

ACME EQUITIES LLC

By: ____________________________
Name: ____________________________
Title: ____________________________
May 7, 2019

Jason Selch
Enchant Energy, LLC (c/o Acme Equities, LLC)
745 Fifth Avenue
New York, NY 10151


Dear Mr. Selch,

The City of Farmington is pleased to offer this Letter of Commitment for Enchant Energy’s subject proposal. The City of Farmington supports the goals of this proposal to address the feasibility of retrofitting the San Juan Generating Station with carbon capture, in an effort to extend the life of the plant.

The City of Farmington is providing this Letter of Commitment to work with Enchant Energy as a member of the project team on this important proposal. The City of Farmington will be providing access to the selected host site, San Juan Generating Station, located at 68 County Road 6800, Waterflow, NM 87421. The City of Farmington is able to provide access to the site as the City of Farmington is a partial owner in the San Juan Generating Station.

The anticipated scope of the City of Farmington’s work will be completed over a period of approximately 18 to 24 months and would include the following activities as part of the proposed project:

- Provide access to the site.
- Provide extensive knowledge and information as to the San Juan Generating Station and the design of the generating station.
- Assist in answering questions as to specific questions about the San Juan Generating Station.

The City of Farmington provides critical access to the San Juan Generating Station and also brings extensive knowledge of the generating station as the City of Farmington’s Electric Utility Director is the former Plant Manager of the San Juan Generating Station. We are supportive of
the goals of the proposed project to retrofit the San Juan Generating Station with carbon capture, in an effort to extend the life of the plant. The mission of the proposed project is consistent with the City of Farmington’s interests and overall goal of supporting our local community.

The City of Farmington is committed to providing up to $10,000 cost sharing support in the form of in-kind personnel support. This commitment is a firm commitment assuming Enchant Energy receives funding under this program, and we certify that our portion of the cost-share funding will be comprised of non-federal funding and will not be used as a federal match on any other project.

Any potential support provided by the City of Farmington is conditioned upon the successful negotiation of mutually acceptable contractual arrangements that may be required.

The City of Farmington looks forward to participating with the Enchant Energy team in this effort.

Sincerely,

Nate Duckett
Mayor
1. **COVER PAGE**

Department of Energy (DOE)
Office of Fossil Energy (FE)
DE-FOA-0002058

Front-End Engineering Design Studies for Carbon Capture Systems on Coal and Natural Gas Power Plants

**AREA OF INTEREST 1 (AOI 1): FEED STUDIES FOR RETROFITTING EXISTING, DOMESTIC COAL POWER PLANTS WITH CARBON CAPTURE**

<table>
<thead>
<tr>
<th>Applicant Name</th>
<th>Enchant Energy LLC</th>
</tr>
</thead>
</table>
| **Technical and Business Point of Contact** | Name  
Email  
phone |
| **Team Member Organizations** | Federal and Non-federal Share of Costs |
| Sargent & Lundy, L.L.C. | xxxxxxxxxxx |
| City of Farmington | xxxxxxxxxxx |
| TBD – Law Firm | xxxxxxxxxxx |
| Illinois Institute of Technology | xxxxxxxxxxx |
| Navigant Consulting | xxxxxxxxxxx |
| E. J. M. Associates | xxxxxxxxxxx |
| Tenaska | xxxxxxxxxxx |
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3. **PROJECT OBJECTIVES**

Enchant Energy Corporation (Enchant Energy) owns the right to acquire the San Juan Generating Station (SJGS) from its current owners effective upon the expiration of its existing coal contract on 6/30/2022. Upon taking control of the 847 MW coal-fired power plant located in New Mexico, Enchant Energy plans to retrofit the plant with a Carbon Capture Utilization and Storage ("CCUS") system in order to transform the plant into the lowest emissions fully reliable power plant in the Western United States when it reopens at completion of construction in the 2023-2024 time frame. When completed, the CO₂ emissions will decrease from approximately 6,578,000 tons per year to approximately 658,000 tons per year which reflects an estimated 90% decrease in SJGS emissions over the next decade.

The purpose of this study is to 1) select the most effective technology to utilize for carbon capture, 2) complete a front end engineering and design (FEED) study based on the most effective technology for SJGS to generate a levelized cost of electricity (LCOE) for CCUS on an existing plant, and 3) to determine that the host electric generating station can be made economically viable to extend the life of the existing coal-fired power plant through the installation of CCUS.
4. **MERIT REVIEW CRITERION DISCUSSION**

4.1 **MERIT REVIEW CRITERION 1: SCIENTIFIC AND TECHNOLOGICAL MERIT (35%)**

4.1.1 Technology Selection

One of the primary objectives of this project is to develop a cost-effective, economically viable commercial CO$_2$ capture system at an existing coal-fired generating unit. As such, the intent of this project is to competitively bid the CO$_2$ capture system equipment and components to vendors with commercially available amine-based technologies. For this project, commercially available technologies are considered to be those with a technology readiness level (TRL) of 8 or 9. An initial review of commercially available technologies will be performed to develop a bid list for the solicitation; at a minimum it is expected that the amine-based technology providers Fluor, Mitsubishi Heavy Industries (MHI), and Shell will be included. Other technologies or technology providers may be included if a TRL of 8 or 9 can be demonstrated. The advantage of the proposed approach is that the competitive bid environment will result in the lowest cost available to implement the system, rather than evaluating a single technology. Furthermore, the advantage of working with only TRL of >8 is that these providers will result in successful integration and implementation at this large scale based on their experience.

Once received, the competitively bid proposals will be evaluated to select the most effective technology for the SJGS based on cost and performance. The results of this evaluation will be documented in an evaluation memo and the successful proposal will serve as the basis of the FEED study.
4.1.2 Environmental Health and Safety Implications

This project will focus on post-combustion carbon capture technology, most likely amine-based CO$_2$ capture. Nearly all carbon capture technologies will have some impact to air and water emissions, waste generation, and other potential environmental impacts. Quantitative estimates will vary by technology and station and therefore require a site-specific analysis to be performed. The expected environmental impacts for this project are summarized below. As part of this FEED study an Environmental, Permitting, and Regulatory Review will be performed to investigate and quantify the environmental impacts.

Air Emissions

The post-combustion carbon capture technology will be installed downstream of the existing pollution control equipment at the SJGS. The flue gas will already be low in regulated pollutants such as sulfur dioxide (SO$_2$), particulate matter, and mercury, due to the existing pollution control equipment. The flue gas will likely pass through a polishing system as part of the capture process to further reduce any trace pollutants prior to the CO$_2$ capture system. After passing through the CO$_2$ capture system the flue gas will be exhausted through a new emission point with approximately 90% of the CO$_2$ removed as well as reduced trace pollutants. The change to all regulated criteria and hazardous air pollutants will be estimated during the FEED study and additional controls or equipment will be included in the system to avoid increasing emissions above the prevention of significant deterioration (PSD) threshold. One such flue gas component that may increase with amine-based systems is volatile organic compounds (VOCs); as such, this is a key impact that will be reviewed to ensure that the emission rates are limited to the greatest extent possible with additional control measures.
Water Emissions

Most post combustion CO₂ capture requires additional flue gas cooling, which will likely result in a new waste water stream. The composition of this water stream will be estimated during the FEED study based on the SJGS flue gas constituents and the selected technology. In addition, if a cooling tower provides the required heat rejection, the blowdown will also be characterized. During the project a Water and Wastewater Treatment Study will be performed to evaluate requirements for water treatment with the intent to reuse as much of the water as possible. The necessary treatment options will be evaluated with consideration of the applicable effluent limitation guidelines and existing NPDES permit.

Solid Waste

Depending on the required water treatment system, a small solid waste stream may be generated from the water treatment system. The means of disposal for this stream will be evaluated during the FEED study based on the existing plant operation and applicable regulations. Off-site disposal in an approved landfill will be considered if necessary.

Hazardous Waste

Amine solvents will eventually degrade over time and generate byproducts that must be removed from the circulation loop. Based on the solvent utilized, this blowdown stream may be characterized as hazardous waste. As such, off-site hazardous waste disposal at an appropriate facility will be reviewed.

Environmental Impacts

As part of the FEED study a Hazard and Operability Study (HAZOP) will be performed. In addition, to the impacts to the process and the equipment, the HAZOP identifies hazards that could result in impacts
to the environment or plant personnel. Process and instrument diagrams (P&IDs) developed as part of the proposal phase will be reviewed as part of this process. Any concerns identified will be addressed by implementing safeguards into the process to mitigate the potential for the hazard to occur.

4.1.3 Cost of Capture

The overall cost of capture ($/ton) will be calculated based on CO₂ removed on an annual basis. The cost of capture and levelized cost of electricity (LCOE) will incorporate both capital and operating costs. The “overnight” project capital cost will be annualized based on interest rates and equipment life. Together with the annual O&M cost, a total annual cost will be provided for the project.

The project capital cost estimate (+/- 15%) will be based on the engineering deliverables developed in the FEED study. Equipment quotes from system and equipment suppliers will be included, as necessary. Installation and construction costs will be developed based on the estimated quantities, site-specific labor rates and project-specific considerations. The capital cost will clearly outline CO₂ capture island costs and site-specific impacts to balance of plant costs for ease of DOE review.

The operating and maintenance (O&M) costs will be calculated based on utility and chemical consumption rates, waste production rates, operation staff, and maintenance materials and labor. Existing facility unit costs will be used where appropriate.

As discussed in Section 4.1.1, the intent of this project is to provide the lowest cost solution by competitively bidding the CO₂ capture island to commercially available technology suppliers. By competitively bidding this portion of the project, the lowest evaluated cost for CO₂ capture at SJGS will
be realized. This project has the unique ability to potentially use existing moth-balled equipment from the two retired units at SJGS to lower the overall project capital cost.

In addition to developing a capital cost estimate, O&M cost estimate, and cost of capture, the FEED study includes the Feasibility of Coal Plant Life Extension with CCUS Study. This study will develop financial modeling of the plant operating costs after the CCUS retrofit, and how the project can be structured to result in an economically viable solution for extending the life of the SJGS.

4.2 **MERIT REVIEW CRITERION 2: TECHNICAL APPROACH AND UNDERSTANDING (25%)**

4.2.1 **Project Objectives and Approach**

The purpose of this study is to 1) select the most effective technology to utilize for CCUS, 2) complete a FEED study based on retrofit of the most effective technology onto the SJGS, and 3) determine that installation of CCUS provides a feasible and prudent path for extending the life of an existing coal-fired power plant. These goals are being achieved through our proposed tasks as follows.

As discussed in Section 4.1.1, the intent of this project is to provide the lowest cost solution by competitively bidding the CO₂ capture island to commercially available technology providers. By competitively bidding this portion of the project the most effective technology will be selected for the SJGS based on cost and performance.

