

LUNA COUNTY - NM

KAREN SMYER, CLERK

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BY ANDREA

ORDINANCE NUMBER 67

AN ORDINANCE AUTHORIZING THE ISSUANCE OF LUNA COUNTY, NEW MEXICO CORRECTIONAL FACILITY GROSS RECEIPTS TAX REVENUE BONDS, SERIES 2007A IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,515,000 FOR THE PURPOSE OF DEFRAYING THE COST OF CONSTRUCTING, PURCHASING, FURNISHING, EQUIPPING, REHABILITATING, EXPANDING OR IMPROVING A JUDICIAL-CORRECTIONAL FACILITY OR THE GROUNDS OF A JUDICIAL-CORRECTIONAL FACILITY, INCLUDING BUT NOT LIMITED TO ACQUIRING AND IMPROVING PARKING LOTS, LANDSCAPING OR ANY COMBINATION OF THE FOREGOING; PROVIDING THAT THE BONDS WILL BE PAYABLE AND COLLECTIBLE FROM THE REVENUE ATTRIBUTABLE TO THE 1/8TH OF 1% COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS TAX WHICH IS LEVIED PURSUANT TO ORDINANCE NUMBER 60 (ADOPTED DECEMBER 29, 2006) AND PURSUANT TO SECTIONS 7-20F-1 THROUGH 7-20F-6, NMSA 1978, AS AMENDED AND SUPPLEMENTED; PROVIDING FOR THE DISPOSITION OF THE RECEIPTS DERIVED FROM SAID TAX PROCEEDS; PRESCRIBING OTHER DETAILS CONCERNING SAID BONDS AND SAID TAX PROCEEDS, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH AND THE FORM, TERMS, CONDITIONS AND MANNER OF EXECUTION OF SAID BONDS AND CONCERNING THE PROJECT; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; REPEALING ALL ORDINANCES IN CONFLICT HERewith; AND DECLARING AN EMERGENCY.

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

WHEREAS, Luna County, New Mexico (the "County") is a legally and regularly created, established, organized and existing county under the general laws of the State of New Mexico; and

WHEREAS, pursuant to Sections 7-20F-1 through 7-20F-6, NMSA 1978, as amended and supplemented, the County is authorized to impose a County correctional facility gross receipts tax (with certain specified exemptions) of up to 1/8<sup>th</sup> of 1% of the gross receipts of persons engaging in business within all of the County (with certain specified exemptions); and

WHEREAS, pursuant to the statutory provisions cited in the preceding preamble, the County on December 29, 2006 adopted Ordinance Number 60 which imposes a County correctional facility gross receipts tax of 1/8<sup>th</sup> of 1% of the gross receipts of persons engaging in business within the entire County (no petition for a referendum on such Ordinance Number 60 having been filed within the time required by law and such Ordinance Number 60 having been delivered to the New Mexico Taxation and Revenue Department pursuant to law), and such 1/8<sup>th</sup> of 1% correctional facility gross receipts tax became effective on July 1, 2007; and

WHEREAS, on and after July 1, 2007, the County correctional facility gross receipts tax has been collected by the Revenue Division of the New Mexico Taxation and Revenue Department and is remitted to the County after certain deductions for administrative costs pursuant to Sections 7-1-6.13, 7-1-6.16, and 7-20F-5, NMSA 1978; and

WHEREAS, Chapter 7, Article 20F, NMSA 1978 permits the County to pledge to the payment of County correctional facility gross receipts tax revenue bonds issued for the Project money received from the 1/8<sup>th</sup> of 1% distributed to it pursuant to Sections 7-1-6.13 and 7-1-6.16, NMSA 1978 for the County correctional facility gross receipts tax imposed pursuant to Section 7-20F-3, NMSA 1978; and

WHEREAS, the County desires to acquire the Project; and

WHEREAS, the Board of County Commissioners of the County (the "Board") hereby determines that there is an urgent need for the Project, that the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A" in the aggregate principal amount of \$4,515,000 (the "Bonds" or "2007A Bonds" as further defined herein) shall be issued for the Project and consequently also will provide for the public health, peace and safety of the County and its citizens; and

WHEREAS, the County intends to pledge revenues received from the imposition of such 1/8<sup>th</sup> of 1% correctional facility gross receipts tax (the "Pledged Revenues" or "Pledged Correctional Facility Gross Receipts Tax Revenues" as hereafter more fully defined in Section 1 hereof) as security for the payment of the Bonds; and

WHEREAS, there are no obligations of the County which are now outstanding to which the Pledged Revenues have been pledged; and

WHEREAS, the Bonds shall be issued pursuant to Chapter 7, Article 20F, NMSA 1978, with an irrevocable and valid lien on the Pledged Revenues; and

WHEREAS, other than the Pledged Revenues, no tax revenues collected by the County will be pledged to the Bonds; and

WHEREAS, after negotiation, the Board has determined and hereby determines that it is in the best interests of the County and its citizens that the Bonds be sold at negotiated sale to Wells Fargo Brokerage Services, LLC (the "Purchaser") at a purchase price of \$4,444,660.80 consisting of the par amount of the Bonds (\$4,515,000) less a total discount of \$70,339.20 pursuant to the Bond Purchase Agreement dated September 13, 2007 (the "Bond Purchase Agreement") between the Purchaser and the County and the Board hereby determines to sell, and hereby does agree to sell, the Bonds to the Purchaser pursuant to the Bond Purchase Agreement, which is hereby accepted; and

WHEREAS, Section 7-20F-8, NMSA 1978, provides as follows:

“B. Any law that authorized the pledge of any or all of the pledged revenues to the payment of any revenue bonds issued pursuant to the County Correctional Facility Gross Receipts Tax Act or that 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 for full discharge has been made.”

; and

WHEREAS, the Income Fund and the three accounts therein, all created hereunder, are to be held and administered by the County Treasurer, or her successors or assigns, acting as Paying Agent and Registrar; and

WHEREAS, there have been presented to the Board and there presently are on file with the County Clerk: (a) the Bond Purchase Agreement, (b) the Preliminary Official Statement dated September 6, 2007 (the “Preliminary Official Statement”) previously distributed by the Purchaser to prospective purchasers of the Bonds, (c) the Continuing Disclosure Certificate dated as of October 1, 2007 and (d) the Commitments dated September 5, 2007 from Assured Guaranty Corp. for municipal bond insurance for the Bonds and for a reserve fund surety bond for the Bonds, each of which documents is incorporated by reference and considered to be a part hereof.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF LUNA COUNTY, NEW MEXICO:

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

“Acquisition Fund” means the “Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Acquisition Fund” established in Section 16B(3) hereof.

“Board” means the Board of County Commissioners of the County.

“Bond Account” or “2007A Bond Account” means the “Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Interest and Bond Retirement Account” established in Section 18A hereof, which is an account within the Income Fund.

“Bond Year” means the 12 month period commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year.

“Bonds” or “2007A Bonds” means the “Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A” which are herein authorized.

“Business Day” means any day other than a Saturday, Sunday or other day on which banks in Albuquerque, New Mexico are required or authorized to be closed.

“Commitment” means, collectively, the Commitment dated September 5, 2007 from the Insurer for municipal bond insurance for the Bonds and the Commitment dated September 5, 2007 from the Surety Provider for a reserve fund surety bond for the Bonds.

“Continuing Disclosure Undertaking” means the Certificate dated as of October 1, 2007 of the County to provide certain annual financial information for the benefit of the owners of the Bonds.

“County” means the county and body corporate and politic known as Luna County, New Mexico.

“Extraordinary Mandatory Redemption Account” or “2007A Extraordinary Mandatory Redemption Account” means the “Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Extraordinary Mandatory Redemption Account” established in Section 18D hereof which is an account within the Income Fund.

“Federal Securities” means non callable direct obligations of the United States of America.

“Fiscal Agent” means the person or entity designated by the Insurer to act as its fiscal agent under the Municipal Bond Insurance Policy.

“Fiscal Year” means the twelve months commencing on the first day of July of any calendar year and ending on the last day of June of the next calendar year, and any other 12-month period which any appropriate authority hereafter may establish as an accounting year for the County.

“Income Fund” means the “Luna County, New Mexico Correctional Facility Gross Receipts Tax Income Fund” established in Section 17 hereof.

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

“Insured Bank” means a bank which is a member of the Federal Deposit Insurance Corporation.

“Insurer” means Assured Guaranty Corp., a Maryland-domiciled insurance company.



"Minimum Reserve" means \$294,260, *i.e.*, the maximum amount permitted pursuant to the United States Treasury regulations.

"Municipal Bond Insurance Policy" means the financial guaranty insurance policy issued by the Insurer, insuring the payment when due of the principal of and interest on the Bonds.

"Operation and Maintenance Account" means the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Operation and Maintenance Account" established in Section 18C hereof.

"Operation and Maintenance Expenses" means all current expenses incurred in the operation and maintenance of the Project and normally recurring expenses incurred by the County in the conduct of its activities which are properly allocable to the Project under generally accepted accounting principles as applied to governmental units. Such term does not include salaries and other expenses associated with persons performing judicial or correctional functions or activities, depreciation or obsolescence charges or reserves therefor, interest charges and charges for the payment of principal, or amortization, of Bonds or Parity Bonds or required deposits into any reserves therefor.

"Parity Bonds," "Parity Lien Bonds" or "Parity Obligations" means bonds or other obligations payable from the Pledged Revenues hereafter issued with a lien on the Pledged Revenues on a parity with the Bonds.

"Paying Agent" means the County Treasurer of the County, or her successors or assigns, as agent for the County for the payment of the principal of and interest on Bonds.

"Permitted Investments" means the following, but only if authorized by New Mexico law: (i) Federal Securities; (ii) bonds, participation certificates or other obligations of the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Home Loan Banks; (iii) certificates of deposit, bankers' acceptances or other obligations issued by commercial banks or savings and loan associations which are fully insured by the Federal Deposit Insurance Corporation or certificates of deposit, bankers' acceptances or other obligations issued by commercial banks whose unsecured obligations are rated in one of the two highest rating categories by Standard & Poor's, a Division of The McGraw-Hill Companies, Incorporated ("Standard & Poor's"); (iv) commercial paper rated in the highest category by Standard & Poor's; (v) obligations issued or guaranteed by a state or political subdivision of a state rated in one of the two highest rating categories by Standard & Poor's; (vi) investments in a taxable or tax-exempt money market fund having a rating by Standard & Poor's of "AAA"; (vii) investment agreements with financial institutions whose unsecured debt obligations are rated by Standard & Poor's in one of the two highest rating categories or that are collateralized by investments of the type described in clause (i) of this definition having an aggregate fair market value at all times of not less than 100% of the original principal amount of such investment agreement and (viii) repurchase agreements with a term of one year or less with any institution with debt rated "AA" or commercial paper rated "A-1" (in each case by Standard & Poor's).

“Pledged Correctional Facility Gross Receipts Tax Revenues” or “Pledged Revenues” means the amounts of money derived from all of the revenue attributable to the one-eighth of one percent County correctional facility gross receipts tax transferred, on and after the effective date thereof, to the County pursuant to Section 7-1-6.13, NMSA 1978 and any distribution, on and after the effective date thereof, related to such one-eighth of one percent made pursuant to Section 7-1-6.16, NMSA 1978, which County correctional facility gross receipts tax is imposed on all persons engaging in business in the County pursuant to Ordinance Number 60 adopted and approved on December 29, 2006, as authorized by Chapter 7, Article 20F, NMSA 1978, (a) which tax equals, subject to the exemptions specified in Section 7-20F-6, NMSA 1978 and the exemptions and deductions referred to in Section 7-20F-5, NMSA 1978, one-eighth of one percent of the gross receipts of all persons engaging in business in the entire County for the privilege of engaging in business in the entire County, and (b) which amounts are collected and, after any deductions for administrative costs, any additional administrative fee and any disbursements for tax credits, refunds and the payment of interest applicable to such gross receipts tax and subject to any increase or decrease pursuant to Section 7-1-6.15, NMSA 1978, are distributed monthly (together with the balance of the County’s gross receipts tax) by the Revenue Division of the Taxation and Revenue Department of the State of New Mexico to the County pursuant to Sections 7-1-6.13 and 7-1-6.16 NMSA 1978 (provided that “Pledged Correctional Facility Gross Receipts Tax Revenues” or “Pledged Revenues” does not include and the County is not pledging to the Bonds any of such County correctional facility gross receipts tax revenues received pursuant to such Sections 7-1-6.13 and 7-1-6.16, NMSA, 1978, which exceeds the aforesaid, and does not include any gross receipts or excise tax revenues received pursuant to any other statute).

“Project” means constructing, purchasing, furnishing, equipping, rehabilitating, expanding or improving a judicial-correctional facility or the grounds of a judicial-correctional facility, including but not limited to acquiring and improving parking lots, landscaping or any combination of the foregoing and all costs incidental to the foregoing and the issuance of the Bonds.

“Purchaser” means Wells Fargo Brokerage Services, LLC.

“Registrar” means the County Treasurer of the County or her successors or assigns, as registrar and transfer agent for the Bonds.

“Regular Record Date” means the 15th day of the calendar month (whether or not a business day) preceding each regularly scheduled interest payment date of the Bonds.

“Reimbursement Rate” means the per annum rate of interest publicly announced from time to time by JP Morgan Chase Bank, National Association at its principal office in New York, New York as its prime lending rate (any change in such prime rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank, National Association) plus three percent (3%) per annum; provided that such rate shall not exceed the maximum net effective interest rate on the Bonds or any other applicable legal limitation on interest rates. The Reimbursement Rate shall be calculated on the basis of the actual number of days elapsed over a 360-day year. In the event JPMorgan Chase Bank ceases to announce its prime rate publicly, the

prime rate shall be the publicly announced prime rate or base lending rate of such national bank, as the Insurer shall specify.

“Reserve Account” or “2007A Reserve Account” means the “Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Reserve Account” established in Section 18B hereof, which is an account within the Income Fund.

“Reserve Account Insurance Policy” means (i) the Surety Policy and (ii) any insurance policy, surety bond or letter of credit deposited in or credited to the Reserve Account as provided in Section 18B hereof in lieu of or in partial substitution for cash or Permitted Investments on deposit in the Reserve Account.

“Special Record Date” means a special date fixed to determine the names and addresses of registered owners of the Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest thereon, all as further provided in Section 5B hereof.

“Surety Policy” means the Financial Guaranty Insurance Policy (Reserve Fund) issued by the Insurer for deposit in the Reserve Account with respect to the Bonds as provided therein and subject to the limitations set forth therein.

“Surety Provider” means the Insurer or any other entity issuing a Reserve Account Insurance Policy with respect to the Bonds, provided that such other entity has a rating in the highest rating category assigned by Standard & Poor’s at the time such policy, bond or letter of credit is deposited in or credited to the Reserve Account.

“Tax Code” means the Internal Revenue Code of 1986, as amended to the original date of delivery of the Bonds.

Section 2. Ratification. All action heretofore taken (not inconsistent with the express provisions of this ordinance) by the Board and officers of the County directed toward the Project, the enactment of Ordinance Number 60 and toward the authorization, sale and issuance of the Bonds to the Purchaser (including but not necessarily limited to the prior distribution of the Preliminary Official Statement and the publication of the notice of intention to adopt this ordinance and the ratifying resolution) be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of Project. The Project is hereby authorized at a total cost of not exceeding \$4,515,000 and the necessity thereof is hereby so declared, excluding any such cost defrayed or to be defrayed by any source other than the Bonds.

Section 4. Authorization of Bonds. For the purpose of protecting the public health, conserving the property and advancing the general welfare of the citizens of the County and for the purpose of defraying the cost of the Project, it is hereby declared that the interest and necessity of the County and the inhabitants thereof demand the issuance by the County of its fully registered revenue bonds to be designated “Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A” in the aggregate principal amount of \$4,515,000, to be payable and collectible, as to principal and interest, solely from the Pledged Revenues.

Section 5. Bond Details.

A. Basic Details. The Bonds shall be dated as of the date of issuance thereof, shall be issuable in the denomination of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date and no individual Bond will be issued for more than one maturity) and shall be numbered consecutively from 1 upwards. The Bonds shall bear interest from the most recent interest payment date to which interest has been fully paid or duly provided for or, if no interest has been paid, from the date of the Bonds. Interest shall be payable on January 1 and July 1 in each year, commencing January 1, 2008. The Bonds shall bear interest at the rates per annum and shall mature on July 1 in each of the years and in the principal amounts as follows:

Amounts Maturing	Interest Rate (Per Annum)	Years Maturing
\$165,000	3.55%	2008
115,000	3.60	2009
120,000	3.60	2010
120,000	3.60	2011
125,000	3.65	2012
130,000	3.65	2013
135,000	3.70	2014
140,000	3.75	2015
145,000	3.75	2016
150,000	3.85	2017
155,000	3.90	2018
165,000	4.00	2019
530,000	4.00	2022
1,040,000	4.20	2027
1,280,000	4.45	2032

B. Payment-Regular Record Date. The principal of any Bond shall be payable to the registered owner thereof as shown on the registration records kept by Registrar which is hereby appointed as registrar (and transfer agent) for the Bonds, upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent which also is hereby appointed as the paying agent for the Bonds. If any Bond shall not be paid upon such presentation and surrender at or after maturity or on a designated prior redemption date on which the County may have exercised its right to redeem any Bond or any mandatory redemption date pursuant to Section 6 hereof, it shall continue to draw interest at the rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made by check mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a Business Day, on or before the next succeeding Business Day), to the registered owner thereof as of the Regular Record Date at his or her address as it last appears on the registration records kept by the Registrar on the Regular Record Date. All such payments shall be made in lawful money of the United States of America. The person in whose name any Bond is registered at the close of business on any Regular Record Date with respect to any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding any transfer or exchange thereof subsequent to such Regular Record Date



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and prior to such interest payment date; but any such interest not so timely paid or duly provided for shall cease to be payable as provided above and shall be payable to the person in whose name any Bond is registered at the close of business on a Special Record Date fixed by the Registrar for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for defaulted interest, and notice of any such Special Record Date shall be given not less than ten days prior thereto, by first-class mail, to the registered owners of the Bonds as of a date selected by the Registrar, stating the Special Record Date and the date fixed for the payment of such defaulted interest.

Section 6. Prior Redemption.

A. Optional Redemption. The Bonds maturing on and after July 1, 2018 shall be subject to prior redemption at the County's option on July 1, 2017, or on any date thereafter in whole or in part, in such order of maturities as the County may determine (and by lot within a maturity if less than all of the Bonds of such maturity is called), in integral multiples of \$5,000 at the redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date.

B. Mandatory Sinking Fund Redemption. The Bonds maturing on July 1, 2022, 2027 and 2032 are subject to mandatory sinking fund redemption on July 1 of the years set forth below at a redemption price equal to 100% of the principal amount of the Bonds, or portions thereof, redeemed plus accrued interest thereon to the redemption date. As and for a sinking fund for the redemption of the Bonds maturing on July 1, 2022, there shall be redeemed (after credit as provided below) on the following dates the following principal amounts of such Bonds:

July 1 Of The Year	Principal Amount
2020	\$170,000
2021	175,000
2022*	185,000

\* maturity date

At the option of the County to be exercised by delivery of a written certificate to the Paying Agent on or before the forty-fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Paying Agent for cancellation Bonds maturing on July 1, 2022 or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or (ii) specify a principal amount of Bonds maturing on July 1, 2022 or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation for Bonds maturing on July 1, 2022. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof against the obligation of the County on such sinking fund redemption date for Bonds maturing on July 1, 2022 and any excess over such amount shall be credited against future sinking fund redemption

obligations for such Bonds, in chronological order or any other order specified by the County. In the event the County shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bonds or portions thereof to be canceled.

As and for a sinking fund for the redemption of the Bonds maturing on July 1, 2027, there shall be redeemed (after credit as provided below) on the following dates the following principal amounts of such Bonds:

July 1 Of The Year	Principal Amount
2023	\$190,000
2024	200,000
2025	210,000
2026	215,000
2027*	225,000

\* maturity date

At the option of the County to be exercised by delivery of a written certificate to the Paying Agent on or before the forty-fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Paying Agent for cancellation Bonds maturing on July 1, 2027 or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or (ii) specify a principal amount of Bonds maturing on July 1, 2027 or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation for Bonds maturing on July 1, 2027. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof against the obligation of the County on such sinking fund redemption date for Bonds maturing on July 1, 2027 and any excess over such amount shall be credited against future sinking fund redemption obligations for such Bonds, in chronological order or any other order specified by the County. In the event the County shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bonds or portions thereof to be canceled.

As and for a sinking fund for the redemption of the Bonds maturing on July 1, 2032, there shall be redeemed (after credit as provided below) on the following dates the following principal amounts of such Bonds:

July 1 Of The Year	Principal Amount
2028	\$235,000
2029	245,000
2030	255,000
2031	265,000
2032*	280,000

\* maturity date

At the option of the County to be exercised by delivery of a written certificate to the Paying Agent on or before the forty-fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Paying Agent for cancellation Bonds maturing on July 1, 2032 or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the County or (ii) specify a principal amount of Bonds maturing on July 1, 2032 or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation for Bonds maturing on July 1, 2032. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof against the obligation of the County on such sinking fund redemption date for Bonds maturing on July 1, 2032 and any excess over such amount shall be credited against future sinking fund redemption obligations for such Bonds, in chronological order or any other order specified by the County. In the event the County shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bonds or portions thereof to be canceled.

C. Extraordinary Mandatory Redemption. The Bonds are subject to extraordinary mandatory redemption annually on July 1 of each year, commencing on July 1, 2008, in whole or in part in integral multiples of \$5,000 at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Extraordinary Mandatory Redemption Account as of the date of receipt by the County Treasurer of the Pledged Revenues in May of each year. Promptly after the receipt of the Pledged Revenues from the Revenue Division of the Taxation and Revenue Department of the State of New Mexico in May of each year, commencing May, 2008, the County Treasurer shall determine the largest principal amount of Bonds that may be redeemed (in integral multiples of \$5,000) from the amount then on deposit in the Extraordinary Mandatory Redemption Account (interest on the Bonds to be redeemed to be paid from the Bond Account) and, if the County Treasurer is not the Registrar, shall notify the Registrar of such principal amount to be redeemed. Not less than thirty days prior to each July 1, the Registrar shall proceed to select for such extraordinary mandatory prior redemption from all Bonds outstanding in inverse order of maturity (and by lot within a maturity if less than all of the Bonds of such maturity is called) the Bonds or portions thereof to be redeemed and shall give notice of such call as provided in subsection E of this Section. The Registrar is required to give such notice of extraordinary



mandatory prior redemption pursuant to this subsection without any notice from the County (other than the notice from the County Treasurer).

D. Instructions by County. Unless waived by the Registrar, at least 45 days prior to any date selected by the County for optional prior redemption of any of the Bonds pursuant to subsection A of this Section, the County shall give written instructions to the Registrar with respect to such optional prior redemption. A copy of such instructions shall be sent by the County by registered or first class, postage prepaid mail, or electronically, not less than thirty days prior to the redemption date to the Purchaser and if the Registrar is not the Paying Agent, to the Paying Agent. Such written instructions will not be given with respect to sinking fund redemption pursuant to subsection B of this Section or extraordinary mandatory redemption pursuant to subsection C of this Section, and the Paying Agent/Registrar will provide for such sinking fund redemption or extraordinary mandatory redemption without any further instructions other than the terms of this ordinance.

E. Notice by Registrar. Notice of any redemption shall be given by the Registrar either electronically or by sending a copy of such notice by registered or certified first-class, postage prepaid mail, not more than 60 days and not less than 30 days prior to the redemption date to each registered owner of the Bonds to be redeemed as shown on the registration records kept by the Registrar. The Registrar shall not be required to give notice of any optional prior redemption pursuant to subsection A of this Section unless it has received written instructions from the County in regard thereof, at least 45 days prior to such redemption date or unless waived by the Registrar. Failure to give such notice electronically or by mailing to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any of the Bonds.

F. Other Redemption Details. The notice required by subsection E of this Section shall specify the number or numbers of the Bond or Bonds or portions thereof to be so redeemed (if less than all are to be redeemed), the redemption price and the date fixed for redemption, and shall further state that on such redemption date there will become and be due and payable upon each \$5,000 unit of principal so to be redeemed at the Paying Agent the principal thereof, and that from and after such date interest will cease to accrue. Accrued interest to the redemption date will be paid by check mailed to the registered owner (or by alternative means if so agreed to by the Paying Agent and the registered owner). 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 upon presentation thereof at the Paying Agent, the County from the sources identified herein will pay the Bond or Bonds so called for redemption. In the event that only a portion of the principal amount of a Bond is so redeemed, a new Bond representing the unredeemed principal shall be duly completed, authenticated and delivered by the Registrar to the registered owner pursuant to Section 9 hereof (except as provided in Section 10E hereof) and without charge to the registered owner thereof.

Section 7. Negotiability. Subject to the registration provisions herein provided, the Bonds shall be fully negotiable, and shall have all the qualities of negotiable paper, and the registered owner or owners thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Uniform Commercial Code.



Section 8. Execution.

A. Filing Manual Signatures. Prior to the execution and authentication of any Bond by facsimile signatures pursuant to Sections 6-9-1 through 6-9-6, NMSA 1978, the Chairman and County Clerk shall each forthwith file with the Secretary of State of New Mexico, his or her manual signature certified by him or her under oath; provided, that such filing shall not be necessary for any officer where any previous such filing may have legal application to the Bonds.

B. Method of Execution. Each Bond shall be signed and executed by the manual or facsimile signature of the Chairman and executed and attested with the manual or facsimile signature of the County Clerk; the official seal of the County or a printed, stamped, engraved or an otherwise reproduced facsimile thereof shall be affixed to each Bond; and each Bond shall be authenticated by the manual signature of an authorized officer of the Registrar as hereafter provided. The Bonds bearing the manual or facsimile signatures of the officers in office at the time of the authorization thereof shall be the valid and binding obligations of the County (subject to the requirement of authentication by the Registrar as hereinafter provided) notwithstanding that before the delivery thereof and payment therefor, or before the issuance thereof upon transfer or exchange, any or all of the persons whose manual or facsimile signatures appear thereon shall have ceased to fill their respective offices. If facsimile signatures are used, the Chairman and County Clerk shall, by the execution of a signature certificate pertaining to the Bonds, adopt as and for their respective signatures the manual or facsimile signature thereof appearing on the Bonds; and, at the time of the execution of said signature certificate, said Chairman and County Clerk may each adopt as and for his or her facsimile signature the manual or facsimile signature of his or her predecessor in office in the event that such facsimile signature appears upon any of the Bonds.

C. Certificate of Authentication. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication, substantially in the form hereinafter provided, has been duly executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by 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.

Section 9. Provisions Relating to Registration, Transfer, Exchange, Replacement and Cancellation of and Registration Records for the Bonds.

A. Registration Records - Transfer and Exchange Authentication. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bonds at the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not contemporaneously outstanding. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Registrar shall authenticate and deliver a Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers

not contemporaneously outstanding. Exchanges and transfers of Bonds shall be without charge to the owner or any transferee, but the Registrar may require the payment by the owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

B. Times When Transfer or Exchange Not Required. The Registrar shall not be required (i) to transfer or exchange all or a portion of any Bond subject to prior redemption during the period of fifteen days next preceding the mailing of notice to the registered owners calling any Bonds for prior redemption pursuant to Section 6 hereof or (ii) to transfer or exchange all or a portion of a Bond after the mailing of notice calling such Bond or portion thereof for prior redemption.

C. Payment - Registered Owners. The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes except as may otherwise be provided with respect to payment of interest as is provided in Section 5B hereof; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his or her legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

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

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

#### Section 10. Depository for the Bonds.

A. Procedures Relating to Registration and Depository. Notwithstanding the foregoing provisions of Sections 5 through 9 hereof, the Bonds shall initially be evidenced by one Bond for each stated maturity in a denomination equal to the aggregate principal amount of such maturity for the Bonds. Such initially delivered Bonds shall be registered in the name of "Cede & Co.," as nominee for The Depository Trust Company, New York, New York, the depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:



(1) To any successor of The Depository Trust Company, or any nominee of such successor, upon the merger, consolidation, sale of substantially all of the assets or other reorganization of The Depository Trust Company, or its successor, which successor of The Depository Trust Company must be both a "clearing corporation" as defined in Section 55-8-102(3), NMSA 1978, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended;

(2) To any new depository (a) upon the resignation of (i) The Depository Trust Company or a successor or new depository pursuant to paragraph (1) hereof or (ii) any new depository under this paragraph (2) or (b) upon a determination by the County that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions and the designation by the County of another depository institution acceptable to the depository then holding the Bonds which new depository institution must be both a "clearing corporation" as defined in Section 55-8-102(3), NMSA 1978, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

(3) To any registered owner as specified in the transfer instructions in subsection B hereof (a)(i) upon the resignation of The Depository Trust Company or any successor depository under paragraph (1) hereof or of any new depository under paragraph (2) hereof or (ii) upon a determination by the County that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions or (iii) upon a determination of the County that continuation of the book-entry only transfers through The Depository Trust Company or such successor or new depository is not in the best interests of the beneficial owners of the Bonds or the County and (b) upon the failure by the County, after reasonable investigation, to locate another qualified depository institution under paragraph (2) hereof to carry out the functions of The Depository Trust Company or such successor or new depository.

B. Procedures Relating to New Bonds. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in paragraph (1) of subsection A hereof or in the case of the designation of a new depository pursuant to paragraph (2) of subsection A hereof, upon receipt of the outstanding Bonds by the Registrar together with written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under paragraph (3) of subsection A hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in paragraph (3) of subsection A hereof, and upon receipt of the outstanding Bonds by the Registrar together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 5 hereof, registered in the names of such persons and in such denominations as are requested in such written transfer instructions; provided, however, the Registrar shall not be required to deliver such new Bonds within a period of less than 30 days from the date of receipt of such written transfer instructions.

C. Responsibilities of the County and Registrar. The County and the Registrar shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for any purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by them, and the County and the Registrar shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to subsection A hereof.

D. Cooperation of the County and Registrar. The County and the Registrar shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to paragraph (1) or (2) of subsection A hereof in effectuating payment of principal of and interest on the Bonds by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

E. Partial Redemption. Upon any partial redemption of any maturity of the Bonds, Cede & Co., (or its successor) in its discretion may request the County to issue and authenticate a new Bond or shall make an appropriate 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 Registrar prior to payment.

Section 11. 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 County shall reasonably determine that said Registrar or Paying Agent has become incapable of fulfilling its duties hereunder, the County may, upon notice mailed to the Insurer and each registered owner of the Bonds at the address last shown on the registration records, appoint a successor Registrar or Paying Agent. Every such successor Registrar or Paying Agent shall be a bank or trust company located in and in good standing in the United States and having a shareholders equity (e.g., capital stock, surplus and undivided profits), however denominated, not less than \$10,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the County shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder. No removal, resignation or termination of the Registrar or Paying Agent shall take effect until a successor, acceptable to the Insurer, shall be appointed. The Registrar or Paying Agent may be removed at any time, at the request of the Insurer, for any breach of its obligations under this ordinance.

Section 12. Special Obligations. All of the Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Pledged Revenues, which are irrevocably so pledged; the registered owner or owners thereof may not look to any general or other fund for the payment of the principal of or interest on the Bonds, except the designated special funds pledged therefor; and the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the County; and each of the Bonds shall recite on its face that it is payable and collectible solely from the Pledged Revenues, which is so pledged, and that the registered owner thereof may not look to any general or other fund for the payment of principal of and interest on the Bonds.



Section 13. Forms of Bonds, Certificate of Authentication and Assignment.  
The Bonds, Registrar's Certificate of Authentication and Form of Assignment shall be in substantially the following forms:

LUNA COUNTY-NM  
KAREN SMYER, CLERK  
200706294  
17 of 66  
10/03/2007 12:33:57 PM  
BY ANDREA

(Form of Bond)

UNITED STATES OF AMERICA  
STATE OF NEW MEXICO  
COUNTY OF LUNA

No. \_\_\_\_\_

\$ \_\_\_\_\_

CORRECTIONAL FACILITY GROSS RECEIPTS TAX REVENUE BOND  
SERIES 2007A

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE</u>	<u>CUSIP</u>
___% per annum	July 1, ____	_____	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

Luna County, New Mexico (the "County"), for value received, hereby promises to pay upon presentation and surrender of this bond, solely from the special funds provided therefor as hereinafter set forth, to the registered owner named above, or registered assigns, on the Maturity Date specified above (unless this bond shall have been called for prior redemption in which case on such redemption date), upon the presentation and surrender hereof at the office of the County Treasurer of the County in Deming, New Mexico, or his or her successor (the "Paying Agent"), the Principal Amount stated above, in lawful money of the United States of America, and to pay to the registered owner hereof as of the Regular Record Date (as defined in Ordinance Number \_\_\_\_\_ as ratified by Resolution Number \_\_\_\_\_, adopted September 13, 2007, which authorizes this bond and which together are referred to herein as the "Bond Ordinance"), by check mailed to such registered owner, on or before each interest payment date as hereinafter provided (or, if such interest payment date is not a business day, on or before the next succeeding business day), at his or her address as it last appears on the Regular Record Date on the registration records kept for that purpose by the County Treasurer of the County, as registrar (*i.e.*, transfer agent), or his or her successor (the "Registrar") or by such other arrangement as may be agreed to by the Paying Agent and the registered owner hereof, interest on said sum in lawful money of the United States of America from the date of this bond specified above or the most recent interest payment date to which interest has been fully paid or duly provided for (as more fully provided in the Bond Ordinance) until maturity at the per annum Interest Rate specified above, payable on January 1 and July 1 in each year, commencing January 1, 2008. Any such interest not so timely paid or duly provided for shall cease to be payable to the registered owner as of the Regular Record Date and shall be payable to the registered owner as of a Special Record Date (as defined in the Bond Ordinance), as further provided in the Bond Ordinance. If upon presentation and surrender to the Paying Agent at or after maturity or on a designated prior redemption date, payment of this bond is not made as herein provided, interest hereon shall continue at the Interest Rate specified above until the principal hereof is paid in full.

This bond is one of a series of bonds designated "Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A" (the "Bonds") authorized for the purpose of constructing, purchasing, furnishing, equipping, rehabilitating, expanding or improving a judicial-correctional facility or the grounds of a judicial-correctional facility, including but not limited to acquiring and improving parking lots, landscaping or any combination of the foregoing, and paying all costs incidental to the foregoing and the issuance of the Bonds.

The Bonds maturing on and after July 1, 2018 shall be subject to prior redemption at the County's option on July 1, 2017, or on any date thereafter in whole or in part, in such order of maturities as the County may determine (and by lot within a maturity if less than all of the Bonds of such maturity is called), in integral multiples of \$5,000 at the redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date.

The Bonds maturing on July 1, 2022, 2027 and 2032 are subject to mandatory redemption (by lot in the manner described in the Bond Ordinance) pursuant to the terms of the sinking funds provided in the Bond Ordinance at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date.