The selected technology will serve as the basis of the FEED study. Information from the successful proposal will be used to develop the process island design deliverables as well as providing the necessary input to the BOP requirements. At a minimum, the proposals will be required to include descriptions and
details of the proposed process, basic equipment design, utility requirements, and terminal points corresponding to a firm priced proposal from the bidder. The FEED study scope and deliverables, as defined in Section 5.3.2, will be prepared with the intent to develop an overall project capital cost estimate within a ± 15% accuracy, requiring approximately 30-75% project definition and engineering to be completed. Using the selected technology vendor’s firm price proposal, the project team will prepare detailed balance of plant deliverables to develop a capital cost estimate that is site- and technology-specific.

Finally, as discussed in Section 4.1.3, the FEED study will include the Feasibility of Coal Plant Life Extension with CCUS Study which will develop financial modeling of the plant capital and operating costs to evaluate if implementing CO₂ capture at an existing coal-fired facility is cost-effective and a viable means to extend the life of an existing coal-fired power plant. This study will also review how to develop an economically viable project through contracting and financing opportunities.

4.2.2 Optimum Performance and Efficiency

The approach proposed to competitively bid the CO₂ capture island allows the technologies to be evaluated not just on cost, but on an evaluated cost-effectiveness which considers performance, heat rate impacts, utility requirements, and overall ease of integration. The selected technology for the SJGS will be based on the above criteria; the results of the evaluation will be documented in an Evaluation Memo.

In addition, as the FEED study progresses the engineering studies and deliverables defined in Section 5.3.2 will be reviewed by the project participants with a focus on maintaining capture performance and minimalizing impacts to the base facility’s efficiency.
4.2.3 Evaluating Environmental Health & Safety

As discussed in detail in Section 4.1.2, the FEED study includes an Environmental, Permitting, and Regulatory Review, which will investigate and quantify the environmental impacts, as well as a HAZOP study, which identifies hazards that could result in damage to equipment, personnel safety, or impacts to the environment. Any concerns identified in the HAZOP will be addressed by implementing safeguards into the process to mitigate the potential for the hazard to occur.

As part of the Environmental, Permitting, and Regulatory Review the current regulatory statutes applicable to the facility will be reviewed and all necessary permits or permit modifications required for an existing facility such as SJGS to install and operate CO₂ capture will be identified. Emission rates will also be determined and any modifications required to minimize impacts to the local ambient air conditions will be addressed.

A spill plan will also be developed to understand the best methods to mitigate and curb a potentially hazardous spill for any solvents or chemicals used on site. Finally, a constructability review will be performed during the FEED study to review and identify critical construction access and sequencing.

4.2.4 Statement of Project Objectives & Deliverables

Details of the statement of project objectives (SOPO) along with the deliverables that will be provided to the DOE during the project are included in Section 5.

4.2.5 Project Management Plan

A detailed project management plan has been developed according to the requirements laid out by the DOE and can be found attached to this proposal.
4.3 **MERIT REVIEW CRITERION 3: TECHNICAL AND MANAGEMENT CAPABILITIES (40%)**

4.3.1 **Project Team and Organization**

The proposed project organization is shown in Figure 4-1. The roles and key people for each organization are discussed in Section 8.0. The qualifications for each organization are summarized below.

**Figure 4-1: Project Organization Chart**

Enchant Energy owns the right to acquire SJGS from its current owners and will be the prime awardee for the project. As such, Enchant Energy will manage the project coordination and project reporting to the DOE, as well as manage a team of highly qualified vendors and participants to complete the proposed project and achieve the objectives outlined in Section 3.

Sargent & Lundy LLC (S&L) has provided comprehensive services for complex power generation and power transmission projects for over 125 years. As a top-ranked design firm in the U.S., S&L has an established track record of accomplishments, including the design of over 900 power plants, totaling more than 139,000 MW, for clients in the public and private sectors worldwide. In addition, S&L is an industry leader in all types of environmental retrofit projects, including advanced technologies such as carbon capture. S&L has also been involved with retrofit and other engineering projects at the SJGS.
Additionally, S&L is an industry leader in carbon capture project FEED studies and implementation. S&L has extensive experience conducting technical evaluations for carbon capture projects over the last decade, as well as performing several FEED studies for clients where they performed the preliminary system engineering, project layout, preliminary design and cost estimates. Among the most notable FEED studies conducted by S&L was the Petra Nova Carbon Capture Project, which was awarded the Best Project of Merit award from Engineering News Record (ENR). S&L’s work on the Petra Nova project included multiple FEED studies, design, and integration of a slipstream carbon capture unit onto NRG’s 240 MW equivalent (MWe) W.A. Parish Unit 8. This collective experience makes S&L ideally suited to support this project.

In 2004 the Illinois Institute of Technology (IIT) took a leadership role in establishing the Energy and Sustainability Institute (ESI), building on the university’s reputation for more than six decades as a leader in energy research and education. In 2008, IIT benefactor and trustee Ralph Wanger provided funding to further enhance the scope of energy and sustainability research activities at IIT, formerly under the auspices of ESI, under the renamed Wanger Institute for Sustainable Energy Research (WISER). WISER serves to enhance and promote research, education, and outreach activities at IIT that are related to energy and sustainability. WISER’s research objective is aimed at fighting climate change, which requires a focus on energy efficiency and gradual movement toward decarbonization of energy.

Acme Equities LLC (Acme) is an energy focused investment firm based in New York, NY with four partners who have been investing in energy projects for over 30 years and have been responsible for over $5 billion of cumulative investments in the energy sector. Acme will use their considerable experience to
develop a business model for this project to evaluate if installing commercial CO₂ capture at an existing coal-fired facility is cost-effective.

Navigant Consulting, Inc. (Navigant) has in depth experience in the southwest power markets, including detailed experience in studying the economic and operational performance of a number of coal plants in the region. Navigant has recently completed studies which included dispatch and market analysis and comparison of plant operations and economic performance relative to the southwest power market. In addition, Navigant has robust data on operating costs performance and characteristics for power plants like SJGS. Navigant’s experience makes them ideally suited to developing operating and maintenance (O&M) costs and performance for the plant, as well as for identifying areas where efficiency improvements or operational optimizations may be possible.

E.J.M. In progress

Tenaska In progress

4.3.2 Host Generation Unit for the FEED Study

Enchant Energy owns the right to acquire SJGS from its current owners effective upon the expiration of its existing coal contract on 6/30/2022. This is documented in an agreement with the City of Farmington, who is a partial owner of the SJGS. Furthermore, the City of Farmington is supporting this project on behalf of the SJGS and has committed to participate in this project as documented in their Letter of Commitment.
The SJGS is located in Waterflow, NM and has two operating coal-fired utility boilers, Unit 1 and Unit 4, and two recently retired units, Units 2 and 3. The station is supplied with coal from the nearby San Juan mine. Both operating units are currently equipped with state of the art environmental controls which meet or exceed government permitted levels of emissions for nitrogen oxide (NO\textsubscript{x}), sulfur dioxide (SO\textsubscript{2}), particulate matter (PM) and mercury (Hg) making the unit carbon capture-ready from an emissions standpoint.

The major balance of plant (BOP) considerations for amine-based CO\textsubscript{2} capture are the availability of steam, power, footprint, and cooling water. For the SJGS, steam and power can be supplied by the base units, resulting in a reduction in net power generation. With the recent retirement of Units 2 and 3, this provides the station with the flexibility to remove these two units to create the necessary footprint for the CO\textsubscript{2} capture plant adjacent to the operating plants, if necessary. In addition, there is the potential to use the recently retired Unit 2 and 3 cooling systems to provide cooling water for the CO\textsubscript{2} capture plant as well as other auxiliary systems (e.g. waste water treatment), if applicable.

As a partial owner of the SJGS, the City of Farmington will provide access to the plant and any necessary data or operating information that will be needed to complete this study.
5. STATEMENT OF PROJECT OBJECTIVES

5.1 OBJECTIVES

Enchant Energy owns the right to acquire SJGC from its current owners effective upon the expiration of its existing coal contract on 6/30/2022. Upon taking control of the 847 MW coal-fired power plant located in New Mexico, Enchant Energy plans to retrofit the plant with a Carbon Capture Utilization and Storage ("CCUS") system in order to transform the plant into the lowest emissions fully reliable power plant in the Western United States when it reopens at completion of project construction in the 2023-2024 time frame. When completed the CO₂ emissions will decrease from approximately 6,578,000 tons per year to approximately 658,000 tons per year which reflects an estimated 90% decrease in the San Juan Generating Station CO₂ emissions over the next decade.

The purpose of this study is to 1) select the most effective technology to utilize for carbon capture, 2) complete a FEED study based on the most effective technology for SJGS to generate a LCOE for CCUS on an existing plant, and 3) to determine that the host electric generating station can be made economically viable to extend the life of the existing coal-fired power plant through the installation of CCUS.

5.2 SCOPE OF WORK

To undertake this study, Enchant Energy has assembled a team of leading engineering and consulting firms to support the three tasks devoted to each aspect of this project. The scope of work to be conducted as part of this study has been divided into various individual subtasks of work to aid in the execution of the overall project goals.
5.3 TASKS TO BE PERFORMED

5.3.1 Task 1.0 – Project Management and Planning

The Recipient shall manage and direct the project in accordance with this Statement of Project Objectives (SOPO) and the Project Management Plan (PMP) to meet the project’s technical, schedule, and budget objectives and requirements. The Recipient shall manage, coordinate, and report on the technical scope, budget, risk, requirements of the National Environmental Policy Act (NEPA), and schedule consistent with a task-oriented work breakdown structure (WBS) to effectively accomplish the project. The Recipient shall ensure that project plans, results, and decisions are appropriately documented, and project reporting and briefing requirements are satisfied.

The Recipient will work with the DOE Contract Specialist (CS) and Project Officer (PO) to make revisions to the award and its associated documentation when necessary.

This task also includes all work elements required to maintain and revise the PMP, and to manage and report on activities in accordance with the PMP. The Recipient will revise the PMP by including details from the negotiation process and through consultation with the PO.

The Recipient shall manage and direct the project in accordance with the PMP to meet all technical, schedule and budget objectives and requirements. The Recipient shall coordinate activities in order to effectively accomplish the work and ensure that project plans, results, and decisions are appropriately documented, and project reporting and briefing requirements are satisfied.
The PMP is to be developed per the National Energy Technology Laboratory (NETL) guidelines, amended to reflect any negotiated changes to the original plan, and provided to the PO within the first 30 days of the award for review and approval. The PMP shall be updated throughout the project to track technical, schedule, and budget status in coordination with the PO such that it accurately reflects the status of the project. Examples of when it may be appropriate to update the Project Management Plan include: (a) project management policy and procedural changes; (b) changes to the technical, cost, and/or schedule baseline for the project; (c) significant changes in scope, methods, or approaches; or (d) as otherwise required to ensure that the plan is the appropriate governing document for the work required to accomplish the project objectives. Management of project risks shall occur in accordance with the risk management methodology delineated in the PMP in order to identify, assess, monitor, and mitigate technical uncertainties as well as schedule, budgetary and environmental risks associated with all aspects of the project. The results and status of the risk management process shall be presented during project reviews and in Progress Reports with emphasis placed on the medium- and high-risk items.

Results of internal review and advisory committee meetings to discuss the status of all aspects within the PMP will be provided to the PO in the next Progress Report. Any known deviations to the SOPO, schedule, or budget will be communicated directly to the PO in an email immediately upon determination. The “Project Timeline” in the PMP lists the tasks to be performed and their respective time frames. Using this schedule, the degree of progress under each task will be updated in the Progress Reports.
5.3.2 Task 2.0 – Front-End Engineering & Design Study

The purpose of the FEED study is to complete engineering and design work to support developing a detailed cost estimate for the cost of retrofitting CO₂ capture at SJGS. As part of the overall FEED study, multiple design studies will be performed based on project-specific details in preparation for developing engineering deliverables. These studies will help define the scope of the retrofit project, based on project-specific decisions, technology-specific performance, site-specific requirements, and client-specific needs. Once the scope has been defined, detailed design will commence for the integration of the CO₂ capture system with the existing facility as well as the design of the CO₂ capture island itself. Various design and engineering deliverables will be developed which will help define commodity quantities, equipment specifications, and construction requirements to execute the project. These FEED study deliverables will be prepared with the intent to develop an overall project capital cost estimate within a ±15% accuracy, requiring approximately 30-75% project definition completed.

5.3.2.1 Subtask 2.1 – Process Engineering

The first step of this project will be to solicit proposals for commercially available CO₂ capture technologies for SJGS.

Technology Selection

As the goal of this project is to develop an economically viable and competitive CO₂ capture solution for SJGS, only commercially available amine-based technologies will be evaluated. Commercially available technologies are processes that have a TRL of 8 or 9. For coal-fired applications, amine-based absorption
and stripping is the most widely proven technology; therefore the following technologies will be considered, at a minimum:

a. Fluor – Econamine FG Plus™
b. Mitsubishi Heavy Industries (MHI) – KM-CDR Process® with KS-1™ solvent
c. Shell – Cansolv

S&L and IIT will collectively review all potential commercial technologies and suppliers and determine those that could be the most effective solution for SJGS. A Technology Selection Memo will be developed to document the results of the evaluation.

**Process Engineering and Design**

The basis of the process design will be a commercially available amine-based technology. A technical specification will be developed to solicit competitive proposals for the SJGS from the technology suppliers identified in the Technology Selection Memo. The technical specification will specify the design inputs, minimum design criteria, scope of work, and minimum performance requirements.

Proposals will include pricing, performance guarantees, and preliminary process design information which will be used in development of the FEED study deliverables. The received proposals will be evaluated and the most effective technology will be selected for the SJGS based on criteria to be defined during the project; the results of this evaluation will be documented in a Proposal Evaluation Memo. The selected proposal will serve as the basis of the Process Island design.

During the FEED Study, the following overall project process engineering deliverables will be developed based on the technology selected:

- Process Area / Technology Description
5.3.2.2 Subtask 2.2 – Balance of Plant Engineering

This subtask involves the planning, design, and engineering to incorporate the CO₂ capture technology into the existing facility.

Civil Engineering

Civil deliverables including soil load analysis, storm water runoff plans, geologic assessments, and spill containment assessments will be developed as part of the FEED Study.

Structural Engineering

Structural deliverables including foundation design drawings, and structural and architectural drawings (e.g. process equipment/piping structural supports, access gangways/ladders, building enclosures, etc.) will be developed as part of the FEED Study. In addition, material take-offs will be provided as input to the cost estimate.
Mechanical Engineering

Mechanical deliverables including general site plans, 3-D model and/or equipment elevation sections & plan drawings, piping line list (including insulation, heat tracing and materials), piping isometrics, piping layout/routing drawings will be developed as part of the FEED Study.

Electrical Engineering

Electrical deliverables including electrical load lists, one-line diagrams, electrical equipment specifications, cable/cable tray routing drawings, and lighting drawings will be developed as part of the FEED Study.

Instrumentation & Controls Engineering (System Integration)

I&C deliverables including control system architecture specification, instrument/equipment lists and specifications, loop drawings, and communications infrastructure specifications will be developed as part of the FEED Study.

Fire Protection Engineering

During the FEED study design specifications and drawings for the fire protection system (e.g. sprinkler, foam, water cannons, etc.) will be developed.

Facilities Engineering

During the FEED study building/security infrastructure plans and a HVAC system study will be developed.
Site Security

During the FEED study a summary of the changes to the site security requirements associated with the installation of the CO₂ capture equipment at SJGS will be developed.

5.3.2.3 Subtask 2.3 – Studies and Investigations

Prior to or in parallel with the engineering deliverables, various studies and investigations will be conducted which will provide key decisions on scope of work or selection of project-specific needs. This subtask will also provide detail on the permitting requirements necessary for the specific project development at SJGS. The following studies will be performed, at a minimum, as part of the input to the overall FEED study.

Feasibility of Coal Plant Life Extension with CCUS

Due to the uniqueness of the project, it must be determined if a life extension of SJGS is possible with CCUS. As part of this analysis, the team will develop financial modeling of the plant operating costs after the CCUS retrofit. The regional electricity market will be evaluated for the potential of power purchase agreements (PPAs). In addition, the project’s ability to be financed will be reviewed.

Steam and Electric Sourcing Study

This study will be conducted to determine how steam will be extracted by the base facility or via a new steam production system (i.e. auxiliary boiler, combined heat and power, etc.). In addition, the study will determine the best method for providing the large electrical loads necessary to power a CO₂ capture and compression system.
Water Supply Study

CO₂ capture systems can require large demands of water for cooling as well as smaller streams for makeup water. This study will explore various options to source the water demands of the facility.

Water and Wastewater Treatment Study

CO₂ capture equipment is expected to result in blowdown streams of liquids that contain contaminants. This study will review the options for water treatment on-site with the intent to reuse as much of the process water as possible. This study will also determine how to source the water quality required for the process or select a water treatment system to provide the quality needed. The team intends to determine if existing equipment has sufficient margin to support the project due to recent unit retirements at SJGS.

Cooling Water Options Study

CO₂ capture systems often have very high heat rejection needs, which would require large cooling systems. This study will review the potential options for cooling water sourcing, whether from closed loop evaporative cooling, once-through cooling, or dry cooling. The team intends to determine if existing equipment has sufficient margin to support the project due to recent unit retirements at SJGS.

Environmental, Permitting, and Regulatory Review

A major portion of the feasibility review for this project is based on the current regulatory statutes applicable to the facility. This study will include the necessary review of permits required for an existing facility such as SJGS to install and operate CO₂ capture. In addition, emissions calculations (air and water) and waste disposal estimates (solid and hazardous) will be estimated.
CAUSE AND EFFECT DIAGRAMS

As an initial understanding of potential system risks, a cause and effect diagram will be developed for the CO2 capture island. This diagram will be used to visualize potential causes of problems at each step within the CO2 capture process or integration and subsequent effect it may have. The deliverable will be a Ishikawa or “fishbone” type diagram.

COMPRESSOR SYSTEM OVERPRESSURE RELIEF STUDY

CO2 compression systems require multiple stages of high compression ratios to achieve pipeline conditions. This study will review the need for overpressure relief locations long the compression path, along with where the relief vents will be safely routed.

HAZOP REVIEW

A hazard and operability study (HAZOP) will be performed during the project execution for the CO2 capture system. The HAZOP review includes an in-depth examination of each piece of the new system, to identify and evaluate any process or equipment risks. Recommendations for changes to the system design or operation will be made based on the HAZOP findings.

BASIC CONTRACTING AND PURCHASING STRATEGY

This study will review the various contracting and purchasing options for procuring a new process system. Benefits and drawbacks to various contracting approaches will be evaluated.

LOGISTICS

Project logistics will be reviewed as part of the FEED study, which includes the integration and tie-in outage logistics, process, operating, and controls logistics, and operating and maintenance logistics.
Constructability Review

A constructability review will be performed during the FEED study to review and identify the construction access, lay-down areas, and sequencing of construction work.

Project DOR

A detailed division of responsibility will be developed for the execution of the project to define where scope breaks are expected during construction and contracting.

Estimated Project Schedule

A detailed project schedule will be developed to aid in the overall construction timeline and costs associated with the contractors.

5.3.2.4 Subtask 2.4 – Cost Estimating

The objective of this study is to develop an overall project capital cost estimate within a +/-15% accuracy. As part of the overall project estimate, capital costs will be developed along with operating and maintenance costs. Together, the costs will be used to develop an overall cost of capture.

Project Capital Cost Estimate (+/- 15%)

Engineering will be completed to develop commodities and equipment pricing for the CO₂ capture island and BOP systems. Equipment quotes from system and equipment suppliers will be received as necessary. Installation and construction costs will also be developed based on site-specific labor rates and project-specific considerations.
Operating and Maintenance Costs

Operating and maintenance (O&M) costs will be calculated based on consumption rates and waste production rates. Existing facility unit costs will be used where appropriate.

Cost of Capture

The "overnight" project capital cost will be annualized based on interest rates and equipment life. Together with the annual O&M cost, a total annual cost will be provided for the project. The overall cost of capture ($/ton) will be calculated based on CO₂ removed on an annual basis.

5.3.3 Task 3.0 – Final Reporting

At the conclusion of the FEED study, a final report will be assembled, as a comprehensive and consolidated document. This document will summarize the results of the study and make recommendations for future project development. This document will serve as a non-proprietary summary of the FEED study tasks and deliverables.

5.4 Deliverables

The periodic and final reports will be submitted in accordance with the attached “Federal Assistance Reporting Checklist” and the instructions accompanying the checklist. In addition to the reports specified in the “Federal Assistance Reporting Checklist”, the Recipient will provide the following to the NETL Project Officer:

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<th>Task/Subtask</th>
<th>Deliverable Title</th>
<th>Due Date</th>
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**5.5 Briefings/Technical Presentations**

The Recipient shall prepare detailed briefings for presentation to the Project Officer at the Project Officer’s facility located in Pittsburgh, PA, or Morgantown, WV. The Recipient shall make a presentation to the NETL Program Manager at a project kick-off meeting held within ninety (90) days of the project start date. At a minimum, annual briefings shall also be given by the Recipient to explain the plans, progress, and results of the technical effort and a final project briefing at the close of the project shall also be given. The Recipient will provide and present a technical paper at the DOE/NETL Annual Contractor’s CO₂ Capture Review Meeting to be held at a location (typically August in Pittsburgh, PA) designated by the Project Officer. Additionally, the Recipient may present project results at least at one other National Conference each year, provided project funds are available and as approved by the Project Officer.
6. **RELEVANCE AND OUTCOMES/IMPACTS**

The goals of this project extend beyond just developing the cost to implement a CCUS facility at SJGS, but also in evaluating whether an installation would be cost-effective, economically viable, and a suitable solution to extend the life of an existing coal-fired facility by means of incorporating CCUS.