The Bonds are subject to extraordinary mandatory redemption annually on July 1 of each year, commencing on July 1, 2008, in whole or in part in integral multiples of \$5,000 at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date in inverse order of maturity (and by lot within a maturity if less than all of the Bonds of such maturity is called) from excess Pledged Revenues (as defined below) on deposit in the Extraordinary Mandatory Redemption Account (as further described in the Bond Ordinance) as of the date of receipt by the County Treasurer in May of each year of the Pledged Revenues from the Revenue Division of the Taxation and Revenue Department of the State of New Mexico.

Notice of any redemption shall be given by the Registrar either electronically or by sending a copy of such notice by registered or certified first-class, postage prepaid mail, not more than 60 days and not less than 30 days prior to the redemption date to each registered owner of the Bonds to be redeemed as shown on the registration records kept by the Registrar. The Registrar shall not be required to give notice of any optional prior redemption unless it has received written instructions from the County in regard thereof, at least 45 days prior to such redemption date or unless waived by the Registrar. Failure to give such notice electronically or by mailing to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any of the Bonds. In the case of each of the aforesaid prior redemption provisions, failure to mail any notice of redemption and any defects therein shall not affect the validity of any such redemption.

The Bonds are fully registered and are issuable in the denomination of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date and no individual Bond will be issued for more than one maturity). The County, the Registrar and the Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of making payment and for all other purposes.



\*Upon surrender of any of the Bonds at the Paying Agent with a written instrument satisfactory to the Registrar duly executed by the registered owner or his or her duly authorized attorney, such Bond may, at the option of the registered owner or his or her duly authorized attorney, be exchanged for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations, subject to the terms and conditions set forth in the Bond Ordinance.\*

\*This bond is fully transferable by the registered owner hereof in person or by his or her duly authorized attorney on the registration records kept by the Registrar upon surrender of this bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this bond, subject to the terms and conditions set forth in the Bond Ordinance.\*

\*\*The Bonds are not transferable or exchangeable, except as set forth in the Bond Ordinance.\*\*

\*The Registrar shall not be required (i) to transfer or exchange all or a portion of any Bond subject to prior redemption during the period of fifteen days next preceding the mailing of notice to the registered owners calling any Bonds for prior redemption pursuant to the Bond Ordinance or (ii) to transfer or exchange all or a portion of a Bond after the mailing of notice calling such Bond or portion thereof for prior redemption.\*

\*\*Upon any partial prior redemption of this bond, Cede & Co., in its discretion, may request the Registrar to authenticate a new Bond or shall 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.\*\*

The County, the Registrar and the Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of making payment and all other purposes.

This bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of New Mexico.

This bond does not constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the County, and is payable and collectible solely from the "Pledged Revenues" which constitute the amounts of money derived from all of the revenue attributable to the one-eighth of one percent County correctional facility gross receipts tax transferred, on and after the effective date thereof, to the County pursuant to Section 7-1-6.13, NMSA 1978, and any distribution, on and after the effective date thereof, related to such one-eighth of one percent made pursuant to Section 7-1-6.16, NMSA 1978, which County correctional facility gross receipts tax is imposed on all persons engaging in business in the County pursuant to Ordinance Number 60 adopted and approved on December 29, 2006, as authorized by Chapter 7, Article 20F, NMSA 1978, (a) which tax equals, subject to the exemptions specified in Section 7-20F-6, NMSA 1978 and the exemptions and deductions referred to in Section 7-20F-5, NMSA 1978,



one-eighth of one percent of the gross receipts of all persons engaging in business in the entire County for the privilege of engaging in business in the entire County and (b) which amounts are collected and, after any deductions for administrative costs, any additional administrative fee and any disbursements for tax credits, refunds and the payment of interest applicable to such gross receipts tax and subject to any increase or decrease pursuant to Section 7-1-6.15, NMSA 1978, are distributed monthly (together with the balance of the County's gross receipts tax) by the Revenue Division of the Taxation and Revenue Department of the State of New Mexico to the County pursuant to Sections 7-1-6.13 and 7-1-6.16 NMSA 1978 (provided that "Pledged Revenues" does not include and the County is not pledging to the Bonds any of such County correctional facility gross receipts received pursuant to such Sections 7-1-6.13 and 7-1-6.16, NMSA, 1978, which exceeds the aforesaid, and does not include any gross receipts or excise tax revenues received pursuant to any other statute); and the registered owner may not look to any general or other fund for the payment of the principal of or interest on this bond except the Pledged Revenues pledged therefor. Payment of the principal of and interest on this bond shall be made solely from, and as security for such payment there are pledged, pursuant to the Bond Ordinance, two special accounts identified as the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Interest and Bond Retirement Account" (the "Bond Account") and the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Reserve Account" (the "Reserve Account"), into which accounts the County covenants to pay from the Pledged Revenues sums sufficient to pay when due the principal of and the interest on the Bonds and to create (except to the extent created from other funds) and maintain a reasonable and specified reserve for such purpose. Payment of this bond shall also be made pursuant to extraordinary mandatory redemption previously referred to herein from the special account created pursuant to the Bond Ordinance identified as the "Luna County, New Mexico Correctional Facility Gross Receipt Tax Revenue Bonds, Series 2007A Extraordinary Mandatory Redemption Account" (the "Extraordinary Mandatory Redemption Account"), into which account the County covenants to deposit all Pledged Revenues after having made all required deposits during each annual period from July 1 through June 30 into the (i) Bond Account, (ii) the Reserve Account and (iii) the Operation and Maintenance Account created by the Bond Ordinance. The Bond Account, Reserve Account and Extraordinary Mandatory Redemption Account are irrevocably and exclusively pledged to the payment of the Bonds. Reference is made to the Bond Ordinance for a description of said funds and accounts and the nature and extent of the security afforded thereby for the payment of the principal of and the interest on the Bonds. The Bonds are equitably and ratably secured by a lien on the Pledged Revenues; and the Bonds constitute an irrevocable and valid lien upon the Pledged Revenues. Additional obligations may be issued and made payable from the Pledged Revenues and having a lien thereon inferior and junior to the lien, or, subject to designated conditions, having a lien thereon on a parity with the lien of the Bonds, in accordance with the provisions of the Bond Ordinance.

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

This bond is subject to the conditions, and every registered owner hereof by accepting the same agrees with the obligor and every subsequent registered owner hereof, that the principal of and the interest on this bond shall be paid, and this bond is transferable, free from, and without

regard to any equities between the obligor and the original or any intermediate registered owner hereof for any setoffs or cross-claims.

For the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended, the County has, in the Bond Ordinance, designated the Bonds as qualified tax-exempt obligations.

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the Board of County Commissioners and officers of the County in the issuance of this bond; and that it is issued pursuant to and in strict conformity with the Constitution and laws of the State of New Mexico, and particularly the terms and provisions of Chapter 7, Article 20F, NMSA 1978, as amended, and all laws thereunto enabling and supplemental thereto.

This bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, Luna County, New Mexico has caused this bond to be signed, subscribed and executed, and attested with the manual or facsimile signatures of the Chairman of the Board of County Commissioners and its County Clerk and has caused its corporate seal to be affixed hereon either manually or by facsimile, all as of the date specified above.

\_\_\_\_\_  
(Manual or Facsimile Signature)

Chairman

(MANUAL OR FACSIMILE SEAL)

Attest:

\_\_\_\_\_  
(Manual or Facsimile Signature)

County Clerk

\*Insert only if Bonds are not initially delivered to The Depository Trust Company pursuant to the Bond Ordinance.

\*\*Insert only if Bonds are initially delivered to The Depository Trust Company pursuant to the Bond Ordinance.

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication)

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This is one of the Bonds described in the within-mentioned Bond Ordinance, and this bond has been duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

COUNTY TREASURER OF LUNA COUNTY,  
NEW MEXICO, as Registrar

\_\_\_\_\_

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

\*\* (Form of Prepayment Panel)

PREPAYMENT PANEL

The following installments of principal (or portion thereof) of this Bond have been prepaid by the County, in accordance with the terms of the Bond Ordinance.

<u>Date of Prepayment</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of the Depository</u>

(End of Form of Prepayment Panel)\*\*

(Form of Assignment)

ASSIGNMENT

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

Signature Guaranteed:

\_\_\_\_\_

Name and Address of Transferee

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_

Social Security Number or  
other Tax Identification Number

\_\_\_\_\_

NOTE: The 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. The signature must be guaranteed by an eligible guarantor institution as defined in 17 C.F.R. § 240.17 Ad-15(a)(2).

(End of Form of Assignment)



(Form of Statement of Insurance)

INSURER'S LEGEND

Assured Guaranty Corp. ("Assured Guaranty"), a Maryland-domiciled insurance company, has delivered its financial guaranty insurance municipal bond insurance policy (the "Municipal Bond Insurance Policy") with respect to the scheduled payments of principal of and interest on this bond to the County Treasurer of Luna County, New Mexico, as paying agent on behalf of the holders of the Bonds (the "Paying Agent"). Such Municipal Bond Insurance Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Assured Guaranty or the Paying Agent. All payments required to be made under the Municipal Bond Insurance Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of Assured Guaranty as more fully set forth in the Municipal Bond Insurance Policy.

(End of Form of Statement of Insurance)

Section 14. Sale and Delivery of Bonds. The County hereby agrees to sell and deliver the Bonds to the Purchaser in accordance with the Bond Purchase Agreement.

Section 15. Approval and Execution of Documents. The forms, terms and provisions of the Bond Purchase Agreement, the Preliminary Official Statement, the Continuing Disclosure Undertaking and the Commitment in the forms heretofore filed with the County Clerk and presented at this meeting, are in all respects approved, authorized and confirmed. The information in the Preliminary Official Statement was "deemed final" by the County as of its date within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934 except for omission of information described in paragraph (b)(1) of such Rule 15c2-12. The County Manager is authorized and directed to execute the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Commitment and the final Official Statement (in substantially the same form as the Preliminary Official Statement) with such changes therein as are not inconsistent with this ordinance and as shall be approved by the County Manager, his execution thereof to constitute conclusive evidence of his approval of any and all changes or revisions thereof from the forms now before this meeting. From and after the execution and delivery of the Bond Purchase Agreement and the Continuing Disclosure Undertaking, the officers, agents and employees of the County are hereby authorized, empowered and directed to do all acts and things as may be necessary to carry out and comply with the provisions of the Bond Purchase Agreement and the Continuing Disclosure Undertaking as executed. The use and distribution of the Preliminary Official Statement and the Official Statement in connection with the sale of the Bonds to the public are hereby approved and acknowledged.

Section 16. Delivery of Bonds, Disposition of Proceeds, Initial Registration and Use of Other Legally Available Funds.

A. Delivery to Purchaser; Registration. When the Bonds have been duly executed, authenticated, registered and sold, the County shall deliver them to The Depository Trust Company on behalf of the Purchaser on receipt of the agreed purchase price. The Registrar shall initially register the Bonds in the name of "Cede & Co."

B. Disposition of Proceeds. The proceeds of the Bonds (net of underwriting discount), promptly upon receipt thereof, will be deposited and applied by the County in the following manner and priority:

(1) Municipal Bond Insurance Premiums. First, but only if not paid by the Purchaser, an amount of the proceeds of the Bonds shall be used to pay the municipal bond insurance premiums to the Insurer for the Municipal Bond Insurance Policy and the Surety Policy.

(2) Acquisition Fund. Second, the remaining proceeds derived from the sale of the Bonds shall be deposited into a separate account hereby created which shall be known as the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Acquisition Fund" (the "Acquisition Fund"). The moneys in the Acquisition Fund shall be used solely for the Project, except that after the Project is completed, any money remaining in the Acquisition Fund shall be credited (i) if the amount on deposit in the Reserve Account is less than the Minimum Reserve, to the Reserve Account to the extent of such

deficiency and (ii) any excess remaining after the deposit (if any) to the Reserve Account, to the Bond Account.

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

D. Purchaser Not Responsible. The validity of the Bonds is not dependent on or affected by the validity or regularity of any proceedings related to the completion of the Project. The Purchaser of the Bonds, and any subsequent owner of any Bonds, shall in no manner be responsible for the application or disposal by the County or by any officer or any employee or other agent of the County of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

Section 17. Income Fund. So long as any of the Bonds shall be outstanding, either as to principal or interest, the Pledged Revenues (including Pledged Revenues received prior to adoption of this Bond Ordinance) shall be set aside and deposited monthly, promptly upon receipt from the Revenue Division of the New Mexico Taxation and Revenue Department or its successor in functions (the "Revenue Division") into a separate fund hereby created and to be known as the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Income Fund" (the "Income Fund"). The Income Fund and the accounts therein shall be held, maintained and administered (including but not necessarily limited to the provisions of Section 18 hereof) at all times by the County Treasurer pursuant to the terms of this Bond Ordinance solely for the benefit of the registered owners of the Bonds.

Section 18. Administration of Income Fund. So long as any of the 2007A Bonds shall be outstanding, either as to principal or interest, the following payments shall be made from the Income Fund concurrently with any payments required to be made pursuant to any ordinances with respect to any other Parity Bonds then outstanding:

A. Bond Account Payments. First, as a first charge on the Income Fund and on a parity with any periodic deposits for payment of principal and interest on any additional Parity Bonds hereafter issued, there shall be credited monthly, promptly upon receipt from the Revenue Division, to a separate account hereby created and to be known as the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Interest and Bond Retirement Account" (the "Bond Account" or the "2007A Bond Account"), all amounts of the Pledged Revenues received in each Bond Year from the Revenue Division (including, for the first Bond Year, all such amounts collected since the effective date of the correctional facility gross receipts tax) until there has been accumulated an amount (taking into account any other amounts on deposit in the Bond Fund and available therefor) which is sufficient to pay the principal of (including any mandatory sinking fund payments) and interest on the 2007A Bonds coming due in such Bond Year. The Bond Account is irrevocably and exclusively pledged to the payment of the Bonds. This ordinance creates a lien on the Bond Account. Nothing herein shall prevent the County, in its discretion, from making any of the foregoing deposits from other legally available funds.



B. Reserve Account Payments. Immediately upon the delivery of the Bonds, the Surety Policy in an amount equal to the Minimum Reserve shall be deposited with the Paying Agent and credited to a special account hereby created and to be known as the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Reserve Account" (the "Reserve Account" or "2007A Reserve Account"). Any Reserve Account Insurance Policy deposited to the credit of the Reserve Account shall be valued at the amount available to be drawn or otherwise paid pursuant to such Policy at the time of calculation. The Paying Agent shall maintain adequate records as to the amount available to be drawn at any time under the Reserve Account Insurance Policy and as to the amounts paid and owing to the Surety Provider under the Reserve Account Insurance Policy. Such records shall be open to inspection and verification by the Surety Provider during business hours of the Paying Agent. Thereafter, second and coequally with the payments required by subsection A hereof and with the payments required for the reserve funds for any Parity Obligations, there shall be credited monthly to the Reserve Account from the Income Fund, such amount or amounts, if any, as are necessary to maintain the Reserve Account as a continuing reserve in an amount not less than the Minimum Reserve to meet possible deficiencies in the Bond Account. The moneys in the 2007A Reserve Account shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in subsections D and E of this Section, only to prevent deficiencies in the payment of the principal of and interest on the 2007A Bonds resulting from the failure to credit to the 2007A Bond Account sufficient funds to pay said principal and interest as the same accrue. Moneys in the 2007A Reserve Account in excess of the Minimum Reserve (including investment income therefrom) shall be withdrawn from the 2007A Reserve Account and deposited into the 2007A Bond Account and shall be used to pay the principal of or interest on the 2007A Bonds or any obligations refunding the 2007A Bonds. The Reserve Account is irrevocably and exclusively pledged to the payment of the 2007A Bonds. This ordinance creates a lien on the Reserve Account.

The County may at any time substitute (i) cash or Permitted Investments for a Reserve Account Insurance Policy or (ii) a Reserve Account Insurance Policy for cash or Permitted Investments, so long as the amount on deposit in the Reserve Account after such substitution is at least equal to the Minimum Reserve.

C. Operation and Maintenance Expenses. Third, as a third charge thereon, after accumulation of the amounts specified in subsections A and B of this Section for the then current Bond Year, the remaining amounts of the Pledged Revenues in the Income Fund shall be credited monthly, promptly upon receipt from the Revenue Division, to a special account hereby created and to be known as the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Operation and Maintenance Account" (the "Operation and Maintenance Account") in amounts sufficient, together with other moneys available therefor, to pay the Operation and Maintenance Expenses during the then current Bond Year as the same become due and payable and thereupon they shall be promptly paid.

D. Extraordinary Mandatory Redemption Account Payments. Fourth, after accumulation of the amounts specified in subsections A, B and C of this Section for the then current Bond Year and any similar payments required to be made with respect to Parity Bonds for the then current Bond Year, all remaining amounts of the Pledged Revenues in the Income Fund shall be credited monthly, promptly upon receipt from the Revenue Division, to a special



account hereby created and to be known as the "Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A Extraordinary Mandatory Redemption Account" (the "Extraordinary Mandatory Redemption Account"). Such amounts deposited in the Extraordinary Mandatory Redemption Account shall be applied (except as provided in subsections E and F of this Section) to the extraordinary mandatory redemption of the Bonds pursuant to Section 6C of this Bond Ordinance on July 1 of each year. Any moneys in the Extraordinary Mandatory Redemption Account as of June 15 of any year which will not be used to redeem Bonds on such next succeeding July 1 (*i.e.*, because such amount is less than \$5,000 or because received after May 31) shall be retained in the Extraordinary Mandatory Redemption Account and shall be applied to the redemption of the Bonds on the extraordinary mandatory redemption date next succeeding the following July 1. The Extraordinary Mandatory Redemption Account is irrevocably and exclusively pledged to the payment of the Bonds. This ordinance creates a lien on the Extraordinary Mandatory Redemption Account.

E. Termination upon Deposits to Maturity. No payment need be made into the 2007A Bond Account or the 2007A Reserve Account if the amounts in the 2007A Bond Account, the 2007A Reserve Account (exclusive of the amount available under a Reserve Account Insurance Policy) and the Extraordinary Mandatory Redemption Account total a sum at least equal to the entire amount of the 2007A Bonds then outstanding, both as to principal and interest to their respective maturities and to the next possible special mandatory prior redemption date, and both accrued and not accrued, in which case, moneys in said funds in an amount at least equal to such principal and interest requirements shall be used solely to pay such as the same accrue and any moneys in excess thereof in said funds and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the County.

F. Defraying Delinquencies in 2007A Bond and 2007A Reserve Accounts. If, on any payment date for the Bonds, there are insufficient funds in the Bond Account to make such payment, then an amount shall be paid into the 2007A Bond Account at the designated time from the moneys, if any, in the 2007A Reserve Account and, if necessary, from the Extraordinary Mandatory Redemption Account, in an amount equal to the difference between that on deposit in the Bond Account and the amount necessary to pay the Bonds. The County shall use all cash in the Reserve Account before drawing on a Reserve Account Insurance Policy. If the Paying Agent determines that it is necessary to draw on the Surety Policy, the Paying Agent shall present a Notice of Nonpayment, as defined in the Surety Policy, at least one Business Day before funds are needed. If there is more than one Reserve Account Insurance Policy on deposit in the Reserve Account, the Paying Agent shall draw on them on a pro rata basis, based upon the amount available to be drawn on each. The money so used shall be replaced in the 2007A Reserve Account from the first available Pledged Revenues then on deposit in the Income Fund and, if necessary, from the Extraordinary Mandatory Redemption Account and, if necessary, from the first revenues thereafter received from the Pledged Revenues. The moneys in the 2007A Bond Account, the 2007A Reserve Account (including any Reserve Fund Insurance Policy) and the 2007A Extraordinary Mandatory Redemption Account shall be used solely and only for the purpose of paying the principal of and the interest on the 2007A Bonds subject to the provisions of subsection E of this Section.

G. Payment for Additional Obligations. Fifth, but either concurrently with the payments required by subsections A and B of this Section, any balance remaining in the

Income Fund after making the payments hereinabove provided shall be used by the County for the payment of the principal of, premium, if any, and interest on additional obligations, if any, hereafter authorized to be issued and payable from the Pledged Revenues as the same accrue. The payments of principal of, premium, if any, and interest on such additional obligations and any reserve fund therefor shall be made concurrently with the payments required by subsections A and B of this Section (provided that such payments may be made at any intervals as may be provided in the ordinance or resolution authorizing such additional obligations).

H. Payment of Redemption Premiums. Notwithstanding any other provision herein, this ordinance requires the accumulation in any account designated in this Section for the payment of the Bonds or other securities payable from the Pledged Revenues of amounts sufficient to pay not only the principal thereof and interest thereon but also the prior redemption premiums due in connection therewith, as the same become due, whenever the County shall have exercised or shall have obligated itself to exercise a prior redemption option pertaining thereto, except to the extent provision is otherwise made therefor, if any prior redemption premium is due in connection therewith. In such event moneys shall be deposited into such account in due time for the payment of all such amounts without default as the same become due.

Section 19. General Administration of Funds. The funds and accounts designated in Sections 16 to 18 of this ordinance shall be administered as follows:

A. Investment of Money. Any moneys in any fund or account designated in Sections 16 through 18 hereof may be invested in any Permitted Investment then permitted by New Mexico law except as provided in Section 25 hereof with respect to defeasance, and provided that investment of amounts in the Reserve Account shall have maturities of not exceeding five years from the date of their acquisition and their value shall be determined annually at the end of each Fiscal Year (except that with the written approval of the Insurer, the term and frequency of valuation of such Reserve Fund investments may be changed). No loss or profit in any account on any investments or reinvestments in Permitted Investments shall be deemed to take place as a result of market fluctuations of the Permitted Investments prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided or for rebate purposes, as described in the Tax Compliance Certificate executed by the County in connection with the issuance of the Bonds, Permitted Investments shall be valued at the cost thereof. The obligations so purchased as an investment of moneys in said 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; provided that interest or other gain from any investment or reinvestment of moneys accounted for in the Reserve Account (i) shall be credited to the Bond Account if the amount credited to the Reserve Account immediately after such credit to the Bond Account is not less than the Minimum Reserve and (ii) if the amount credited to the Reserve Account is less than the Minimum Reserve, shall be credited to the Reserve Account (up to the amount of the deficiency). The County 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. The moneys and investments comprising each of the funds and accounts hereinabove designated in Sections 16 to 18 of this ordinance shall be maintained and kept separate from all other funds and accounts in an Insured Bank. The amounts prescribed shall be paid to the appropriate funds or accounts as specified in Section 18 hereof. 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 not a Business Day, 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 said Sections 16 through 18 of this ordinance.

Section 20. Lien on Pledged Revenues. The Bonds constitute an irrevocable and valid lien on the Pledged Revenues.

Section 21. Additional Bonds and Other Obligations.

A. Limitations Upon Issuance and Other Obligations. Nothing in this ordinance contained shall be construed in such a manner as to prevent the issuance by the County of additional bonds or other obligations payable from the Pledged Revenues and constituting a lien upon the Pledged Revenues on a parity with, but not prior nor superior to, the lien of the Bonds, nor to prevent the issuance of bonds or other obligations refunding all or a part of the Bonds, provided, however, that before any such additional Parity Bonds are authorized or actually issued (but excluding any Parity Bonds which refund outstanding Parity Bonds as permitted by Sections 22B(1) and 22C(1) hereof):

(1) The County shall be current in all of the accumulations required to be made into the 2007A Bond Account and the 2007A Reserve Account pursuant to Section 18A and B hereof; and

(2) The Pledged Revenues received by the County for the Fiscal Year immediately preceding the date of the issuance of such additional Parity Bonds shall have been sufficient to pay an amount representing at least 150% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on the then outstanding 2007A Bonds, all other then outstanding Parity Bonds and the Parity Bonds proposed to be issued (excluding accumulation of any reserves therefor).

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

B. Certificate or Opinion of Earnings. A written certification or opinion by an Independent Accountant that the Pledged Revenues for such preceding Fiscal Year are sufficient to pay said amounts shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver said additional Parity Bonds.

C. Superior Obligations Prohibited. Nothing in this ordinance contained shall be construed so as to permit the County to issue bonds payable from the Pledged Revenues having a lien thereon prior and superior to the Bonds.

Section 22. Refunding Bonds. The provisions of Section 21 hereof are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time after the Bonds shall have been issued and remain outstanding, the County shall find it desirable to refund any outstanding Bonds or other outstanding obligations payable from the Pledged Revenues, said 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 County's option).

B. Limitations Upon Issuance of Parity Refunding Obligations. Subject to the provisions of subsection C of this Section, no refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued on a parity with the Bonds, 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; or

(2) The refunding bonds or other refunding obligations are issued in compliance with subsection A of Section 21 hereof.

C. 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 County may by ordinance provide, but without any impairment of any contractual obligations imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues. 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 21 hereof.

Section 23. Equality of Bonds. The Bonds 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, it being the intention of the Board that there shall be no priority among the Bonds regardless of the fact that they may be actually issued and delivered at different times.



Section 24. Protective Covenants. The County hereby covenants and agrees with each and every registered owner of the Bonds that:

A. Payment of Bonds. The County will promptly pay the principal of and the interest on every Bond at the place, on the dates and in the manner specified herein and in the Bonds according to the true intent and meaning hereof. Such principal and interest are payable solely from the Pledged Revenues.

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

C. Audits. The County further agrees that it will, within 180 days following the close of each Fiscal Year, cause an audit of such books and accounts to be made by an Independent Accountant showing the receipts and disbursements in connection with the Pledged Revenues unless the audit cannot be conducted within 180 days following the close of each Fiscal Year because the State Auditor or other authority of the State with superintending control of the audit directs that the audit be made by a designated auditor under different time deadlines or by the State Auditor's office and staff, in which case, the County will use its best efforts to have the audit completed as soon as possible following the close of the Fiscal Year.

D. Extending Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the County will not directly or indirectly extend or assent to extension of time for the payment of any claim for interest on any of the Bonds and it will not directly or indirectly be a party to or approve any arrangement for any such extension or for the purpose of keeping alive any of said interest; and in case the time for payment of any such interest shall be extended, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or security of this ordinance except subject to the prior payment in full of the principal of all Bonds then outstanding, and of matured interest on such Bonds the payment of which has not been extended.

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

F. Other Liens. Other than as recited in this ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

G. County's Existence. The County will maintain its corporate identity and existence so long as any of the Bonds remain outstanding unless another political subdivision by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the County and is obligated by law to receive and distribute the Pledged Revenues in place of the County, without affecting to any substantial degree the privileges and rights of any registered owner of any outstanding Bonds.

H. Duty With Respect to Pledged Revenues. If the statutes or any ordinance which materially affect the Pledged Revenues or any part of said ordinances shall ever be held to be invalid or unenforceable, it shall be the duty of the County to immediately take any action necessary to produce sufficient Pledged Revenues to comply with the obligations of this ordinance, except as is provided in subsection I of this Section.

I. Impairment of Contract. The County agrees that any law or ordinance (including but not limited to Ordinance No. 60) or resolution of the County in any manner affecting the Pledged Revenues or the Bonds, or otherwise appertaining thereto, shall not be repealed or otherwise directly or indirectly modified in such a manner as to impair adversely any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor, or unless the consent of the required percentage of the registered owners of the then outstanding Bonds is obtained pursuant to Section 31 of this ordinance.

J. Tax Covenants. The County covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the County or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the Bonds to lose its exclusion from net income under present New Mexico income tax laws, *i.e.*, the State Income Tax Act and the Corporate Income and Franchise Tax Act as amended to the date of delivery of the Bonds (together the "State Tax Acts"). The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenants under the Tax Code and the State Tax Acts have been met.

The County determines that the County and all entities subordinate thereto do not reasonably anticipate issuing more than \$10,000,000 face amount of bonds or any other similar obligations during calendar year 2007 the interest on which is excluded from gross income for Federal income tax purposes under the Tax Code. For the purpose of Section 265(b)(3)(B) of the Tax Code, the County hereby designates the Bonds as qualified tax-exempt obligations.

The County agrees that it will exercise its option to purchase the Project under the Lease Agreement dated April 3, 2007 (the "Lease") pursuant to Section 25.16 of the Lease at least 30 days prior to the Rent Commencement Date (as defined in the Lease).

Section 25. Defeasance. When all principal and interest in connection with the Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of this ordinance. Notwithstanding the foregoing, in the event that the principal of or interest due on the Bonds shall be paid by the Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, shall not be defeased or otherwise satisfied and shall not be considered paid by the County, the assignment and pledge of the Pledged Revenues and



all covenants, agreements and other obligations of the County to the registered owners of the Bonds shall continue to exist and shall run to the benefit of the Insurer and the Insurer shall be subrogated to the rights of such registered owners of the Bonds.

Payment of any outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in this Section if (i) in case said Bond is to be redeemed on any date prior to its maturity, the County shall have given to the Registrar in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of Section 6E hereof notice of redemption of such Bond on said redemption date, such notice to be given in accordance with the provisions of Section 6E hereof, (ii) there shall have been deposited with a commercial bank located within or without the State of New Mexico and exercising trust powers ("Trust Bank") pursuant to an escrow agreement (the "Escrow Agreement") between the County and the Trust Bank either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trust Bank at the same time, shall be sufficient to pay when due the principal of and interest due and to become due on said Bond on and prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bond is not by its terms subject to redemption within the next sixty days, the County shall have given the Registrar in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 6E hereof, a notice to the County and the registered owner of such Bond that the deposit required by (ii) above has been made with the Trust Bank and that payment of said Bond has been provided for in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and interest on said Bond, (iv) there is furnished to the Paying Agent, the County and the Insurer a report satisfactory to the Insurer of an independent certified public accountant acceptable to the Insurer addressed to the County, the Paying Agent and the Insurer verifying the sufficiency of the moneys and Federal Securities to pay said Bond and (v) there is furnished to the Paying Agent, the County and the Insurer an opinion, in form and substance satisfactory to the Insurer, of bond counsel selected by the County addressed to the County, the Paying Agent and the Insurer to the effect that the defeasance of such Bond will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. The Escrow Agreement shall be accompanied by an opinion of bond counsel selected by the County to the effect that the Escrow Agreement is a valid, binding and enforceable obligation of the County, subject to customary exceptions for bankruptcy and equitable principles and shall provide that: (a) any substitution of Federal Securities shall require a report of an independent certified public accountant verifying the sufficiency of the moneys and Federal Securities to pay said Bond and the prior written consent of the Insurer and (b) the County will agree not exercise any optional redemption of such Bond or any other redemption other than mandatory sinking fund redemption unless (1) the right to make any such redemption has been expressly reserved in the Escrow Agreement and such reservation has been disclosed in detail in the official statement or other disclosure document for the refunding bonds and (2) as a condition of any such redemption there shall be provided a report of an independent certified public accountant verifying the sufficiency of the moneys and Federal Securities to pay the principal of and interest on the refunded Bonds remaining following such redemption. Neither such securities nor moneys deposited with the Trust Bank pursuant to

this Section or principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bond; provided any cash received from such principal or interest payments on such securities deposited with the Trust Bank, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in clause (ii) of this paragraph maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on said Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this ordinance, except for the purpose of any payment from such moneys or securities deposited with the Trust Bank.

No forward purchase agreements or other agreements may be used with respect to the investment of any moneys or securities defeasing the Bonds without the prior written consent of the Insurer.

Section 26. Delegated Powers. The officers of the County be, and they hereby 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 printing and reprinting of said Bonds, the original and (if necessary) subsequent delivery to the Registrar of a number (as determined by the responsible officer) of fully or partially executed Bonds to be held by the Registrar for use as herein provided, the execution of the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Final Official Statement and the Commitment, and the execution of such certificates as may be required by the Purchaser or the Insurer or pursuant to the Bond Purchase Agreement.

Section 27. Events of Default. Each of the following events is hereby declared an "event of default":

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

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

C. Incapable to Perform. If the County shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

D. Default of any Provision. If the County shall default in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in this ordinance on its part to be performed, and if such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the County by the registered owners of not less than 25% in aggregate principal amount of the Bonds then outstanding; or

E. Bankruptcy. A petition in bankruptcy or similar proceedings shall, pursuant to the United States Bankruptcy Code or any other applicable bankruptcy, insolvency,



receivership, rehabilitation or similar law, be filed by the County, and not dismissed within 60 days.

Section 28. Remedies upon Default. Upon the happening and continuance of any of the events of default as provided in Section 27 of this ordinance, then and in every case the registered owner or owners of not less than 25% in aggregate principal amount of the Bonds then outstanding, including a trustee or trustees therefor, may proceed against the County, the Board, and its agents, officers and employees to protect and enforce the rights of any registered owner of Bonds under this ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for specific performance of any covenant or agreement contained herein or in an award or execution of any power herein granted for the enforcement of any power, legal or equitable remedy as such registered owner or owners may deem most effectual to protect and enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any registered owner, or to require the Board to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all registered owners of the Bonds then outstanding. The failure of any such registered owner so to proceed shall not relieve the County or any of its officers, agents or employees of any liability for failure to perform any duty. Each right or privilege of any such registered owner (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any registered owner shall not be deemed a waiver of any other right or privilege thereof.

Anything in this ordinance to the contrary notwithstanding so long as the Insurer is not in default under the Municipal Bond Insurance Policy, upon the occurrence and continuance of an event of default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the registered owners of the Bonds under this ordinance.

Section 29. Duties Upon Default. Upon the happening of any of the events of default as provided in Section 27 of this ordinance, the County, in addition, will do and perform all proper acts on behalf of and for the registered owners of the Bonds to protect and preserve the security created for the payment of the principal of and interest on the Bonds promptly as the same become due. All proceeds derived from the Pledged Revenues, so long as any of the Bonds, either as to principal or interest, are outstanding and unpaid, shall be paid into the Income Fund and used for the purposes therein provided. In the event the County fails or refuses to proceed as in this Section provided, the registered owner or registered owners of not less than 25% in aggregate principal amount of the Bonds then outstanding or so long as it is not in default in its obligation under the Municipal Bond Insurance Policy, the Insurer, after demand in writing, may proceed to protect and enforce the rights of the registered owners and itself as hereinabove provided.

Section 30. Enforcement. Any registered owner of any one or more of the Bonds, may, either at law or in equity, by suit, action, mandamus or other appropriate proceedings in any court of competent jurisdiction enforce the payment of the principal of or interest on any Bond on or after the date on which such payment is due, and may by suit, action,

mandamus or other appropriate proceeding or proceedings enforce and compel the performance of such payment in accordance with the provisions of this ordinance.

Section 31. Amendment. This ordinance may be amended or supplemented by an ordinance adopted by the Board in accordance with the laws of the State of New Mexico, as follows:

A. Without Consent of the Registered Owners. The County without the consent of or notice to the registered owners of the Bonds but with prior written notice to the Insurer, may adopt an ordinance supplemental hereto (which supplemental ordinance shall thereafter form a part hereof) for any one or more or all of the following purposes:

(1) To add to the covenants and agreements in this ordinance contained other covenants and agreements thereafter to be observed for the protection or benefit of the registered owners of the Bonds;

(2) To cure any ambiguity, to cure, correct or supplement any defect or inconsistent provision contained in this ordinance, or to make any provision with respect to matters arising under this ordinance or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the owners of the Bonds; or

(3) To subject to this ordinance additional revenues, properties or collateral.