The Public Service Company of New Mexico (PNM) had originally planned to keep SJGS Units 1 and 4 open through 2053; however, an announcement in 2017 stated that PNM would close these units in 2022. The SJGS provides power to an estimated two million customers in the southwest United States. The closure is expected to have a severe economic impact on San Juan County and the City of Farmington. It is projected that would potentially lose $34M of investment in the power plant and may have to spend $97M to replace the energy it currently gets from SJGS. In addition, it is estimated that closing the SJGS will cost the state $163 million each year in tax revenue and would lead to the loss of more than 600 jobs at SJGS and the San Juan mine.

As a partial owner in SJGS, the City of Farmington has a partnership agreement between the owners that states the City Farmington can acquire their shares at zero cost. In turn, as discussed previously in this proposal, Enchant Energy has the right to acquire SJGS on 6/30/2022 from the City of Farmington.

Enchant Energy’s intention is to move forward into final detailed design, procurement, and installation upon completion of the FEED study should the results of this study show the project to be feasible and economically viable. This could have a significant impact on the local community by sustaining jobs and revenue in the local community.
7. **ROLES OF PARTICIPANTS**

The proposed organization chart is provided in Section 4.3, Figure 4-1. The qualifications for each of the proposed participants are also provided in Section 4.3. The following section summarizes the role of each of the proposed participants for this project.

7.1.1 **Enchant Energy Corporation**

Enchant Energy will be the prime awardee and principal investigator. Enchant Energy will manage the project coordination and project reporting to the DOE, as well as manage a team of highly qualified vendors and participants to complete the proposed project.

7.1.2 **City of Farmington**

The City of Farmington is currently a partial owner of SJGS, and will be a subawardee for this project. The City of Farmington will provide access to the host site and any necessary data or operating information that will be needed to complete this study.

7.1.3 **Sargent and Lundy**

Sargent & Lundy will be a vendor, hired by Enchant Energy, their role on the project will be to provide commercial engineering services for the FEED study. S&L will perform the technology selection in conjunction with IIT, and will complete all conceptual, preliminary, and detailed engineering as defined in Subtasks 2.1 and 2.2. S&L will also take the lead on all engineering-related studies defined in Subtask 2.3. S&L will also coordinate the capital cost estimate defined in Subtask 2.4 and will support the development of the O&M cost estimate and cost of capture to be performed by Acme and Navigant.
7.1.4 WISER Institute at Illinois Institute of Technology

IIT will be a vendor, hired by Enchant Energy, their role on the project will be to provide technical expertise and oversight to support the technology selection and process engineering defined in Subtask 2.1. IIT will work in conjunction with S&L to complete the technology selection and will participate in process engineering by providing technical review of the process engineering deliverables as well as identifying areas where efficiency improvements may be possible.

7.1.5 Acme Equities

Acme will be a vendor, hired by Enchant Energy, their role on the project will be to provide economic and contracting evaluations. Acme will be the lead on developing the Feasibility of Coal Plant Life Extension with CCUS Study, described in Subtask 2.3. As part of this study, Acme will use their considerable experience to develop a business model for this project to evaluate if installing commercial CO₂ capture at an existing coal-fired facility is cost-effective. In addition, Acme will provide input into the Basic Contracting and Purchasing Strategy Study included in Subtask 2.3. Included in this support will be an evaluation of potential funding sources to develop an economically viable project.

7.1.6 Navigant Consulting

Navigant will be a vendor, hired by Enchant Energy, their role on the project will be to develop O&M cost estimates and provide general support. Navigant will take the lead on developing the O&M Cost Estimates and Cost of Capture analysis defined in Subtask 2.4. In addition, Navigant will provide input to the Feasibility of Coal Plant Life Extension with CCUS and Basic Contracting and Purchasing Strategy studies included in Subtask 2.3.
7.1.7 Tenaska

7.1.8 E.J.M.
8. **Multiple Principal Investigators**

8.1 **Contact PI/Project Coordinator**

In progress

8.2 **Coordination and Management Plan**

8.2.1 Process for Making Decisions on Scientific/Technical Direction

In progress

8.2.2 Publications

In progress

8.2.3 Intellectual Property Issues

In progress

8.2.4 Communication Plans

In progress

8.2.5 Procedures for Resolving Conflicts

In progress

8.2.6 PI's Roles and Administrative, Technical, and Scientific Responsibilities for the Project

In progress
FACILITIES AND OTHER RESOURCES APPENDIX
In progress
EQUIPMENT APPENDIX
In progress
CURRENT AND PENDING SUPPORT APPENDIX
AOI 1: FEED Studies for Retrofitting Existing, Domestic, Coal Power Plants with Carbon Capture

In progress
IDENTIFICATION OF POTENTIAL CONFLICTS OF INTEREST OR BIAS OF REVIEWERS APPENDIX
Collaborators or co-authors a research project, book or book article, report, abstract, or paper during the 48 months preceding the submission of this application

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Co-editors on a special issue of a journal, compendium, or conference proceedings during the 24 months preceding the submission of this application

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Graduate and Postdoctoral Advisors and Advisees (Last Five Years)

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Graduate Students and Postdoctoral Associates

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BIBLIOGRAPHY APPENDIX
AOI 1: **FEED Studies for Retrofitting Existing, Domestic, Coal Power Plants with Carbon Capture**

In progress
VENDOR QUALIFICATION SHEET APPENDIX
AOI 1: FEED Studies for Retrofitting Existing, Domestic, Coal Power Plants with Carbon Capture

{Format for the sheets TBD depending on level of detail in content}

**Vendor Qualification Sheet 1**

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<tbody>
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<td>1.</td>
<td>Name and Address</td>
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<td>Years in business</td>
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<td>3.</td>
<td>Number of employees</td>
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<td>4.</td>
<td>Key personnel proposed for this project (resumes included above)</td>
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<td>5.</td>
<td>Company certifications and standards as related to this project</td>
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<td>6.</td>
<td>Scope of work assigned referencing task/subtask numbers</td>
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<td>7.</td>
<td>Summary of the pertinent qualifications with respect to the scope of work assigned in the proposed project</td>
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<tr>
<td>8.</td>
<td>Identify and provide an overview of recent projects (no more than 5) in which similar effort was conducted</td>
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## Vendor Qualification Sheet 2

1. **Name and Address**

2. **Years in business**

3. **Number of employees**

4. **Key personnel proposed for this project (resumes included above)**

5. **Company certifications and standards as related to this project**

6. **Scope of work assigned referencing task/subtask numbers**

7. **Summary of the pertinent qualifications with respect to the scope of work assigned in the proposed project**

8. **Identify and provide an overview of recent projects (no more than 5) in which similar effort was conducted**

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Vendor Qualification Sheet – **name**

1. Name and Address

2. Years in business

3. Number of employees

4. Key personnel proposed for this project (resumes included above)

5. Company certifications and standards as related to this project

6. Scope of work assigned referencing task/subtask numbers

7. Summary of the pertinent qualifications with respect to the scope of work assigned in the proposed project

8. Identify and provide an overview of recent projects (no more than 5) in which similar effort was conducted
Vendor Qualification Sheet – name

1. Name and Address

2. Years in business

3. Number of employees

4. Key personnel proposed for this project (resumes included above)

5. Company certifications and standards as related to this project

6. Scope of work assigned referencing task/subtask numbers

7. Summary of the pertinent qualifications with respect to the scope of work assigned in the proposed project

8. Identify and provide an overview of recent projects (no more than 5) in which similar effort was conducted
Facilities, Resources and Equipment at Sample Corporation

Sample Corporation serves private industry and government by providing process engineering, chemical engineering, research and development, and other specialized technical services. Their resources include their employees and network of trusted associates from the industries they serve.

Sample’s 18 employees (17 are chemical engineers) and several part-time senior associates provide chemical-process-related services to industry and government. Although research and development (R&D) work funded by government is a core business area, Sample performs engineering and consulting in a variety of other industry areas. These include natural gas treating and processing, refinery and petrochemical processes, CO₂ processing for sequestration and enhanced oil recovery, and bio-refining processes.

Sample provides engineering support for R&D projects, including clients at the Department of Energy.

Resources relevant to the current project include standard office equipment such as personal computers and associated software (including specific chemical engineering software as needed).
**Project/Performance Site Location(s)**

**Project/Performance Site Primary Location**
- I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

<table>
<thead>
<tr>
<th><strong>Organization Name:</strong></th>
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<tr>
<td><strong>DUNS Number:</strong></td>
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<td><strong>Street1:</strong></td>
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<td><strong>Street2:</strong></td>
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<td><strong>City:</strong></td>
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<tr>
<td><strong>Country:</strong></td>
<td>USA: UNITED STATES</td>
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<td><strong>ZIP / Postal Code:</strong></td>
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</table>

**Project/Performance Site Location 1**
- I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

<table>
<thead>
<tr>
<th><strong>Organization Name:</strong></th>
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<tbody>
<tr>
<td><strong>DUNS Number:</strong></td>
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<td><strong>Street1:</strong></td>
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<td><strong>Street2:</strong></td>
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<td><strong>Country:</strong></td>
<td>USA: UNITED STATES</td>
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<tr>
<td><strong>ZIP / Postal Code:</strong></td>
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</table>

**Additional Location(s)**

- Add Attachment
- Delete Attachment
- View Attachment
U.S. DEPARTMENT OF ENERGY

ENVIRONMENTAL QUESTIONNAIRE

I. INSTRUCTIONS

The proposer shall prepare this Environmental Questionnaire (EQ) as accurately and completely as possible. Supporting information can be provided as attachments. The proposer must identify the location of the project and specifically describe the activities that would occur at that location. The proposer must provide specific information and quantities, regarding air emissions, wastewater discharges, solid wastes, etc., to facilitate the necessary review. In addition, the proposer must submit with this EQ a FINAL copy of the project’s statement of work (SOW) or statement of project objective (SOPO) that will be used in the contract/agreement between the proposer and the U.S Department of Energy (DOE).

II. QUESTIONNAIRE

A. PROJECT SUMMARY

1. Solicitation/Project Number: DE-FE0031587 (MTR 380)  
   Proposer: Membrane Technology and Research, Inc.

2. This Environmental Questionnaire pertains to a: 
   □ Recipient or Prime Contractor  
   X Sub-recipient or Subcontractor

3. Principal Investigator: Brice Freeman  
   Telephone Number: 650-543-4698

4. Project Title: Large Pilot-Scale Testing of MTR Membrane Post-Combustion CO2 Capture Process

5. Expected Project Duration: Phase II: August 1, 2019 – November 30, 2020

6. Location of Activities covered by this Environmental Questionnaire: (City/Township, County, State):

7. List the full scope of activities planned (only for the location that is the subject of this Environmental Questionnaire).

8. List all other locations where work would be performed by the primary contractor of the project and subcontractor(s). Each of the following must have an individual Environmental Questionnaire.

<table>
<thead>
<tr>
<th>Subcontractor or sub-recipient</th>
<th>Location of activities for this project</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
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</tbody>
</table>

9. Identify and select the checkbox with the predominant project work activities under Group A, B, or C

   Group A

   □ Routine administrative, procurement, training, and personnel actions. Contract activities/awards for management support, financial assistance, and technical services in support of agency business, programs, projects, and goals. Literature searches and information gathering, material inventories, property surveys; data analysis, computer modeling, analytical reviews, technical summary, conceptual design, feasibility studies, document preparation, data dissemination, and paper studies. Technical assistance including financial planning, assistance, classroom training, public meetings, management training, survey participation, academic contribution, technical consultation, and stakeholders surveys. Workshop and conference planning, preparation, and implementation which may involve promoting energy efficiency, renewable energy, and energy conservation.