B. With Consent of the Registered Owners. The County, without receipt by the County of any additional consideration but with the written consent of the Insurer and the registered owners of not less than 75% in aggregate principal amount of the Bonds outstanding at the time of the adoption of such amendatory or supplemental ordinance also may amend this ordinance in any other manner not permitted by subsection A of this Section; provided, however, that no such ordinance shall have the effect of permitting:

(1) An extension of the maturity of any Bond; or

(2) A reduction in the principal amount of any Bond or the rate of interest thereon; or

(3) The creation of a lien upon or pledge of Pledged Revenues ranking prior to the lien or pledge created by this ordinance; or

(4) A reduction of the principal amount of Bonds required for consent to such amendatory or supplemental ordinance; or

(5) The establishment of priorities as between Bonds issued and outstanding under the provisions of this ordinance; or

(6) The modification of or otherwise affecting the rights of the registered owners of less than all of the Bonds then outstanding.

C. Insurer Provisions. Any provision hereof expressly recognizing or granting rights in or to the Insurer may not be amended in any manner that affects the rights of the Insurer hereunder without the prior written consent of the Insurer. A copy of any such supplemental ordinance which is consented to by the Insurer shall be sent to Standard & Poor's.

Section 32. Continuing Disclosure. For the benefit of the owners of the Bonds (including beneficial owners), the County will enter into and comply with all of the provisions of the Continuing Disclosure Undertaking; provided, however, that the Continuing Disclosure Undertaking may be amended from time to time in accordance with its terms and without action by the Board, the County approval of any such amendment to be evidenced by the signature of the Chairman of the Board. Notwithstanding any other provisions of this ordinance, failure of the County to comply with the Continuing Disclosure Undertaking shall not be considered an "event of default" under Section 27 hereof, and holders and beneficial owners of Bonds shall be entitled to exercise only such rights with respect thereto as are provided in the Continuing Disclosure Undertaking.

Section 33. Provisions Relating to the Insurer. The provisions of this Section apply only to the extent that the Insurer is not in default under the Municipal Bond Insurance Policy and only if and to the extent permitted or authorized by New Mexico law:

A. Notices. Any notice that is required to be given to registered owners of the Bonds, nationally recognized municipal securities information repositories or state information depositories pursuant to Rule 15c2-12(b) (5) adopted by the Securities and Exchange Commission, or to the Paying Agent pursuant to this ordinance shall also be provided to the Insurer, simultaneously with the sending of such notices. In addition, all information furnished pursuant to the Continuing Disclosure Undertaking shall also be provided to the Insurer, simultaneously with the furnishing of such information pursuant to the Continuing Disclosure Undertaking.

B. Information. The County agrees to deliver the following to the Insurer:

(1) within 150 days after the end of each Fiscal Year of the County, a copy of the annual audited financial statements of the County certified by an independent certified public accountant;

(2) the operating budget for the next succeeding Fiscal Year prior to the commencement of such Fiscal Year;

(3) prior to issuing debt secured by the Pledged Revenues, any disclosure document or ordinance pertaining to such additional debt, which disclosure document or ordinance shall include, without limitation, the applicable maturity schedule, interest rate or rates, redemption and security provisions pertaining to any such additional debt;

(4) within thirty days following conclusion of any litigation or investigation that may have a material adverse affect on the Pledged Revenues, notice of such litigation or investigation; and

(5) such additional information as the Insurer may reasonably request.



C. Discussions with County. The County will permit the Insurer to discuss the affairs, finances, and accounts of the County or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the County, and will use its best efforts to enable the Insurer to have access to the facilities, books and records of the County on any Business Day upon reasonable prior notice.

D. Paying Agent to Notify Insurer. The Paying Agent shall notify the Insurer of any failure of the County to provide notices, certificates, and other information under this ordinance.

E. Third Party Beneficiary. The Insurer is explicitly recognized as being a third party beneficiary hereunder, and may enforce any right, remedy or claim conferred, given or granted hereunder.

F. Deemed Holder. The Insurer shall be deemed to be the holder of all of the Bonds for purposes of (i) exercising all remedies and directing the Paying Agent to take actions or for any other purposes following an event of default, and (ii) granting any consent, direction, or approval, or taking any action permitted by or required under this ordinance to be granted or taken by the registered owners of the Bonds.

G. Insurer Consent. Wherever this ordinance requires the consent of registered owners of the Bonds, the Insurer's consent shall also be required.

H. Determinations by Paying Agent and Registrar. Notwithstanding any other provision hereof, in determining whether the rights of registered owners of the Bonds will be adversely affected by any action taken pursuant to the terms and provisions thereof, the Paying Agent and the Registrar shall consider the effect on the registered owners of the Bonds as if there were no Municipal Bond Insurance Policy.

(1) Address. All notices required to be given to the Insurer under this ordinance shall be in writing and shall be sent by registered or certified mail addressed to Assured Guaranty Corp., 1325 Avenue of the Americas, New York, New York 10019, Attention: General Counsel, with a copy to the Insurer, Attention: Risk Management Department – Public Finance Surveillance.

Section 34. Payment Procedure Pursuant to the Municipal Bond Insurance Policy. As long as the Municipal Bond Insurance Policy shall be in full force and effect, the County and the Paying Agent agree to comply with the following provisions:

A. Notice of Insufficiency. At least two Business Days prior to each payment date on the Bonds, the Paying Agent, will determine whether there will be sufficient funds to pay all principal of and interest on the Bonds due on the related payment date and shall immediately notify the Insurer or its designee on the same Business Day by telephone or electronic mail, confirmed in writing by registered or certified mail, of the amount of any deficiency. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest or both. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify the Insurer or its designee. The Registrar, shall after giving notice to the Insurer as

provided above, make available to the Insurer and, at the Insurer's direction, to any Fiscal Agent, the registration records of the County maintained by the Registrar and all records relating to the funds maintained hereunder.

B. List of Owners. The Registrar shall provide the Insurer and any Fiscal Agent with a list of registered owners of Bonds entitled to receive principal or interest payments from the Insurer under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurer, the Fiscal Agent, or another designee of the Insurer to (i) mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from the Insurer and (ii) pay principal upon Bonds surrendered to the Insurer, the Fiscal Agent, or another designee of the Insurer by the registered owners of Bonds entitled to receive full or partial principal payments from the Insurer.

C. Notice to Owners. The Paying Agent, shall, at the time it provides notice to the Insurer of any deficiency pursuant to subsection A above, notify the registered owners of Bonds entitled to receive the payment of principal or interest thereon from the Insurer (i) as to such deficiency and their entitlement to receive principal or interest, as applicable, (ii) that the Insurer will remit to them all or a part of the interest payments due on the related payment date upon proof of their entitlement thereto and delivery to the Insurer or any Fiscal Agent, in form satisfactory to the Insurer, of an appropriate assignment of the registered owner's right to payment, (iii) that, if they are entitled to receive partial payment of principal from the Insurer, they must surrender the related Bonds for payment first to the Paying Agent, which will note on such Bonds the portion of the principal paid by the Paying Agent and second to the Insurer or its designee, together with an appropriate assignment, in form satisfactory to the Insurer, to permit ownership of such Bonds to be registered in the name of the Insurer, which will then pay the unpaid portion of principal, and (iv) that if they are entitled to receive full payment of principal from the Insurer, they must surrender the related Bonds for payment to the Insurer or its designee, rather than the Paying Agent, together with the an appropriate assignment, in form satisfactory to the Insurer, to permit ownership of such Bonds to be registered in the name of the Insurer.

D. Preference. In addition, if the Paying Agent has notice that any registered owner of the Bonds has been required to disgorge payments of principal or interest on the Bonds previously due for payment pursuant to a final non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such registered owner within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Insurer or its designee of such fact by telephone or electronic notice, confirmed in writing by registered or certified mail.

E. Attorney-In-Fact. The Paying Agent will be hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for registered owners of the Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Paying Agent shall (i) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent for such register owners in any legal proceeding related to the payment of such interest and an assignment to the Insurer



of the claims for interest to which such deficiency relates and which are paid by the Insurer, (ii) receive as designee of the respective registered owners (and not as Paying Agent) in accordance with the tenor of the Municipal Bond Insurance Policy payment from the Insurer with respect to the claims for interest so assigned, and (iii) disburse the same to such respective registered owners; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Paying Agent shall (i) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent for such registered owner in any legal proceeding related to the payment of such principal and an assignment to the Insurer of the Bond surrendered to the Insurer in an amount equal to the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurer is received), (ii) receive as designee of the respective registered owners of the Bonds (and not as Paying Agent) in accordance with the tenor of the Municipal Bond Insurance Policy payment therefor from the Insurer, and (iii) disburse the same to such registered owners.

F. No Discharge. Payments with respect to claims for interest on and principal of Bonds disbursed by the Paying Agent from proceeds of the Municipal Bond Insurance Policy shall not be considered to discharge the obligation of the County with respect to such Bonds, and the Insurer shall become the owner of such unpaid Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this ordinance.

G. Subrogation. Irrespective of whether any such assignment is executed and delivered, the County and the Paying Agent hereby agree for the benefit of the Insurer that:

(1) they recognize that to the extent the Insurer makes payments directly or indirectly (e.g., by paying through the Paying Agent), on account of principal of or interest on the Bonds, the Insurer will be subrogated to the rights of such registered owners of the Bonds to receive the amount of such principal and interest from the County, with interest thereon as provided and solely from the sources stated herein and in the Bonds; and

(2) they will accordingly pay to the Insurer the amount of such principal and interest, with interest thereon as provided herein and in the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to registered owners of the Bonds, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

H. Reimbursement. To the extent permitted by law, the County hereby agrees to pay or reimburse the Insurer, (i) for all amounts paid by the Insurer under the terms of the Municipal Bond Insurance Policy, and (ii) any and all charges, fees, costs, and expenses which the Insurer may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants, and auditors, and reasonable costs of investigations, in connection with (a) any accounts established to facilitate payments under the Municipal Bond Insurance Policy, (b) the administration, enforcement, defense, or preservation of any rights in respect of this ordinance including defending, monitoring, or participating in any litigation or

proceeding (including any bankruptcy proceeding in respect of the County) relating to this ordinance, or the transactions contemplated by this ordinance, (c) the foreclosure against, sale, or other disposition of any collateral securing any obligations under this ordinance, or the pursuit of any remedies under this ordinance, to the extent such costs and expenses are not recovered from such foreclosure, sale, or other disposition, or (d) any amendment, waiver, or other action with respect to, or related to, this ordinance whether or not executed or completed; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Insurer spent in connection with the actions described in clauses (b) - (d) above. In addition, the Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver, or consent proposed in respect of this ordinance. The County will pay interest on the amounts owed in this paragraph from the date of any payment due or paid, at the Reimbursement Rate. Amounts owed by the County under this subsection shall be payable only from the Pledged Revenues and the Insurer may not look to any general or other fund for the payment of such amounts.

I. Insurer May Pay. The Insurer shall be entitled to pay principal or interest on the Bonds that shall become "Due for Payment" but shall be unpaid by reason of "Nonpayment by the Issuer" (as such terms are defined in the Municipal Bond Insurance Policy), whether or not the Insurer has received a Notice (as defined in the Municipal Bond Insurance Policy) of Nonpayment or a claim upon the Municipal Bond Insurance Policy.

J. Subrogation Rights. In addition, to the extent it makes any payment of principal or interest on the Bonds, the Insurer shall become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of claims for interest, the Registrar shall note the Insurer's rights as subrogee on the registration records of the County maintained by the Registrar, upon receipt of proof of payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of claims for principal, the Registrar shall note the Insurer's rights as subrogee on the registration records of the County maintained by the Registrar, upon surrender of the Bonds together with receipt of proof of payment of principal thereof.

Section 35. Separability. If any section, paragraph, clause or provision shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this ordinance.

Section 36. Repealer Clause. All ordinances or parts of ordinances inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any ordinance or part of any ordinance heretofore repealed.

Section 37. Ordinance Irrepealable. After any of the Bonds are issued, this ordinance shall be and remain irrepealable until the Bonds and interest thereon shall be fully paid, cancelled and discharged as therein provided, or there has been defeasance as provided in Section 25 hereof.

Section 38. Emergency Clause and Effective Date. This ordinance is necessary for the preservation of the public health, peace and safety of the inhabitants of the County; by reason of the fact that the County is in great need of the Project, this ordinance is



hereby declared to be an emergency measure on the ground of urgent public need and therefore, immediately upon its adoption by at least a majority of all of the members of the Board and upon its final passage, shall be recorded in the book of ordinances of the County kept for that purpose, authenticated by the signatures of the Chairman of the Board and County Clerk, and said ordinance shall be in full force and effect immediately after this ordinance has been recorded in the book kept by the County for that purpose.

Section 39. Publication Of Notice. The following notice shall be published one time in the *Deming Headlight*, being a legal newspaper published and of general circulation in the County, as soon as is practicable following the adoption hereof:

LUNA COUNTY-NM  
KAREN SMYER, CLERK  
200706294  
45 of 66  
10/03/2007 12:33:57 PM  
BY ANDREA

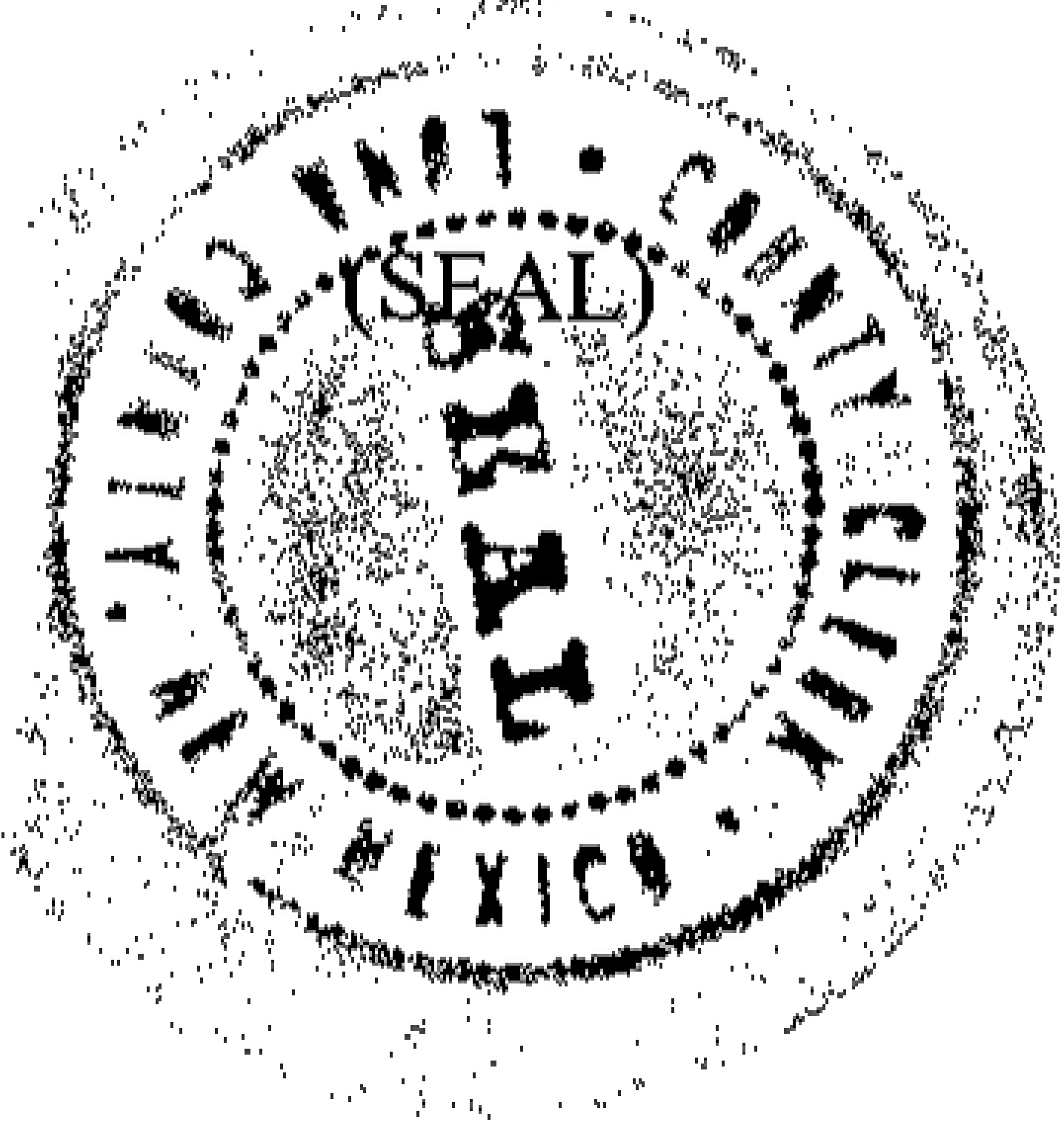
COUNTY OF LUNA, NEW MEXICO  
NOTICE OF ADOPTION OF ORDINANCE NUMBER 67  
AND RESOLUTION NUMBER 07-46

NOTICE IS HEREBY GIVEN that on September 13, 2007, the Board of County Commissioners of Luna County, New Mexico duly adopted and approved its Ordinance Number 67 and Resolution Number 07-46 relating to the Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A and the County correctional facility gross receipts tax imposed by Ordinance Number 60. The title of Ordinance Number 67 is:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF LUNA COUNTY, NEW MEXICO CORRECTIONAL FACILITY GROSS RECEIPTS TAX REVENUE BONDS, SERIES 2007A IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,515,000 FOR THE PURPOSE OF DEFRAYING THE COST OF CONSTRUCTING, PURCHASING, FURNISHING, EQUIPPING, REHABILITATING, EXPANDING OR IMPROVING A JUDICIAL-CORRECTIONAL FACILITY OR THE GROUNDS OF A JUDICIAL-CORRECTIONAL FACILITY, INCLUDING BUT NOT LIMITED TO ACQUIRING AND IMPROVING PARKING LOTS, LANDSCAPING OR ANY COMBINATION OF THE FOREGOING; PROVIDING THAT THE BONDS WILL BE PAYABLE AND COLLECTIBLE FROM THE REVENUE ATTRIBUTABLE TO THE 1/8TH OF 1% COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS TAX WHICH IS LEVIED PURSUANT TO ORDINANCE NUMBER 60 (ADOPTED DECEMBER 29, 2006) AND PURSUANT TO SECTIONS 7-20F-1 THROUGH 7-20F-6, NMSA 1978, AS AMENDED AND SUPPLEMENTED; PROVIDING FOR THE DISPOSITION OF THE RECEIPTS DERIVED FROM SAID TAX PROCEEDS; PRESCRIBING OTHER DETAILS CONCERNING SAID BONDS AND SAID TAX PROCEEDS, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH AND THE FORM, TERMS, CONDITIONS AND MANNER OF EXECUTION OF SAID BONDS AND CONCERNING THE PROJECT; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; REPEALING ALL ORDINANCES IN CONFLICT HERewith; AND DECLARING AN EMERGENCY.