STOP! If all work activities related to this project can be classified and described within categories under Group A, proceed directly to Section III CERTIFICATION BY PROPOSER. No additional information is required. If project work activities are described in either Group(s) B or C; then continue filling out questionnaire.
U.S. DEPARTMENT OF ENERGY

ENVIRONMENTAL QUESTIONNAIRE

Group B

☐ Laboratory Scale Research, Bench Scale Research, Pilot Scale Research, Proof-of-Concept Scale Research, or Field Test Research. Work DOES NOT involve new building/facilities construction and site excavation/groundbreaking activities. This work typically involves routine operation of existing laboratories, commercial buildings/properties, offices and homes, project test facilities, factories/power plants, vehicles test stands and components, refueling facilities, utility systems, or other existing structures/facilities. Work will NOT involve major change in facilities missions and operations, land use planning, new/modified regulatory/operating permit requirements. Includes work specific to routine DOE Site operations and Lab research work activities, but NOT building construction and site preparation. DOE work typically involves laboratory facilities and lab equipment operations, buildings and grounds management activities; and buildings and facilities maintenance, repairs, reconfiguration, remodeling, equipment use and replacement.

Group C

☐ Pilot Test Facilities Construction, Pilot Scale Research, Field Scale Demonstration, or Commercial Scale Application. Work typically involves facility construction, site preparation/excavation/groundbreaking, and/or demolition. This work would include construction, retrofit, replacement, and/or major modifications of laboratories, test facilities, energy system prototypes, and power generation infrastructure. Work may also involve construction and maintenance of utilities system right-of-ways, roads, vehicle test facilities, commercial buildings/properties, fuel refinery/mixing facilities, refueling facility, power plants, underground wells, and pipelines, and other types of energy research related facilities. This work may require new or modified regulatory permits, environmental sampling and monitoring requirements, master planning, public involvement, and environmental impact review. Includes work specific to DOE Site Operations and Lab operation activities involving building and facilities construction, replacement, decommissioning/demolition, site preparation, land use changes, or change in research facilities mission or operations.

B. PROPOSED PROJECT ALTERNATIVES

1. If applicable, list any project alternatives considered to achieve the project objectives.

C. PROJECT LOCATION

1. Provide a brief description of the project location (physical location, surrounding area, adjacent structures).

2. Attach a project site location map of the project work area.

D. ENVIRONMENTAL IMPACTS

NEPA procedures require evaluations of possible effects (including land use, energy resource use, natural, historic and cultural resources, and pollutants) from proposed projects on the environment.

1. Land Use

a. Characterize present land use where the proposed project would be located.

☐ Urban  ☐ Industrial  ☐ Commercial  ☐ Agricultural
☐ Suburban  ☐ Rural  ☐ Residential  ☐ Research Facilities
☐ Forest  ☐ University Campus  ☐ Other: ____________________________

b. Identify the total size of the facility, structure, or system and what portion would be used for the proposed project.
c. Describe planned construction, installation, and/or demolition activities, i.e., roads, utilities system right-of-ways, parking lots, buildings, laboratories, storage tanks, fueling facilities, underground wells, pipelines, or other structures.
   □ No construction would be anticipated for this project.

d. Describe how land use would be affected by operational activities associated with the proposed project.
   □ No land areas would be affected.

e. Describe any plans to reclaim areas that would be affected by the proposed project.
   □ No land areas would be affected.

f. Would the proposed project affect any unique or unusual landforms (e.g., cliffs, waterfalls, etc.)?
   □ No □ Yes (describe)

g. Would the proposed project be located in or near local, state, or federal parks; forests; monuments; scenic waterways; wilderness; recreation facilities; or tribal lands?
   □ No □ Yes (describe)

2. Construction Activities and/or Operation

a. Identify project structure(s), power line(s), pipeline(s), utilities system(s), right-of-way(s) or road(s) that will be constructed and clearly mark them on a project site map or topographic map as appropriate.
   □ None

b. Would the proposed project require the construction of waste pits or settling ponds?
   □ No □ Yes (describe and identify location, and estimate surface area disturbed)

c. Would the proposed project affect any existing body of water?
   □ No □ Yes (describe)

d. Would the proposed project impact a floodplain or wetland?
   □ No □ Yes (describe)

e. Would the proposed project potentially cause runoff/sedimentation/erosion?
   □ No □ Yes (describe)

f. Would the proposed project include activities located on perma-frost, near fault zones, or involve fracturing, well drilling, geologic stimulation, sequestration, active seismic data collection, and/or deepwater operations?
   □ No □ Yes (describe)
U.S. DEPARTMENT OF ENERGY
ENVIRONMENTAL QUESTIONNAIRE

g. Would the proposed project involve any of the following: nanotechnology; recombinant DNA or genetic engineering; facility decommissioning or disposition of equipment/materials; or management of radioactive wastes/materials?
   □ No
   □ Yes (describe)

3. Biological Resources

a. Identify any State or Federally listed endangered or threatened plant or animal species potentially affected by the proposed project.
   □ None

b. Would any designated critical habitat be affected by the proposed project?
   □ No
   □ Yes (describe)

c. Describe any impacts that construction would have on any other types of sensitive or unique habitats.
   □ No planned construction
   □ No habitats
   □ None
   □ Impact (describe)

d. Would any foreign substances/materials be introduced into ground or surface waters, soil, or other earth/geologic resource because of project activities? How would these foreign substances/materials affect the water, soil, biota, and geologic resources?
   □ No
   □ Yes (describe)

e. Would any migratory animal corridors be impacted or disrupted by the proposed project?
   □ No
   □ Yes (describe)

4. Socioeconomic and Infrastructure Conditions

a. Would local socio-economic changes result from the proposed project?
   □ No
   □ Yes (describe)

b. Would the proposed project generate increased traffic use of roads through local neighborhoods, urban or rural areas?
   □ No
   □ Yes (describe)

c. Would the proposed project require new transportation access (roads, rail, etc.)? Describe location, impacts, costs.
   □ No
   □ Yes (describe)

d. Would the proposed project create a significant increase in local energy usage?
   □ No
   □ Yes (describe)

5. Historical/Cultural Resources
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ENVIRONMENTAL QUESTIONNAIRE

a. Describe any historical, archaeological, or cultural sites in the vicinity of the proposed project; note any sites included on the National Register of Historic Places.
   □ None

b. Would construction or operational activities planned under the proposed project disturb any historical, archaeological, or cultural sites?
   □ No planned construction □ No historic sites □ Yes (describe) □ No Impact (discuss)

c. Has the State Historic Preservation Office been contacted with regard to this project?
   □ No □ Yes (describe)

d. Would the proposed project interfere with visual resources (e.g., eliminate scenic views) or alter the present landscape?
   □ No □ Yes (describe)

e. Would the proposed project be located on or adjacent to tribal lands, lands considered to be sacred, or lands used for traditional purposes? Describe any known tribal sensitivities for the proposed project area.

6. Atmospheric Conditions/Air Quality

a. Identify air quality conditions in the immediate vicinity of the proposed project with regard to attainment of National Ambient Air Quality Standards (NAAQS). This information is available under the Green Book Non-Attainment Areas for Criteria Pollutants located at http://www.epa.gov/air/oaqs/greenbk/astate.html

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<th>Non-Attainment</th>
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<tr>
<td>O₃ - 8 Hour</td>
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</tr>
<tr>
<td>SO₂</td>
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<td>□</td>
</tr>
<tr>
<td>PM - 2.5</td>
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<td>□</td>
</tr>
<tr>
<td>PM - 10</td>
<td>□</td>
<td>□</td>
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<tr>
<td>Lead</td>
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</tr>
</tbody>
</table>

b. Would proposed project require issuance of new or modified local, state, or federal air permits to perform project related work and activities?
   □ No □ Yes (describe)

c. Would the proposed project be in compliance with local and state air quality requirements?
   □ Yes
   If not, please explain.

d. Would the proposed project be classified as either a New Source or a major modification to an existing source?
e. What types of air emissions, including fugitive emissions, would be anticipated from the proposed project, and what would be the maximum annual rate of emissions for the project?

<table>
<thead>
<tr>
<th>Maximum per Year</th>
<th>Total for Project</th>
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<tbody>
<tr>
<td>SO₂</td>
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<td>CO</td>
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<td>CO₂</td>
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<td>Lead</td>
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<td>H₂S</td>
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<td>Organic solvent vapors or other volatile organic compounds -- List:</td>
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<tr>
<td>Hazardous air pollutants -- List:</td>
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<tr>
<td>Other -- List:</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td></td>
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</tbody>
</table>

f. Would any types of emission control or particulate collection devices be used?
   □ No  □ Yes (describe, including collection efficiencies)

g. How would emissions be vented?

7. Hydrologic Conditions/Water Quality

a. What nearby water bodies may be affected by the proposed project? Provide distance(s) from the project site.

b. What sources would supply potable and process water for the proposed project?
c. Quantify the wastewater that would be generated by the proposed project.

<table>
<thead>
<tr>
<th></th>
<th>Gallons/day</th>
<th>Gallons/year</th>
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<tbody>
<tr>
<td>□ Non-contact cooling water</td>
<td></td>
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<tr>
<td>□ Process water</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Sanitary</td>
<td></td>
<td></td>
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<tr>
<td>□ Other -- describe:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ None</td>
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</tbody>
</table>

d. What would be the major components of each type of wastewater (e.g., coal fines)? □ No wastewater produced

e. Identify the local treatment facility that would receive wastewater from the proposed project.
   □ No discharges to local treatment facility

f. Describe how wastewater would be collected and treated. □ No wastewater produced

g. Would any run-off or leachates be produced from storage piles or waste disposal sites? □ No □ Yes (describe source)

h. Would project require issuance of new or modified water permits to perform project work or site development activities?
   □ No □ Yes (describe)

i. Where would wastewater effluents from the proposed project be discharged? □ No wastewater produced

j. Would the proposed project be permitted to discharge effluents into an existing body of water?
   □ No □ Yes (describe water use and effluent impact)

k. Would a new or modified National Pollutant Discharge Elimination System (NPDES) permit be required?
   □ No □ Yes (describe)

l. Would the proposed project adversely affect the quality or movement of groundwater? □ No □ Yes (describe)

m. Would the proposed project require issuance of an Underground Injection Control (UIC) permit?
   □ No □ Yes (describe)
U.S. DEPARTMENT OF ENERGY
ENVIRONMENTAL QUESTIONNAIRE

n. Would the proposed project be located in or near a wellhead protection area, drinking water protection area, or above a sole source aquifer or underground source of drinking water (USDW)?
   □ No □ Yes (describe)

8. Solid and Hazardous Wastes

a. Identify and estimate wastes that would be generated from the project. Solid wastes are defined as any solid, liquid, semi-solid, or contained gaseous material that is discarded, has served its intended purpose, or is a manufacturing or mining by-product (See EPA Municipal Solid Waste and Municipal Solid Waste by State).