COMPLETE COPIES OF THE ORDINANCE AND RESOLUTION ARE ON FILE IN THE OFFICE OF THE COUNTY CLERK AT THE LUNA COUNTY COURTHOUSE, 700 SOUTH SILVER AVENUE, IN DEMING, NEW MEXICO, AND ARE AVAILABLE FOR INSPECTION AND/OR PURCHASE DURING REGULAR OFFICE HOURS. THIS NOTICE ALSO CONSTITUTES COMPLIANCE WITH SECTIONS 6-14-4 THROUGH 6-14-7, NMSA 1978.

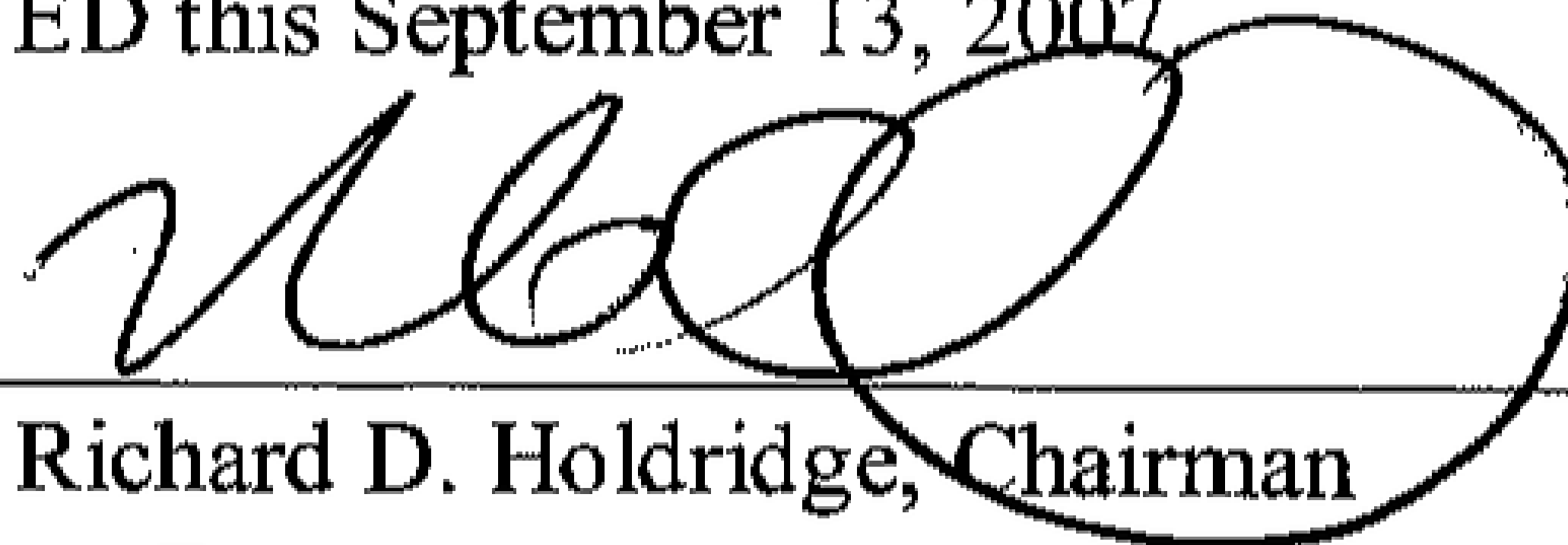
WITNESS my hand and the seal of the County of Luna, New Mexico this September 13,  
2007.



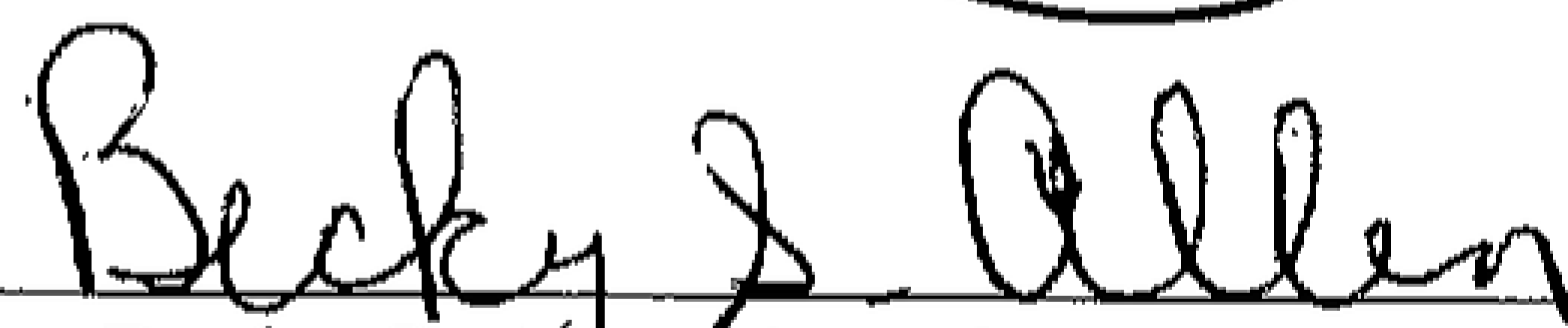
*Natalie Pacheco*  
Chief Deputy County Clerk

LUNA COUNTY-NM  
KAREN SMYER, CLERK  
200706294  
47 of 66  
10/03/2007 12:33:57 PM  
BY ANDREA

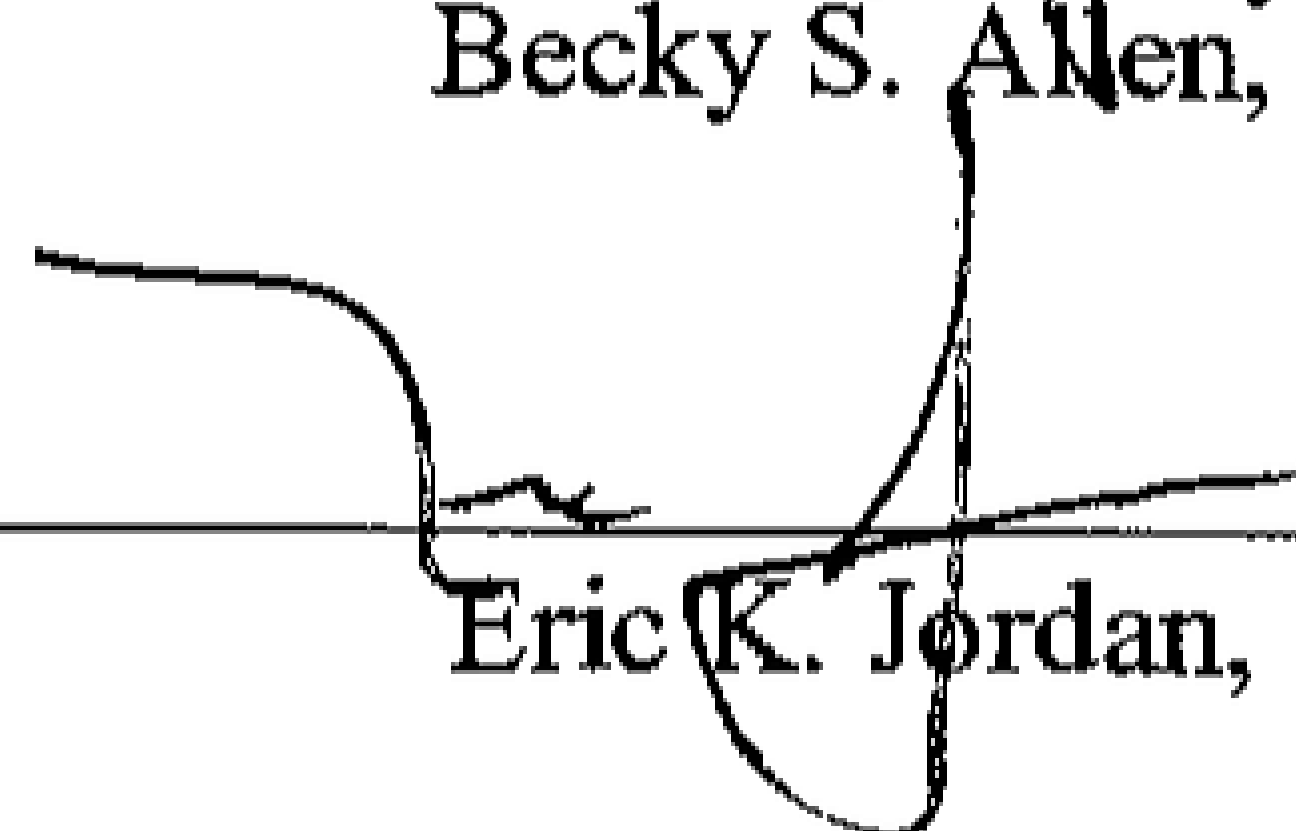
PASSED, ADOPTED, SIGNED AND APPROVED this September 13, 2007



Richard D. Holdridge, Chairman



Becky S. Allen, Member



Eric K. Jordan, Member



Attest:

  
Natalie Pacheco  
Chief Deputy County Clerk

LUNA COUNTY-NM  
KAREN SMYER, CLERK  
200706294  
48 of 66  
10/03/2007 12:33:57 PM  
BY ANDREA



The Chairman thereupon asked if any Commissioner or other person in attendance would like to have such bond ordinance read in full. There being no such request, the Chairman announced that copies of the bond ordinance are available to anyone requesting the same.

Commissioner Jordan then moved that said ordinance as filed with the County Clerk at this meeting be passed and adopted. Commissioner Allen seconded the motion.

The question being upon the passage and adoption of said ordinance, the roll was called with the following result:

Those Voting Yea:           Richard D. Holdridge  
                                  Becky S. Allen  
                                  Eric K. Jordan

Those Voting Nay           \_\_\_\_\_

Those Absent:             \_\_\_\_\_

The presiding officer thereupon declared that a majority of all the members of the Board having voted in favor thereof, the said motion was carried and the said ordinance duly passed and adopted.

Thereupon there was officially filed with the County Clerk, the Chairman and each Commissioner the following resolution which was introduced by Commissioner Holdridge.

RESOLUTION NUMBER 07-46

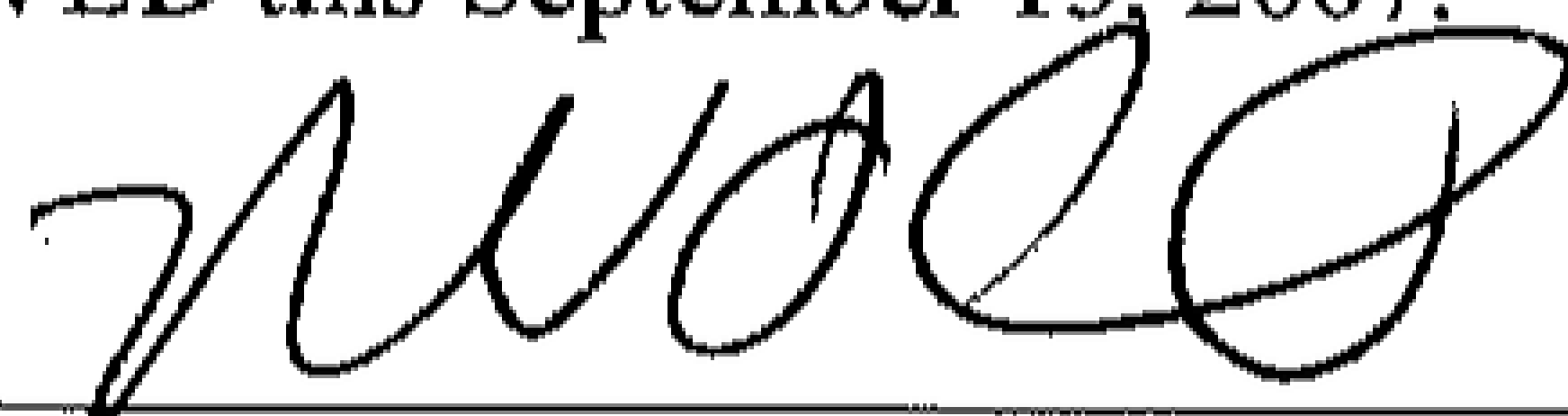
WHEREAS, pursuant to Chapter 7, Article 20F, NMSA 1978, the Board of County Commissioners of Luna County, New Mexico ("Board" and "County" respectively) on December 29, 2006 adopted Ordinance Number 60, which imposes a County correctional facility gross receipts tax of  $1/8^{\text{th}}$  of 1% of the gross receipts of persons engaging in business within all of the County, and which tax became effective on July 1, 2007; and

WHEREAS, the Board, by Ordinance Number 67, adopted on this September 13, 2007, has authorized the issuance of its "Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A" in the aggregate principal amount of \$4,515,000 (the "Bonds").

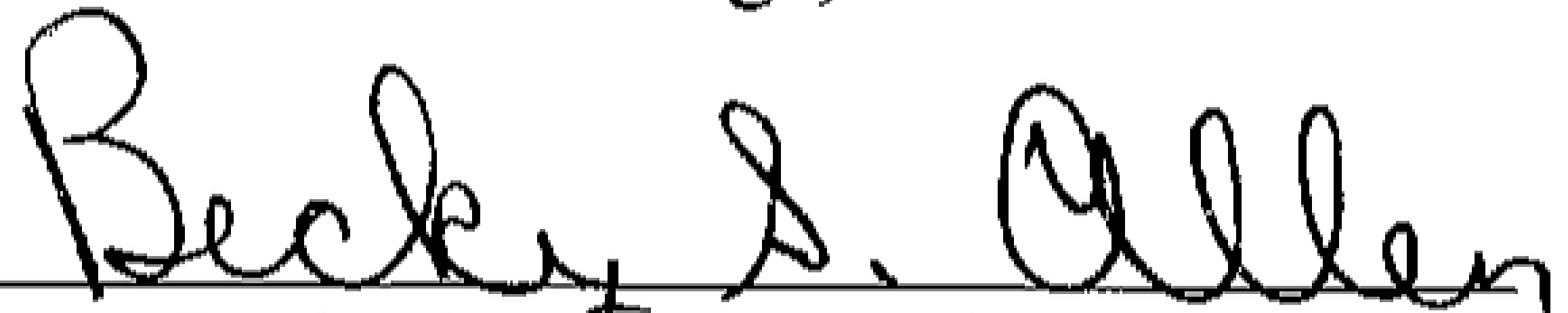
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF LUNA COUNTY, NEW MEXICO.

Section 1. All action heretofore taken by the Board and the officers of the County directed toward the financing of the Project, the sale and issuance of the Bonds, the pledge of the Pledged Revenues and the adoption of Ordinance Number 60 and Ordinance Number 67 be, and the same hereby are, ratified, approved and confirmed. All capitalized terms shall have the same meaning as such terms have in Ordinance Number 67.

PASSED, ADOPTED, SIGNED AND APPROVED this September 13, 2007.



Richard D. Holdridge, Chairman



Becky S. Allen, Member



Eric K. Jordan, Member

(SEAL)

Attest:

  
County Clerk

GRT Correct Facility  
PUBFIN689954.7

The Chairman thereupon asked if any Commissioner or other person in attendance would like to have such resolution read in full. There being no such request, the Chairman announced that copies of the resolution are available to anyone requesting the same.

Commissioner Allen then moved that said resolution as filed with the County Clerk at this meeting be passed and adopted. Commissioner Jordan seconded the motion.

The question being upon the passage and adoption of said resolution, the roll was called with the following result:

Those Voting Yea:                Richard D. Holdridge  
    Becky S. Allen  
    Eric K. Jordan

Those Voting Nay:                \_\_\_\_\_

Those Absent:                    \_\_\_\_\_

The Chairman thereupon declared that a majority of all the members of the Board having voted in favor thereof, the said motion was carried and the said resolution duly passed and adopted.