<table>
<thead>
<tr>
<th>Waste Type</th>
<th>Annual Quantity</th>
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</thead>
<tbody>
<tr>
<td>Municipal solid waste (e.g., paper, plastic, etc.)</td>
<td></td>
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<tr>
<td>Coal or coal by-products</td>
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<tr>
<td>Other -- Identify:</td>
<td></td>
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<tr>
<td>Hazardous waste -- Identify:</td>
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<tr>
<td>None</td>
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</tbody>
</table>

b. Would project require issuance of new or modified solid waste and/or hazardous waste related permits to perform project work activities? □ No □ Yes (explain)

c. How and where would solid waste disposal be accomplished?
   □ None generated
   □ On-site (identify and describe location)
   □ Off-site (identify location and describe facility and treatment)

d. How would wastes for disposal be transported?

e. Describe hazardous wastes that would be generated, treated, handled, or stored under this project. Hazardous waste information can be found at EPA Hazardous Waste website. □ None

f. How would hazardous or toxic waste be collected and stored? □ None used or produced

g. If hazardous wastes would require off-site disposal, have arrangements been made with a certified TSD (Treatment, Storage, and Disposal) facility?
   □ Not required □ Arrangements not yet made □ Arrangements made with a certified TSD facility (identify)

9. Health/Safety Factors

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U.S. DEPARTMENT OF ENERGY
ENVIRONMENTAL QUESTIONNAIRE

a. Identify hazardous or toxic materials that would be used in the proposed project.
   □ None □ Hazardous or toxic materials that would be used (identify):

b. Describe the potential impacts of this project's hazardous materials on human health and the environment.
   □ None

c. Would there be any special physical hazards or health risks associated with the project? □ No □ Yes (describe)

d. Does a worker safety program exist at the location of the proposed project? □ No □ Yes (describe)

e. Would additional safety training be necessary for any new laboratory, equipment, or processes involved with the project?
   □ No □ Yes (describe)

f. Describe any increases in ambient noise levels to the public from construction and operational activities.
   □ None □ Increase in ambient noise level (describe)

g. Would project construction result in the removal of natural or other barriers that act as noise screens?
   □ No construction planned □ No □ Yes (describe)

h. Would hearing protection be required for workers? □ No □ Yes (describe)

10. Environmental Restoration and/or Waste Management

a. Would the proposed project include CERCLA removals or similar actions under RCRA or other authorities?
   □ No □ Yes (describe)

b. Would the proposed project include siting, construction, and operation of temporary pilot-scale waste collection and
   treatment facilities or pilot-scale waste stabilization and containment facilities? □ No □ Yes (describe)

c. Would the proposed project involve operations of environmental monitoring and control systems?
   □ No □ Yes (describe)
d. Would the proposed project involve siting, construction, operation, or decommissioning of a facility for storing packaged hazardous waste for 90 days or less?  □ No □ Yes (describe)

E. REGULATORY COMPLIANCE

1. For the following laws, describe any existing permits, new or modified permits, manifests, responsible authorities or agencies, contacts, etc., that would be required for the proposed project

   Describe:

b. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA):
   □ None □ New Required □ Modification Required
   Describe:

c. Toxic Substance Control Act (TSCA):
   □ None □ New Required □ Modification Required
   Describe:

d. Clean Water Act (CWA):
   □ None □ New Required □ Modification Required
   Describe:

e. Underground Storage Tank Control Program (UST):
   □ None □ New Required □ Modification Required
   Describe:

f. Underground Injection Control Program (UIC):
   □ None □ New Required □ Modification Required
   Describe:

g. Clean Air Act (CAA):
   □ None □ New Required □ Modification Required
   Describe:

h. Endangered Species Act (ESA):
   □ None □ New Required □ Modification Required
   Describe:

i. Floodplains and Wetlands Regulations:
   □ None □ New Required □ Modification Required
   Describe:
ENVIRONMENTAL QUESTIONNAIRE

j. Fish and Wildlife Coordination Act (FWCA): □ None □ New Required □ Modification Required
   Describe:

k. National Historic Preservation Act (NHPA): □ None □ New Required □ Modification Required
   Describe:

l. Coastal Zone Management Act (CZMA): □ None □ New Required □ Modification Required
   Describe:

2. Identify any other environmental laws and regulations (Federal, state, and local) for which compliance would be necessary for this project, and describe the permits, manifests, and contacts that would be required.

F. DESCRIBE ANY ISSUES THAT WOULD GENERATE PUBLIC CONTROVERSY REGARDING THE PROPOSED PROJECT. □ None

G. WOULD THE PROPOSED PROJECT PRODUCE ADDITIONAL DEVELOPMENT, OR ARE OTHER MAJOR DEVELOPMENTS PLANNED OR UNDERWAY, IN THE PROJECT AREA?
   □ No □ Yes (describe)

H. SUMMARIZE THE SIGNIFICANT IMPACTS THAT WOULD RESULT FROM THE PROPOSED PROJECT.
   □ None (provide supporting detail) □ Significant impacts (describe)

I. PROVIDE A DESCRIPTION OF HOW THE PROJECT WOULD BE DECOMMISSIONED, INCLUDING THE DISPOSITION OF EQUIPMENT AND MATERIALS.
III. CERTIFICATION BY PROPOSER

I hereby certify that the information provided herein is current, accurate, and complete as of the date shown immediately below.

Signature: ___________________________ Date (mm/dd/yyyy): ______________________

Typed Name: ___________________________

Title: ________________________________

Organization: __________________________

IV. REVIEW AND APPROVAL BY DOE

I hereby certify that I have reviewed the information provided in this questionnaire, have determined that all questions have been appropriately answered, and judge the responses to be consistent with the efforts proposed.

DOE Project Manager

Signature: ___________________________ Date (mm/dd/yyyy): ______________________

Typed Name: ___________________________
Please read the instructions on each worksheet tab before starting. If you have any questions, please ask your DOE contact!

1. If using this form for award application, negotiation, or budget revision, fill out the blank white cells in workbook tabs a. through j. with total project costs. If using this form for invoice submission, fill out tabs a. through j. with total costs for just the proposed invoice and fill out tab k. per the instructions on that tab.
2. Blue colored cells contain instructions, headers, or summary calculations and should not be modified. Only blank white cells should be populated.
3. Enter detailed support for the project costs identified for each Category line item within each worksheet tab to autopopulate the summary tab.
4. The total budget presented on tabs a. through i. must include both Federal (DOE) and Non-Federal (cost share) portions.
5. All costs incurred by the preparer's sub-recipients, vendors, and Federal Research and Development Centers (FFRDCs), should be entered only in section f. Contractual. All other sections are for the costs of the preparer only.
6. Ensure all entered costs are allowable, allocable, and reasonable in accordance with the administrative requirements prescribed in 2 CFR 200, and the applicable cost principles for each entity type: FAR Part 31 for For-Profit entities; and 2 CFR Part 200 Subpart E - Cost Principles for all other non-federal entities.
7. Add rows as needed throughout tabs a. through j. If rows are added, formulas/calculations may need to be adjusted by the preparer. Do not add rows to the Instructions and Summary tab. If your project contains more than three budget periods, consult your DOE contact before adding additional budget period rows or columns.
8. ALL budget period cost categories are rounded to the nearest dollar.

BURDEN DISCLOSURE STATEMENT
Public reporting burden for this collection of information is estimated to average 3 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Office of Information Resources Management Policy, Plans, and Oversight, AD-241-2 - GTN, Paperwork Reduction Project (1910-5162), U.S. Department of Energy, 1000 Independence Avenue, S.W., Washington, DC 20585; and to the Office of Management and Budget, Paperwork Reduction Project (1910-5162), Washington, DC 20503.

### SUMMARY OF BUDGET CATEGORY COSTS PROPOSED
The values in this summary table are from entries made in subsequent tabs, only blank white cells require data entry

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<thead>
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<th>Budget Period 1</th>
<th>Budget Period 2</th>
<th>Budget Period 3</th>
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<th>Cost Share %</th>
<th>Proposed Budget Period Dates</th>
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<tr>
<td>b. Fringe Benefits</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
<td></td>
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<tr>
<td>c. Travel</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
<td></td>
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<tr>
<td>d. Equipment</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
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<tr>
<td>e. Supplies</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
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<tr>
<td>f. Contractual</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
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<tr>
<td>g. Construction</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
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<tr>
<td>h. Other Direct Costs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
<td></td>
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<tr>
<td>Total Direct Costs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>i. Indirect Charges</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Total Costs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
<td></td>
</tr>
</tbody>
</table>

Additional Explanation (as needed):
**INSTRUCTIONS - PLEASE READ!!!**

1. List project costs solely for employees of the entity completing this form. All personnel costs for subrecipients and vendors must be included under f. Contractual.
2. All personnel should be identified by position title and not employee name. Enter the amount of time (e.g., hours or % of time) and the base pay rate and the total direct personnel compensation will automatically calculate. Rate basis (e.g., actual salary, labor distribution report, state civil service rates, etc.) must also be identified.
3. If loaded labor rates are utilized, a description of the costs the loaded rate is comprised of must be included in the Additional Explanation section below. DOE must review all components of the loaded labor rate for reasonableness and unallowable costs (e.g., fee or profit).
4. If a position and hours are attributed to multiple employees (e.g. Technician working 4000 hours) the number of employees for that position title must be identified.
5. Each budget period is rounded to the nearest dollar.

<table>
<thead>
<tr>
<th>SOPO Task #</th>
<th>Position Title</th>
<th>Budget Period 1</th>
<th></th>
<th>Budget Period 2</th>
<th></th>
<th>Budget Period 3</th>
<th></th>
<th>Project Total</th>
<th>Project Total Dollars</th>
<th>Rate Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Time (Hrs)</td>
<td>Pay Rate ($/Hr)</td>
<td>Total Budget Period 1</td>
<td>Time (Hrs)</td>
<td>Pay Rate ($/Hr)</td>
<td>Total Budget Period 2</td>
<td>Time (Hrs)</td>
<td>Pay Rate ($/Hr)</td>
<td>Total Budget Period 3</td>
</tr>
<tr>
<td>1</td>
<td>Sr. Engineer (EXAMPLE!!!)</td>
<td>2000</td>
<td>$85.00</td>
<td>$170,000</td>
<td>200</td>
<td>$50.00</td>
<td>$10,000</td>
<td>200</td>
<td>$50.00</td>
<td>$10,000</td>
</tr>
<tr>
<td>2</td>
<td>Technicians (2)</td>
<td>4000</td>
<td>$20.00</td>
<td>$80,000</td>
<td>0</td>
<td>$0.00</td>
<td>$0</td>
<td>0</td>
<td>$0.00</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Total Personnel Costs:** $0

Additional Explanation (as needed):
### b. Fringe Benefits

**INSTRUCTIONS - PLEASE READ!!!**

1. Fill out the table below by position title. If all employees receive the same fringe benefits, you can show "Total Personnel" in the Labor Type column instead of listing out all position titles.
2. The rates and how they are applied should not be averaged to get one fringe cost percentage. Complex calculations should be described/provided in the Additional Explanation section below.
3. The fringe benefit rates should be applied to all positions, regardless of whether those funds will be supported by Federal Share or Recipient Cost Share.
4. Each budget period is rounded to the nearest dollar.