The Chairman thereupon determined that each member of the Board had been furnished with the foregoing minutes relating to such bond issue (being page 1 through 53). After discussion thereof, Commissioner Jordan then moved approval of the foregoing minutes (pages 1 through 53). Commissioner Allen seconded such motion which, upon being put to a vote, was passed and adopted on the following recorded vote:

Those Voting Yea:                Richard D. Holdridge  
    Becky S. Allen  
    Eric K. Jordan

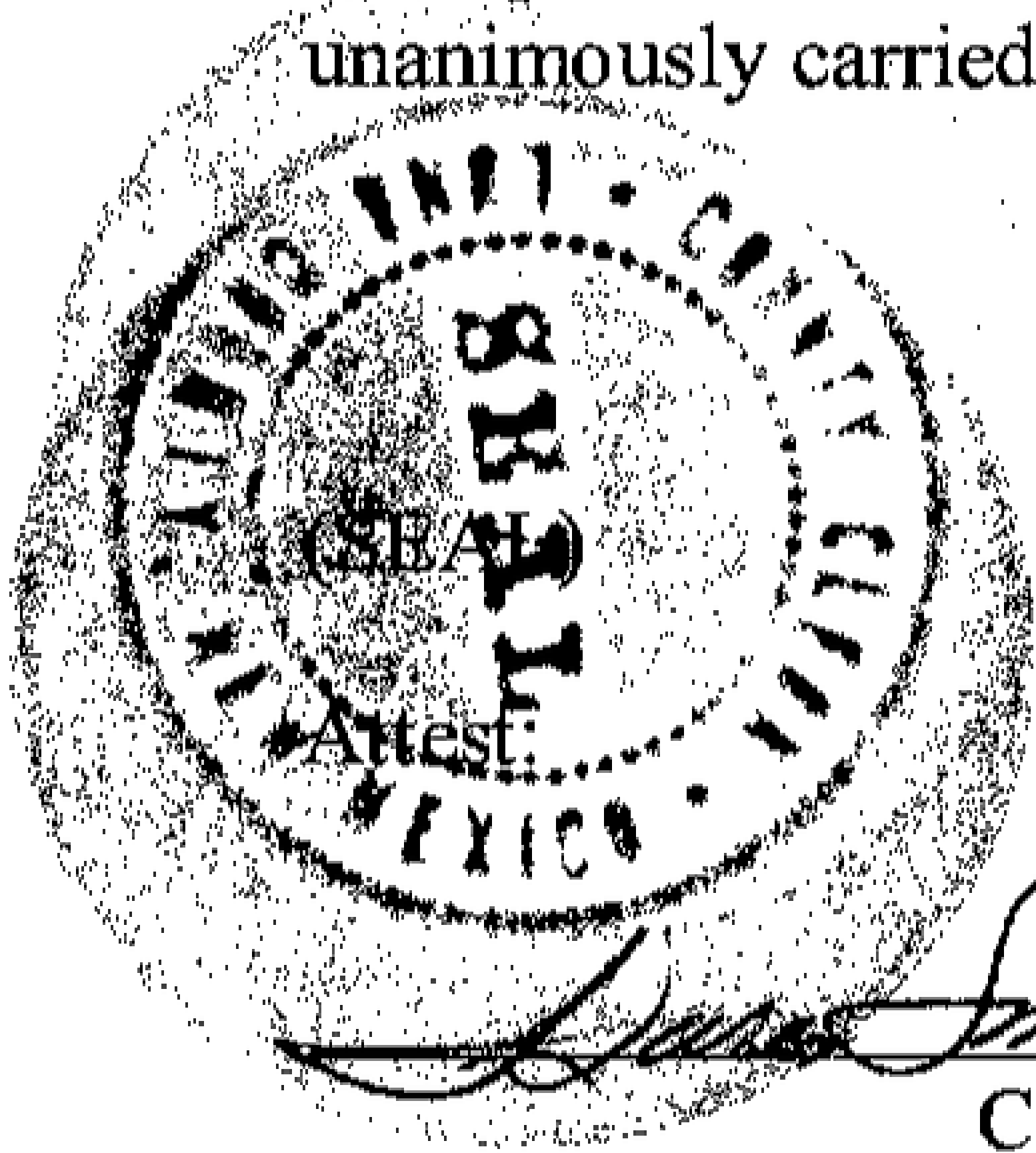
Those Voting Nay:                \_\_\_\_\_

Those Absent:                    \_\_\_\_\_

The Chairman thereupon declared that at least a majority of all the members of the Board having voted in favor thereof, said motion was carried and such minutes (pages 1 through 53) are approved and official.



After consideration of matters not relating to such County Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A, the meeting on motion duly made, seconded and unanimously carried, was adjourned.



*[Handwritten Signature]*

Chairman

*[Handwritten Signature]*

Clerk

LUNA COUNTY-NM  
KAREN SMYER, CLERK  
200706294  
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10/03/2007 12:33:57 PM  
BY ANDREA

STATE OF NEW MEXICO            )  
  ) SS.  
COUNTY OF LUNA                )

I, Karen Smyer, County Clerk of Luna County, New Mexico (the "County"), do hereby certify:

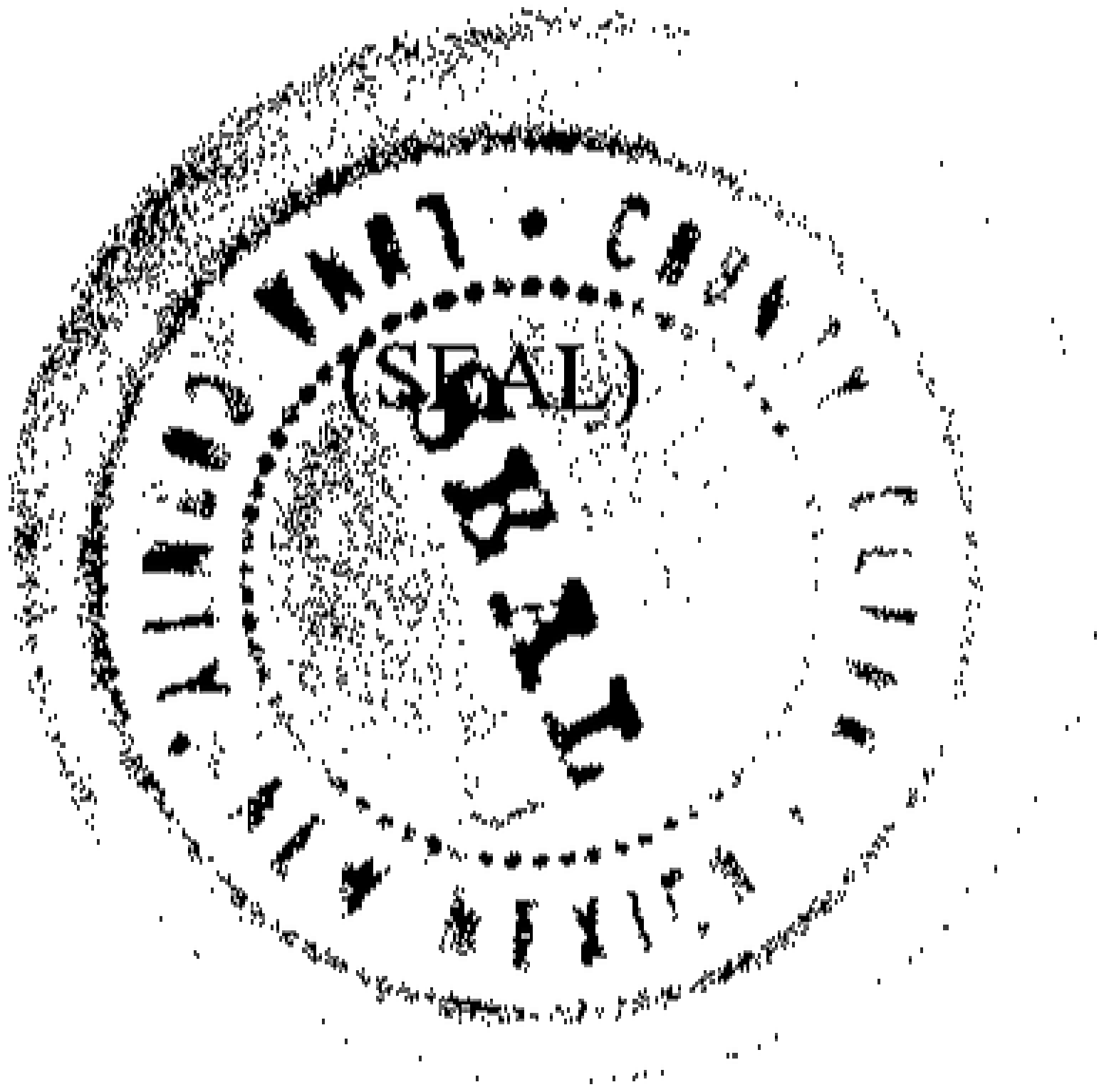
1. The foregoing pages numbered 1 through 53 constitute a full and correct copy of the record of the proceedings taken by the Board of County Commissioners of the County at a regular meeting thereof held at the Luna County Courthouse, 700 South Silver, Deming, New Mexico, commencing at 9:00 a.m. on September 13, 2007, so far as said minutes related to Ordinance Number 67 and Resolution Number 07-46, copies of which are therein set forth; said copies of said Ordinance and said Resolution as passed by the Board of County Commissioners at said meeting are in substantially the same form as the ordinance and resolution filed with me on August 24, 2007; and said Ordinance and said Resolution as passed on September 13, 2007 have been duly authenticated by the signatures of the Chairman of the Board of County Commissioners and myself as County Clerk, sealed with the corporate seal of the County, and recorded in my office on September 13, 2007. The minutes contained on pages 1 through 53 insofar as they relate to the adoption of said Ordinance and said Resolution have been duly approved by the Board and are official.

2. Notice of such meeting of September 13, 2007, was given by publishing a notice of such meeting in the *Deming Headlight* on August 30, 2007 (an affidavit of publication thereof being attached hereto as Exhibit A), and by sending a notice and proposed agenda to all Luna County radio stations, television stations and newspapers of general circulation that have requested in writing such notice at least three days prior to such meeting and making the agenda available at least 24 hours prior to the meeting in the office of the County Manager, all in accordance with the County's Resolution Number 07-01, adopted January 11, 2007, establishing notice standards with respect to meetings of the Board (a copy of such notice being attached hereto as Exhibit B).

3. The Chairman and all other members of the Board of County Commissioners were present at said meeting, and the members of said Board of County Commissioners voted on the passage of such Ordinance and Resolution as in said minutes set forth and said notice of adoption of said Ordinance was on September 18, 2007 published in the *Deming Headlight*, being a newspaper which maintains an office in and is of general circulation within the County, an affidavit of publication being attached hereto as Exhibit C.

4. No other business concerning said Ordinance and Resolution was taken at said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the County of  
Luna, New Mexico, this Sept 24 2007.



Karen Smyer  
County Clerk

LUNA COUNTY-NM  
KAREN SMYER, CLERK  
200706294  
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10/03/2007 12:33:57 PM  
BY ANDREA



EXHIBIT A

(Attach Affidavit of Publication of Notice of  
September 13, 2007 Meeting)

LUNA COUNTY-NM  
KAREN SMYER, CLERK  
200706294  
55 of 66  
10/03/2007 12:33:57 PM  
BY ANDREA

## LEGAL NOTICE

### LEGAL NOTICE COUNTY OF LUNA, NEW MEXICO NOTICE OF MEETING, PUBLIC HEARING AND INTENT TO ADOPT ORDINANCE AND RESOLUTION

The County of Luna, New Mexico hereby gives notice of its regular scheduled meeting to be held on Thursday, September 13, 2007, at 9:00 a.m., at the Luna County Courthouse, 700 South Silver, Deming, New Mexico. At such meeting, the County will hold a public hearing concerning a proposed ordinance and resolution relating to the authorization and issuance of its Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A. After such hearing, the Board of County Commissioners of the County will consider adoption of such ordinance and resolution. Complete copies of the proposed ordinance and resolution are available for public inspection during the normal and regular business hours of the County Clerk, 700 South Silver, Deming, New Mexico.

The title of the proposed Ordinance is substantially as follows:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF LUNA COUNTY, NEW MEXICO CORRECTIONAL FACILITY GROSS RECEIPTS TAX REVENUE BONDS, SERIES 2007A IN THE AGGREGATE PRINCIPAL AMOUNT OF \$\_\_\_\_\_ FOR THE PURPOSE OF DEFRAYING THE COST OF CONSTRUCTING, PURCHASING, FURNISHING, EQUIPPING, REHABILITATING, EXPANDING OR IMPROVING A JUDICIAL CORRECTIONAL FACILITY OR THE GROUNDS OF A JUDICIAL CORRECTIONAL FACILITY, INCLUDING BUT NOT LIMITED TO ACQUIRING AND IMPROVING

PARKING LOTS, LANDSCAPING OR ANY COMBINATION OF THE FOREGOING; PROVIDING THAT THE BONDS WILL BE PAYABLE AND COLLECTIBLE FROM THE REVENUE ATTRIBUTABLE TO THE 1/8TH OF 1% COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS TAX WHICH IS LEVIED PURSUANT TO ORDINANCE NUMBER 60 (ADOPTED DECEMBER 29, 2006) AND PURSUANT TO SECTIONS 7-20F-1 THROUGH 7-20F-6, NMSA 1978, AS AMENDED AND SUPPLEMENTED; PROVIDING FOR THE DISPOSITION OF THE RECEIPTS DERIVED FROM SAID TAX PROCEEDS; PRESCRIBING OTHER DETAILS CONCERNING SAID BONDS AND SAID TAX PROCEEDS, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH AND THE FORM, TERMS, CONDITIONS AND MANNER OF EXECUTION OF SAID BONDS AND CONCERNING THE PROJECT; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND DECLARING AN EMERGENCY.

A general summary of the ordinance is contained in the foregoing title. This notice constitutes compliance with 4-4-37-7, NMSA 1978.

WITNESS my hand and seal of the County of Luna, New Mexico, this 27th day of August, 2007.

Scott Vinson,  
County Manager

No. 3944 11(8-30)

## CERTIFICATE OF PUBLICATION

### STATE OF NEW MEXICO COUNTY OF LUNA

I, Wayne Barnard do solemnly swear that I am the General Manager of the Deming Headlight published at Deming, Luna County, New Mexico, and that the article, a copy of which is hereto attached, has been published in said Deming Headlight for 1 time(s) consecutively.

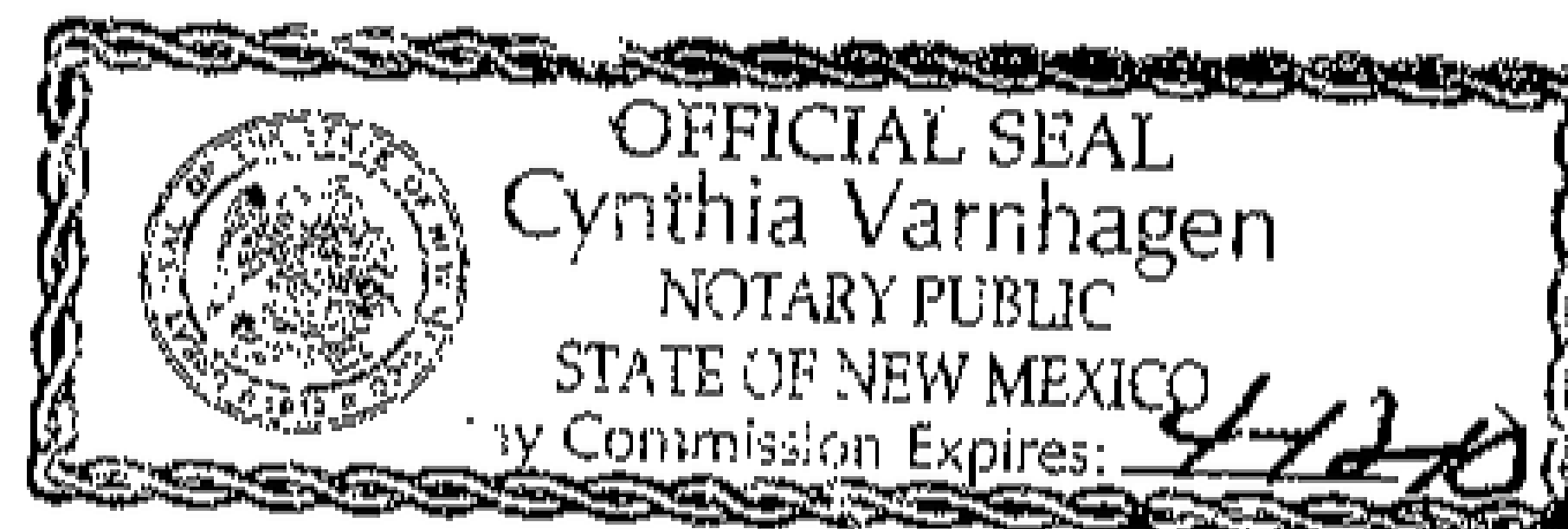
Publication being on the 30<sup>th</sup> day of August 2007

### DEMING HEADLIGHT

By \_\_\_\_\_

Sworn to and subscribed before me the 30<sup>th</sup> day of August 2007

*Cynthia Varnhagen*  
My commission expires 4/12/2010



LUNA COUNTY-NM  
KAREN SMYER, CLERK  
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BY ANDREA

EXHIBIT B

(Attach Notice and Agenda of Meeting as Sent)

LUNA COUNTY-NM  
KAREN SMYER, CLERK  
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BY ANDREA



LEGAL NOTICE

COUNTY OF LUNA, NEW MEXICO  
NOTICE OF MEETING, PUBLIC HEARING AND  
INTENT TO ADOPT ORDINANCE AND RESOLUTION

The County of Luna, New Mexico hereby gives notice of its regular scheduled meeting to be held on Thursday, September 13, 2007, at 9:00 a.m., at the Luna County Courthouse, 700 South Silver, Deming, New Mexico. At such meeting, the County will hold a public hearing concerning a proposed ordinance and resolution relating to the authorization and issuance of its Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A. After such hearing, the Board of County Commissioners of the County will consider adoption of such ordinance and resolution. Complete copies of the proposed ordinance and resolution are available for public inspection during the normal and regular business hours of the County Clerk, 700 South Silver, Deming, New Mexico.

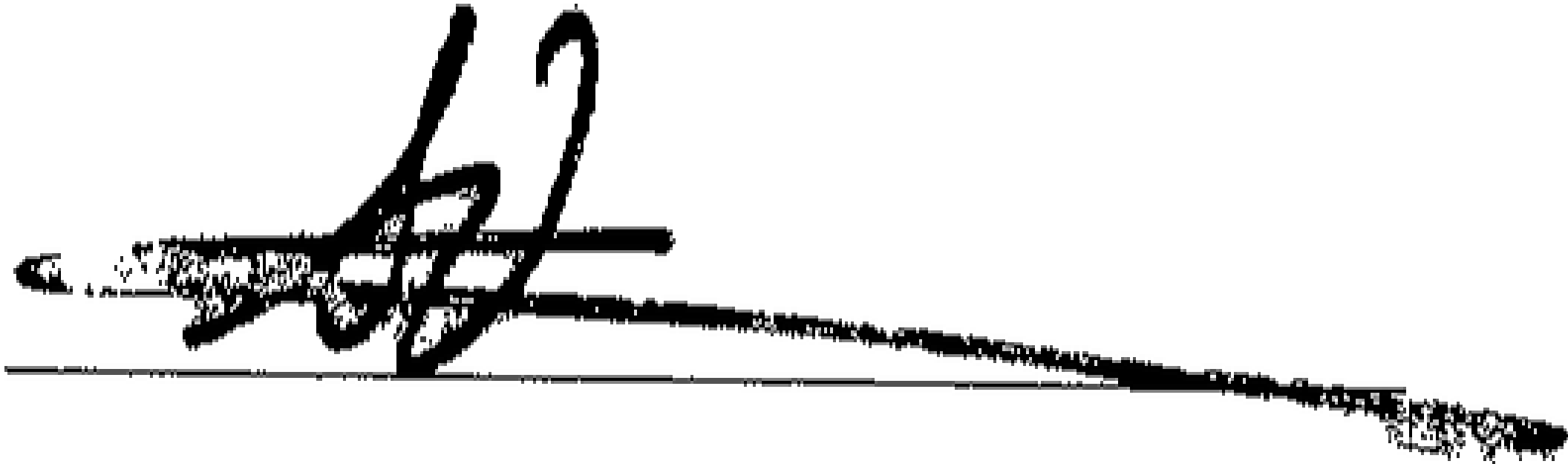
The title of the proposed Ordinance is substantially as follows:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF LUNA COUNTY, NEW MEXICO CORRECTIONAL FACILITY GROSS RECEIPTS TAX REVENUE BONDS. SERIES 2007A IN THE AGGREGATE PRINCIPAL AMOUNT OF \$\_\_\_\_\_ FOR THE PURPOSE OF DEFRAYING THE COST OF CONSTRUCTING, PURCHASING, FURNISHING, EQUIPPING, REHABILITATING, EXPANDING OR IMPROVING A JUDICIAL-CORRECTIONAL FACILITY OR THE GROUNDS OF A JUDICIAL-CORRECTIONAL FACILITY, INCLUDING BUT NOT LIMITED TO ACQUIRING AND IMPROVING PARKING LOTS, LANDSCAPING OR ANY COMBINATION OF THE FOREGOING; PROVIDING THAT THE BONDS WILL BE PAYABLE AND COLLECTIBLE FROM THE REVENUE ATTRIBUTABLE TO THE 1/8TH OF 1% COUNTY CORRECTIONAL FACILITY GROSS RECEIPTS TAX WHICH IS LEVIED PURSUANT TO ORDINANCE NUMBER 60 (ADOPTED DECEMBER 29, 2006) AND PURSUANT TO SECTIONS 7-20F-1 THROUGH 7-20F-6, NMSA 1978, AS AMENDED AND SUPPLEMENTED; PROVIDING FOR THE DISPOSITION OF THE RECEIPTS DERIVED FROM SAID TAX PROCEEDS; PRESCRIBING OTHER DETAILS CONCERNING SAID BONDS AND SAID TAX PROCEEDS, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH AND THE FORM, TERMS, CONDITIONS AND MANNER OF EXECUTION OF SAID BONDS AND CONCERNING THE PROJECT; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; REPEALING ALL ORDINANCES IN CONFLICT HERewith; AND DECLARING AN EMERGENCY.

A general summary of the ordinance is contained in the foregoing title. This notice constitutes compliance with § 4-37-7, NMSA 1978.

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WITNESS my hand and seal of the County of Luna, New Mexico, this 27th day of August, 2007.

A handwritten signature in black ink, appearing to be "SV", is written over a horizontal line.

Scott Vinson, County Manager

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**AMENDED  
LUNA COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**Eric K. Jordan**  
**Member**

**Rick Holdridge**  
**Chairman**

**Becky S. Allen**  
**Member**

**AGENDA**

**Thursday, September 13, 2007  
9:00 a.m.  
Luna County Courthouse**

- 1. Call to Order:** Pledge of Allegiance, Chairperson to commence meeting  
**MOTION AND VOTE**

- 2. Service Awards:**

Adrian Chaires	Detention	5
Charlie Waldrop	Road Dept.	5
Danny Gonzales	Business Office	10

- 3. Consider Minutes:**

- a. Special Meeting- July 26, 2007  
**MOTION AND VOTE**
- b. Regular Meeting- August 9, 2007  
**MOTION AND VOTE**
- c. Special Meeting-August 17, 2007  
**MOTION AND VOTE**
- d. Special Meeting- August 24, 2007  
**MOTION AND VOTE**

- 4. Consider Consent Agenda:** The Board will be asked to approve items of recurring or routine business.

- a. Payroll - \$ 1,392,784.48
- b. Accounts Payable- \$ 956,617.14
- c. Resolution 07-45 Budget Adjustments

- 5. New Business:**

- a. DWI Budget Amendment to FY08 Distribution Budget  
**MOTION AND VOTE**
- b. DWI Budget Amendment to FY 08 Grant Budget  
**MOTION AND VOTE**

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- c. Resolution No. 07-40 Support of Raising Awareness of Underage Drinking in New Mexico

**MOTION AND VOTE**

- d. E-911 Project Grant Amendment

**MOTION AND VOTE**

- e. Resolution 07-39 Authorizing Submission of a Local Government Planning Application to the NM Finance Authority

**MOTION AND VOTE**

- f. Memorandum of Agreement between Luna County and Mimbres Memorial Hospital for Community Health Care

**MOTION AND VOTE**

- g. Fair Day 2007- Friday, September 28, 2007

**MOTION AND VOTE**

- h. Radio equipment for Central Dispatch

**MOTION AND VOTE**

- i. *Adopt forty year water plan for Village of Columbus, Luna County*

**MOTION AND VOTE**

**6. Board Appointments:**

- a. Luna County Health Council Roster

**MOTION AND VOTE**

**7. Public Hearing:**

- a. Ordinance Number 67 relating to the Correctional Facility Gross Receipts Tax Revenue Bonds

**MOTION AND VOTE**

- b. Resolution 07-46 relating to the Adoption of Ordinance Number 67

**MOTION AND VOTE**

- c. Ordinance Number 68 relating to the Capital Outlay Gross Receipts Tax Revenue Bonds

**MOTION AND VOTE**

- d. Resolution 07-47 relating to the Adoption of Ordinance Number 68

**MOTION AND VOTE**

**8. RFP's and Bid Awards:**

- a. Bid FY 96-01 Steel Pipe for Columbus Stockyards

**MOTION AND VOTE**

**9. Road Department Report: Marty Miller**

**10. Sheriff's Department Report: Raymond Cobos**

- a. Sheriff's Department Appointee

**MOTION AND VOTE**

**11. Assessor's Office Report: Patsy Leyba**

**12. Treasurer's Office Report: Gloria Rodriguez**

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**13. Indigent Claims Report:** Scott Vinson

- a. Recess as County Commission, Convene as Claims Board
- b. Consider Claims
- c. Recess as Claims Board, Re-Convene as County Commission

**MOTION AND VOTE**

**14. County Manager's Report:** Scott Vinson

**15. Commissioners' Miscellaneous Items**

- a. Discussion of items not on the agenda as necessary or requested by the County Commission

**16. Approve Next Meeting**

October 11, 2007

**17. Executive Session:**

Executive Session to Discuss acquisition of real property pursuant to §10-15-1 (H)(8) NMSA 1978.

**ACTION MAY BE TAKEN**

**18. Adjourn**

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EXHIBIT C

(Attach Affidavit of Publication of Notice of Adoption of Ordinance)

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BY ANDREA  
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**LEGAL NOTICE**

COUNTY OF LUNA,  
NEW MEXICO  
NOTICE OF ADOPTION  
OF ORDINANCE NUM  
BER 67 AND RESOLU  
TION NUMBER 07-46

NOTICE IS HEREBY GIV  
EN that on September  
13, 2007, the Board of  
County Commissioners  
of Luna County, New  
Mexico duly adopted  
and approved its Ord  
inance Number 67 and  
Resolution Number 07-  
46 relating to the Luna  
County, New Mexico  
Correctional Facility  
Gross Receipts Tax  
Revenue Bonds, Series  
2007A and the County  
correctional facility  
gross receipts tax im  
posed by Ordinance  
Number 60. The title  
of Ordinance Number  
67 is:

AN ORDINANCE AU  
THORIZING THE ISSU  
ANCE OF LUNA  
COUNTY, NEW MEXI  
CO CORRECTIONAL  
FACILITY GROSS RE  
CEIPTS TAX REVENUE  
BONDS, SERIES 2007A  
IN THE AGGREGATE  
PRINCIPAL AMOUNT  
OF \$4,515,000 FOR  
THE PURPOSE OF DE  
FRAYING THE COST  
OF CONSTRUCTING,  
PURCHASING, FURN  
ISHING, EQUIPPING,  
REHABILITATING, EX  
PANDING OR IMPRO  
VING A JUDICIAL FA  
CILITY OR THE  
GROUNDS OF A JUDI  
CIAL CORRECTIONAL  
FACILITY INCLUDING  
BUT NOT LIMITED TO  
ACQUIRING AND IMP  
ROVING PARKING  
LOTS, LANDSCAPING  
OR ANY COMBINA  
TION OF THE FORE  
GOING, PROVIDING  
THAT THE BONDS  
WILL BE PAYABLE AND  
COLLECTIBLE FROM  
THE REVENUE ATTRI  
BUTABLE TO THE  
1/8TH OF 1% COUNTY  
CORRECTIONAL FA  
CILITY GROSS RE  
CEIPTS TAX WHICH IS  
LEVIED PURSUANT TO  
ORDINANCE NUMBER  
60 (ADOPTED DECEM  
BER 29, 2006) AND  
PURSUANT TO SEC  
TIONS 7-2-2 OF  
THROUGH 7-2-6,  
N.M.S.A. 1978, AS  
AMENDED AND SUP  
PLEMENTED, PROVID  
ING FOR THE DISPO  
TION OF THE RECEIPTS  
DERIVED FROM SAID  
TAX PROCEEDS, PRE  
SCRIBING OTHER DE  
TAILS CONCERNING  
SAID BONDS AND  
SAID TAX PROCEEDS,  
INCLUDING BUT NOT

LIMITED TO COVE  
NANTS AND AGREE  
MENTS IN CONNEC  
TION THEREWITH AND  
THE FORM, TERMS,  
CONDITIONS AND  
MANNER OF EXECU  
TION OF SAID BONDS  
AND CONCERNING  
THE PROJECT, RATIFY  
ING ACTION PREVIO  
USLY TAKEN IN  
CONNECTION  
THEREWITH; REPEAL  
ING ALL ORDINANCES  
IN CONFLICT HERE  
WITH; AND DECLAR  
ING AN EMERGENCY.  
COMPLETE COPIES OF  
THE ORDINANCE AND  
RESOLUTION ARE ON  
FILE IN THE OFFICE OF  
THE COUNTY CLERK  
AT THE LUNA COUNT  
Y COURTHOUSE, 700  
SOUTH SILVER AVE  
NUE, IN DEMING,  
NEW MEXICO, AND  
ARE AVAILABLE FOR  
INSPECTION AND/OR  
PURCHASE DURING  
REGULAR OFFICE  
HOURS. THIS NOTICE  
ALSO CONSTITUTES  
COMPLIANCE WITH  
SECTIONS 6-14-4  
THROUGH 6-14-7,  
N.M.S.A. 1978.

WITNESS my hand and  
the seal of the County  
of Luna, New Mexico,  
this 13th day of  
September, 2007.

/s/ County Clerk  
Karen Smyer

**CERTIFICATE OF PUBLICATION**

**STATE OF NEW MEXICO  
COUNTY OF LUNA**

I, Wayne Barnard do solemnly swear that I am the  
General Manager of the Deming Headlight  
published at Deming, Luna County, New Mexico,  
and that the article, a copy of which is hereto  
attached, has been published in said Deming  
Headlight 1 time.

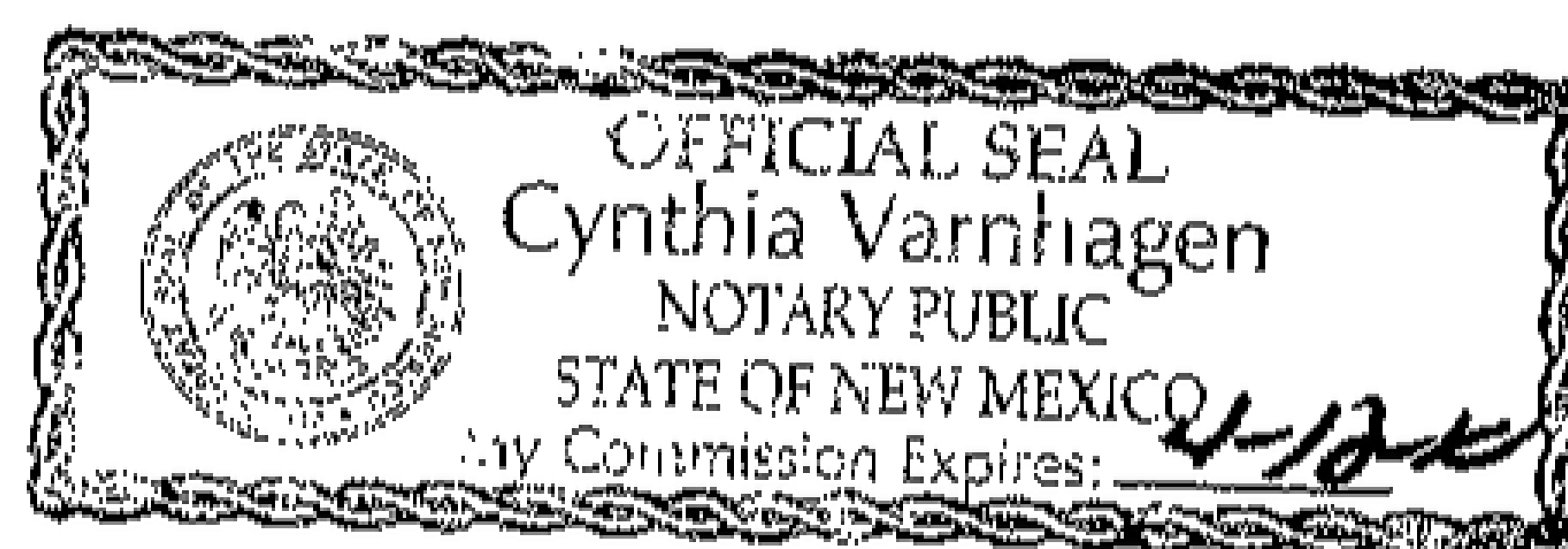
Publication being on the 18<sup>th</sup> day of September  
2007

DEMING HEADLIGHT

By John Barnard

Sworn to and subscribed before me the 18<sup>th</sup> day of  
September 2007

Cynthia Varnhagen  
My commission expires 4/12/2010



LUNA COUNTY-NM

KAREN SMYER, CLERK

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BY ANDREA

**DOCUMENT LOCATOR PAGE**

**004340.003 Luna County\2007A Gross Receipts Tax Bonds\GRT Unnamed Insurer.v7**

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Printed on: 9/12/2007 11:49 AM

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BY ANDREA  
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STATE OF NEW MEXICO )  
 ) SS.  
COUNTY OF LUNA )

The Board of County Commissioners (the "Board") of Luna County, New Mexico (the "County") met in regular session in full conformity with law and the ordinances and rules of the County at the Luna County Courthouse, 700 South Silver, in Deming, New Mexico, being the regular meeting place of the Board, at the hour of 9:00 a.m. on Thursday, September 13, 2007.

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

Chairman:	Richard D. Holdridge
Commissioners:	Becky S. Allen
	Eric K. Jordan

Absent:	_____
	_____

There were also present:

County Manager:	Scott Vinson
County Clerk:	Karen Smyer
County Attorney:	Kent Cooper
County Treasurer:	Gloria Rodriguez

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

The County Clerk announced that a private sale was negotiated for the purchase of the Luna County, New Mexico Correctional Facility Gross Receipts Tax Revenue Bonds, Series 2007A. The Chairman announced that the Board at this meeting is to consider the adoption of the bond ordinance awarding such bonds and authorizing the same.

The County Clerk also announced that copies of a draft of such proposed ordinance previously was filed with her on August 24, 2007.

Thereupon, there was officially filed with the County Clerk, the Chairman and each Commissioner a copy of the ordinance in its final form which is in substantially the form filed with the County Clerk on August 24, 2007. Commissioner Holdridge thereupon introduced the ordinance, which is as follows:

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