#### Labor Type Budget Period 1 Budget Period 2 Budget Period 3 Total Project

<table>
<thead>
<tr>
<th>Personnel Costs</th>
<th>Rate</th>
<th>Total</th>
<th>Personnel Costs</th>
<th>Rate</th>
<th>Total</th>
<th>Personnel Costs</th>
<th>Rate</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$170,000</td>
<td>20%</td>
<td>$34,000</td>
<td>$10,000</td>
<td>20%</td>
<td>$2,000</td>
<td>$10,000</td>
<td>20%</td>
<td>$2,000</td>
<td>$38,000</td>
</tr>
<tr>
<td>$0</td>
<td></td>
<td></td>
<td>$0</td>
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<td>$0</td>
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<td>$0</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
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<td><strong>0</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

A federally approved fringe benefit rate agreement, or a proposed rate supported and agreed upon by DOE for estimating purposes is required at the time of award negotiation if reimbursement for fringe benefits is requested. Please check (X) one of the options below and provide the requested information if not previously submitted.

___ A fringe benefit rate has been negotiated with, or approved by, a federal government agency. A copy of the latest rate agreement is/was included with the project application.*

___ There is not a current federally approved rate agreement negotiated and available.**

*Unless the organization has submitted an indirect rate proposal which encompasses the fringe pool of costs, please provide the organization's benefit package and/or a list of the components/elements that comprise the fringe pool and the cost or percentage of each component/element allocated to the labor costs identified in the Budget Justification.

**When this option is checked, the entity preparing this form shall submit an indirect rate proposal in the format provided in the Sample Rate Proposal at [http://www1.eere.energy.gov/financing/resources.html](http://www1.eere.energy.gov/financing/resources.html), or a format that provides the same level of information and which will support the rates being proposed for use in the performance of the proposed project.

Additional Explanation (as necessary): Please use this box (or an attachment) to list the elements that comprise your fringe benefits and how they are applied to your base (e.g. Personnel) to arrive at your fringe benefit rate.
**INSTRUCTIONS - PLEASE READ!!!**

1. Identify Foreign and Domestic Travel as separate items. Examples of Purpose of Travel are subrecipient site visits, DOE meetings, project mgmt. meetings, etc. Examples of Basis for Estimating Costs are past trips, travel quotes, GSA rates, etc.

2. All listed travel must be necessary for performance of the Statement of Project Objectives.

3. Federal travel regulations are contained within the applicable cost principles for all entity types. Travel costs should remain consistent with travel costs incurred by an organization during normal business operations as a result of the organization's written travel policy. In absence of a written travel policy, organizations must follow the regulations prescribed by the General Services Administration.

4. Each budget period is rounded to the nearest dollar.

<table>
<thead>
<tr>
<th>SOPO Task #</th>
<th>Purpose of Travel</th>
<th>Depart From</th>
<th>Destination</th>
<th>No. of Days</th>
<th>No. of Travelers</th>
<th>Lodging per Traveler</th>
<th>Flight per Traveler</th>
<th>Vehicle per Traveler</th>
<th>Per Diem Per Traveler</th>
<th>Cost per Trip</th>
<th>Basis for Estimating Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Domestic Travel</td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
<td>$250</td>
<td>$500</td>
<td>$100</td>
<td>$160</td>
<td>$2,020</td>
<td>Current GSA rates</td>
</tr>
<tr>
<td>1</td>
<td>EXAMPLE!!! Visit to PV manufacturer</td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
<td>$250</td>
<td>$500</td>
<td>$100</td>
<td>$160</td>
<td>$2,020</td>
<td>Current GSA rates</td>
</tr>
<tr>
<td></td>
<td>International Travel</td>
<td></td>
<td></td>
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<td>International Travel</td>
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<td>Budget Period 2 Total</td>
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<td>Domestic Travel</td>
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<td>International Travel</td>
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<td>Budget Period 3 Total</td>
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</tbody>
</table>

**PROJECT TOTAL**

Additional Explanation (as needed):
### d. Equipment

**INSTRUCTIONS - PLEASE READ!!!**

1. Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000. Please refer to the applicable Federal regulations in 2 CFR 200 for specific equipment definitions and treatment.

2. List all equipment below, providing a basis of cost (e.g. vendor quotes, catalog prices, prior invoices, etc.). Briefly justify items as they apply to the Statement of Project Objectives. If it is existing equipment, provide logical support for the estimated value shown.

3. During award negotiations, provide a vendor quote for all equipment items over $50,000 in price. If the vendor quote is not an exact price match, provide an explanation in the additional explanation section below. If a vendor quote is not practical, such as for a piece of equipment that is purpose-built, first of its kind, or otherwise not available off the shelf, provide a detailed engineering estimate for how the cost estimate was derived.

4. Each budget period is rounded to the nearest dollar.

<table>
<thead>
<tr>
<th>SOPO Task #</th>
<th>Equipment Item</th>
<th>Qty</th>
<th>Unit Cost</th>
<th>Total Cost</th>
<th>Basis of Cost</th>
<th>Justification of need</th>
</tr>
</thead>
<tbody>
<tr>
<td>3, 4, 5</td>
<td><strong>EXAMPLE!!!</strong> Thermal shock chamber</td>
<td>2</td>
<td>$70,000</td>
<td>$140,000</td>
<td>Vendor Quote - Attached</td>
<td>Reliability testing of PV modules - Task 4.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Budget Period 1 Total</th>
<th>$0</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget Period 2 Total</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>Budget Period 3 Total</td>
<td>$0</td>
</tr>
</tbody>
</table>

**PROJECT TOTAL**

$0

Additional Explanation (as needed):
e. Supplies

INSTRUCTIONS - PLEASE READ!!!

1. Supplies are generally defined as an item with an acquisition cost of $5,000 or less and a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. Please refer to the applicable Federal regulations in 2 CFR 200 for specific supplies definitions and treatment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or $5,000, regardless of the length of its useful life.

2. List all proposed supplies below, providing a basis of costs (e.g. vendor quotes, catalog prices, prior invoices, etc.). Briefly justify the need for the Supplies as they apply to the Statement of Project Objectives. Note that Supply items must be direct costs to the project at this budget category, and not duplicative of supply costs included in the indirect pool that is the basis of the indirect rate applied for this project.

3. Multiple supply items valued at $5,000 or less used to assemble an equipment item with a value greater than $5,000 with a useful life of more than one year should be included on the equipment tab. If supply items and costs are ambiguous in nature, contact your DOE representative for proper categorization.

4. Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

5. Each budget period is rounded to the nearest dollar.

<table>
<thead>
<tr>
<th>SOPO Task #</th>
<th>General Category of Supplies</th>
<th>Qty</th>
<th>Unit Cost</th>
<th>Total Cost</th>
<th>Basis of Cost</th>
<th>Justification of need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Period 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>4,6</td>
<td>EXAMPLE!!! Wireless DAS components</td>
<td>10</td>
<td>$360.00</td>
<td>$3,600</td>
<td>Catalog price</td>
<td>For Alpha prototype - Task 2.4</td>
</tr>
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<td>Budget Period 1 Total</td>
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<td>Budget Period 3 Total</td>
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<tr>
<td>PROJECT TOTAL</td>
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</tbody>
</table>

Additional Explanation (as needed):
**Detailed Budget Justification**

**f. Contractual**

**INSTRUCTIONS - PLEASE READ!!!**

1. The entity completing this form must provide all costs related to subrecipients, vendors, and FFRDC partners in the applicable boxes below.

2. **Subrecipients (partners, sub-awardees):** Subrecipients shall submit a Budget Justification describing all project costs and calculations when their total proposed budget exceeds either (1) $100,000 or (2) 50% of total award costs. These subrecipient forms may be completed by either the subrecipients themselves or by the preparer of this form. The budget totals on the subrecipient's forms must match the subrecipient entries below. A subrecipient is a legal entity to which a subaward is made, who has performance measured against whether the objectives of the Federal program are met, is responsible for programmatic decision making, must adhere to applicable Federal program compliance requirements, and uses the Federal funds to carry out a program of the organization. All characteristics may not be present and judgment must be used to determine subrecipient vs. vendor status.

3. **Vendors (including contractors):** List all vendors and contractors supplying commercial supplies or services used to support the project. For each Vendor cost with total project costs of $250,000 or more, a Vendor quote must be provided. A vendor is a legal entity contracted to provide goods and services within normal business operations, provides similar goods or services to many different purchasers, operates in a competitive environment, provides goods or services that are ancillary to the operation of the Federal program, and is not subject to compliance requirements of the Federal program. All characteristics may not be present and judgment must be used to determine subrecipient vs. vendor status.

4. **Federal Funded Research and Development Centers (FFRDCs):** FFRDCs must submit a signed Field Work Proposal during award application. The award recipient may allow the FFRDC to provide this information directly to DOE, however project costs must also be provided below.

5. Each budget period is rounded to the nearest dollar.

<table>
<thead>
<tr>
<th>SOPO Task #</th>
<th>Sub-Recipient Name/Organization</th>
<th>Purpose and Basis of Cost</th>
<th>Budget Period 1</th>
<th>Budget Period 2</th>
<th>Budget Period 3</th>
<th>Project Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,4</td>
<td>EXAMPLE!!! XYZ Corp.</td>
<td>Partner to develop optimal lens for Gen 2 product. Cost estimate based on personnel hours.</td>
<td>$48,000</td>
<td>$32,000</td>
<td>$16,000</td>
<td>$96,000</td>
</tr>
</tbody>
</table>

**Sub-total** $0 $0 $0 $0

<table>
<thead>
<tr>
<th>SOPO Task #</th>
<th>Vendor Name/Organization</th>
<th>Purpose and Basis of Cost</th>
<th>Budget Period 1</th>
<th>Budget Period 2</th>
<th>Budget Period 3</th>
<th>Project Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>EXAMPLE!!! ABC Corp.</td>
<td>Vendor for developing robotics to perform lens inspection. Estimate provided by vendor.</td>
<td>$32,900</td>
<td>$86,500</td>
<td></td>
<td>$119,400</td>
</tr>
</tbody>
</table>

**Sub-total** $0 $0 $0 $0

<table>
<thead>
<tr>
<th>SOPO Task #</th>
<th>FFRDC Name/Organization</th>
<th>Purpose and Basis of Cost</th>
<th>Budget Period 1</th>
<th>Budget Period 2</th>
<th>Budget Period 3</th>
<th>Project Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Sub-total** $0 $0 $0 $0

**Total Contractual** $0 $0 $0 $0

Additional Explanation (as needed):
### g. Construction

PLEASE READ!!!

1. Construction, for the purpose of budgeting, is defined as all types of work done on a particular building, including erecting, altering, or remodeling. Construction conducted by the award recipient is entered on this page. Any construction work that is performed by a vendor or subrecipient should be entered under f. Contractual.

2. List all proposed construction below, providing a basis of cost such as engineering estimates, prior construction, etc., and briefly justify its need as it applies to the Statement of Project Objectives.

3. Each budget period is rounded to the nearest dollar.

#### Overall description of construction activities: Example Only!!! - Build wind turbine platform

<table>
<thead>
<tr>
<th>SOPO Task #</th>
<th>General Description</th>
<th>Cost</th>
<th>Basis of Cost</th>
<th>Justification of need</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>EXAMPLE ONLY!!! Three days of excavation for platform site</td>
<td>$28,000</td>
<td>Engineering estimate</td>
<td>Site must be prepared for construction of platform.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget Period 1</th>
<th>Budget Period 1 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget Period 2</th>
<th>Budget Period 2 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget Period 3</th>
<th>Budget Period 3 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
</tr>
</tbody>
</table>

PROJECT TOTAL: $0

Additional Explanation (as needed):
### h. Other Direct Costs

**INSTRUCTIONS - PLEASE READ!!!**

1. Other direct costs are direct cost items required for the project which do not fit clearly into other categories. These direct costs must not be included in the indirect costs (for which the indirect rate is being applied for this project). Examples are: tuition, printing costs, etc. which can be directly charged to the project and are not duplicated in indirect costs (overhead costs).

2. Basis of cost are items such as vendor quotes, prior purchases of similar or like items, published price list, etc.

3. Each budget period is rounded to the nearest dollar.

<table>
<thead>
<tr>
<th>SOPO Task #</th>
<th>General Description and SOPO Task #</th>
<th>Cost</th>
<th>Basis of Cost</th>
<th>Justification of need</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>EXAMPLE!!! Grad student tuition - tasks 1-3</td>
<td>$16,000</td>
<td>Established UCD costs</td>
<td>Support of graduate students working on project</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Budget Period 1 Total</th>
<th>$0</th>
<th>Budget Period 2 Total</th>
<th>$0</th>
<th>Budget Period 3 Total</th>
<th>$0</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PROJECT TOTAL</td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Additional Explanation (as needed):**
Detailed Budget Justification

INSTRUCTIONS - PLEASE READ!!

1. Fill out the table below to indicate how your indirect costs are calculated. Use the box below to provide additional explanation regarding your indirect rate calculation.

2. The rates and how they are applied should not be averaged to get one indirect cost percentage. Complex calculations or rates that do not correspond to the below categories should be described/provided in the Additional Explanation section below. If questions exist, consult with your DOE contact before filling out this section.

3. The indirect rate should be applied to both the Federal Share and Recipient Cost Share.

4. NOTE: A Recipient who elects to employ the 10% de minimis Indirect Cost rate cannot claim resulting costs as a Cost Share contribution, nor can the Recipient claim "unrecovered indirect costs" as a Cost Share contribution. Neither of these costs can be reflected as actual indirect cost rates realized by the organization, and therefore are not verifiable in the Recipient records as required by Federal Regulation (§200.306(b)(1)).

5. Each budget period is rounded to the nearest dollar.

<table>
<thead>
<tr>
<th>Budget Period 1</th>
<th>Budget Period 2</th>
<th>Budget Period 3</th>
<th>Total</th>
<th>Explanation of BASE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provide ONLY Applicable Rates:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overhead Rate</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>General &amp; Administrative (G&amp;A)</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>FCCM Rate, if applicable</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>OTHER Indirect Rate</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
</tr>
</tbody>
</table>

**Indirect Costs (As Applicable):**

<table>
<thead>
<tr>
<th></th>
<th>Budget Period 1</th>
<th>Budget Period 2</th>
<th>Budget Period 3</th>
<th>Total</th>
<th>Explanation of BASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overhead Costs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>G&amp;A Costs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>FCCM Costs, if applicable</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>OTHER Indirect Costs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

Total indirect costs requested: $0 $0 $0 $0

A federally approved indirect rate agreement, or rate proposed (supported and agreed upon by DOE for estimating purposes) is required if reimbursement of indirect costs is requested. Please check (X) one of the options below and provide the requested information if it has not already been provided as requested, or has changed.

___ An indirect rate has been approved or negotiated with a federal government agency. A copy of the latest rate agreement is included with this application, and will be provided electronically to the Contracting Officer for this project.

___ There is not a current, federally approved rate agreement negotiated and available*.

*When this option is checked, the entity preparing this form shall submit an indirect rate proposal in the format provided by your DOE contact, or a format that provides the same level of information and which will support the rates being proposed for use in performance of the proposed project. Additionally, any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b, may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. As described in §200.403 Factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

You must provide an explanation (below or in a separate attachment) and show how your indirect cost rate was applied to this budget in order to come up with the indirect costs you requested.

Additional Explanation (as needed): **IMPORTANT**. Please use this box (or an attachment) to further explain how your total indirect costs were calculated. If the total indirect costs are a cumulative amount of more than one calculation or rate application, the explanation and calculations should identify all rates used, along with the base they were applied to (and how the base was derived), and a total for each (along with grand total).
**Cost Share**

**PLEASE READ!!!**

1. A detailed presentation of the cash or cash value of all cost share proposed must be provided in the table below. All items in the chart below must be identified within the applicable cost category tabs a. through i. in addition to the detailed presentation of the cash or cash value of all cost share proposed provided in the table below. Identify the source organization & amount of each cost share item proposed in the award.

2. **Cash Cost Share** - encompasses all contributions to the project made by the recipient, subrecipient, or third party (an entity that does not have a role in performing the scope of work) for costs incurred and paid for during the project. This includes when an organization pays for personnel, supplies, equipment, etc. for their own company with organizational resources. If the item or service is reimbursed for, it is cash cost share. All cost share items must be necessary to the performance of the project. Vendors may not provide cost share. Any partial donation of goods or services is considered a discount and is not allowable.

3. **In Kind Cost Share** - encompasses all contributions to the project made by the recipient, subrecipient, or third party (an entity that does not have a role in performing the scope of work) where a value of the contribution can be readily determined, verified and justified but where no actual cash is transacted in securing the good or service comprising the contribution. In Kind cost share items include volunteer personnel hours, the donation of space or use of equipment, etc. The cash value and calculations thereof for all In Kind cost share items must be justified and explained in the Cost Share Item section below. All cost share items must be necessary to the performance of the project. If questions exist, consult your DOE contact before filling out In Kind cost share in this section. Vendors may not provide cost share. Any partial donation of goods or services is considered a discount and is not allowable.

4. Funds from other Federal sources MAY NOT be counted as cost share. This prohibition includes FFRDC sub-recipients. Non-Federal sources include any source not originally derived from Federal funds. Cost sharing commitment letters from subrecipients and third parties must be provided with the original application.

5. Fee or profit, including foregone fee or profit, are not allowable as project costs (including cost share) under any resulting award. The project may only incur those costs that are allowable and allocable to the project (including cost share) as determined in accordance with the applicable cost principles prescribed in FAR Part 31 for For-Profit entities and 2 CFR Part 200 Subpart E - Cost Principles for all other non-federal entities.

6. NOTE: A Recipient who elects to employ the 10% de minimis Indirect Cost rate cannot claim the resulting indirect costs as a Cost Share contribution.

7. NOTE: A Recipient cannot claim "unrecovered indirect costs" as a Cost Share contribution, without prior approval.

8. Each budget period is rounded to the nearest dollar.

<table>
<thead>
<tr>
<th>Organization/Source</th>
<th>Type (Cash or In Kind)</th>
<th>Cost Share Item</th>
<th>Budget Period 1</th>
<th>Budget Period 2</th>
<th>Budget Period 3</th>
<th>Total Project Cost Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Company</td>
<td>Cash</td>
<td>Project partner ABC Company will provide 20 PV modules for product development at the price of $680 per module</td>
<td>$13,600</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Project Cost: $0**

**Cost Share Percent of Award: 0.00%**

Additional Explanation (as needed):
### Section A - Budget Summary

<table>
<thead>
<tr>
<th>Grant Program Function or Activity</th>
<th>Catalog of Federal Domestic Assistance Number</th>
<th>Estimated Unobligated Funds</th>
<th>New or Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Federal</td>
<td>Non-Federal</td>
</tr>
<tr>
<td>1. Budget Period 1</td>
<td></td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>2. Budget Period 2</td>
<td></td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>3. Budget Period 3</td>
<td></td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>5. Totals</td>
<td></td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

### Section B - Budget Categories

<table>
<thead>
<tr>
<th>Object Class Categories</th>
<th>Grant Program, Function or Activity</th>
<th>Total (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Personnel</td>
<td>Budget Period 1</td>
<td>$0.00</td>
</tr>
<tr>
<td>b. Fringe Benefits</td>
<td>Budget Period 2</td>
<td>$0.00</td>
</tr>
<tr>
<td>c. Travel</td>
<td>Budget Period 3</td>
<td>$0.00</td>
</tr>
<tr>
<td>d. Equipment</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>e. Supplies</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>f. Contractual</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>g. Construction</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>h. Other</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>i. Total Direct Charges (sum of 6a-6h)</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>j. Indirect Charges</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>k. Totals (sum of 6i-6j)</td>
<td></td>
<td>$0.00</td>
</tr>
</tbody>
</table>

7. Program Income: $0

OMB Approval No. 0348-0044

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Previous Edition Usable
**Budget Information - Non Construction Programs**

### Section A - Budget Summary

<table>
<thead>
<tr>
<th>Grant Program Function or Activity</th>
<th>Catalog of Federal Domestic Assistance Number</th>
<th>Estimated Unobligated Funds</th>
<th>New or Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
</tr>
<tr>
<td>1. Budget Period 1</td>
<td></td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>2. Budget Period 2</td>
<td></td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>3. Budget Period 3</td>
<td></td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Totals</td>
<td></td>
<td></td>
<td>$0.00</td>
</tr>
</tbody>
</table>

### Section B - Budget Categories

<table>
<thead>
<tr>
<th>Grant Program, Function or Activity</th>
<th>Total (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Personnel</td>
<td>$0.00</td>
</tr>
<tr>
<td>b. Fringe Benefits</td>
<td>$0.00</td>
</tr>
<tr>
<td>c. Travel</td>
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</tr>
<tr>
<td>d. Equipment</td>
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<tr>
<td>e. Supplies</td>
<td>$0.00</td>
</tr>
<tr>
<td>f. Contractual</td>
<td>$0.00</td>
</tr>
<tr>
<td>g. Construction</td>
<td>$0.00</td>
</tr>
<tr>
<td>h. Other</td>
<td>$0.00</td>
</tr>
<tr>
<td>i. Total Direct Charges (sum of 6a-6h)</td>
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</tr>
<tr>
<td>j. Indirect Charges</td>
<td>$0.00</td>
</tr>
<tr>
<td>k. Totals (sum of 6i-6j)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

7. Program Income

$0