**ORDINANCE NO. 163**

**AUTHORIZING THE VILLAGE OF TIJERAS (BORROWER) TO ENTER INTO A LOAN AGRREMENT WITH THE NEW MEXICO ENVIRONMENT DEPARTMENT (NMED) FOR THE PURPOSE OF OBTAINING WASTEWATER CONSTRUCTION LOAN FUNDS IN THE PRINCIPAL AMOUNT OF $700,000.00 PLUS ACCRUED OCNTRCTION INTEREST AND LOAN SUBSIDY GRANT FUNDS IN THE AMOUNT OF $150,000.00; DESIGNATING THE USE OF THE FUNDS FOR THE**

**PURPOSE DEFINED IN THE MOST CURRENT PROJECT DESCRIPTION FORM AS APPROVED BY NMED; DECLARING THE NECESSITY FOR THE LOAN; PROVIDING THAT THE LOAN WILL BE PAYABLE AND COLLECTIBLE SOLELY FROM THE MUNICIPAL GROSS RECEIPTS TAX; PRESCRIBING OTHER DETAILS CONCERNING THE LOAN AND THE SECURITY THEREFORE.**

Capitalized terms used in the following preambles are defined in Section 1 of this Ordinance, unless the context requires otherwise.

**WHEREAS,** the Borrower is a legally and regularly created public body organized under the general laws of the State of New Mexico (State); and

**WHEREAS**, the Borrower now owns, operates and maintains a public utility constituting a water and wastewater conveyance and treatment system,

which includes a system for disposing of wastes by surface and underground methods; and

**WHEREAS**, the present System is insufficient and inadequate to meet the needs of the Borrower and its residents for the treatment and disposal of wastewater or for groundwater protection; and

**WHEREAS**, the Loan Agreement and Note will be payable solely from the Municipal Gross Receipts Tax Revenues; and

**WHEREAS,** the funds for this Project will include funds from a one-time federal grant to the NMED from the Environmental Protection Agency (EPA); and

**WHEREAS,** the Project is subject to specific requirements of the federal grant; and

**WHEREAS,** the Borrower has the following obligations outstanding to which the Municipal Gross Receipts Tax Revenues have already been pledged:

|  |  |  |
| --- | --- | --- |
| Funding Source (i.e., Revenue Bond, NMED, NMFA, etc.) and Series # or Loan # | Principal Amount Outstanding at 06/30/ (use the most current date) | Is the listed funding source superior, subordinate or on parity with this funding? |
| N/A | $ |  |
| no current debt pledged to GRT | $ |  |
|  | $ |  |
|  | $ |  |

**WHEREAS**, the Governing Body of the Borrower has determined that it is in the best interest of the Borrower to accept and enter into the Loan Agreement and to execute and to deliver the Note to the NMED.

**NOW THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE BORROWER:**

**Section 1. DEFINITIONS.** As used in the Ordinance, the following terms shall have the meanings specified below, unless the context clearly requires otherwise *(such meanings to be equally applicable to both the singular and the plural forms of the terms defined unless the plural form is separately defined):*

***ACT****. The general laws of the State, including the Wastewater Facility Construction Loan Act at sections 74-6A-1 to 74-6A-15 NMSA 1978, as amended; enactments of the governing Body of the Borrower relating to the Note and the Loan Agreement made by resolution or ordinance, including this Ordinance; and the powers of the Borrower as a public body under authority given by the Constitution and Statutes of the State.*

**ANNUAL AUDIT or SINGLE AUDIT.** Financial statements of the Borrower as of the end of each Fiscal Year, audited by an Independent Accountant, consistent with the federal Single Audit Act and the State Auditor’s rules.

**ANNUAL LOAN REPAYMENT ACCOUNT**. An account established under this Ordinance and held by the Borrower, funded from the Municipal Gross Receipts Tax, in the amount necessary for the annual payment due under the Loan Agreement and Note.

**AUTHORIZED OFFICER**. The Borrower’s mayor, chief administrative officer, or other officer or employee of the Borrower as designated by Borrower’s Resolution Number 348 adopted by the Governing Body of the Borrower, as amended.

**BORROWER**. The entity requesting funds pursuant to the Act.

**DEDICATED SOURCE(S) OF REPAYMENT.** Municipal Gross Receipts Tax revenue defined as:

6th increment (one-fourth of one percent (.25%) of the Municipal Gross Receipts Tax.

**FISCAL YEAR**. The twelve-month period commencing on the first day of July of each year and ending on the last day of June of the succeeding year, or any other twelve-month period which the Borrower hereafter may establish as the fiscal year for the System.

**FUNDS**. Loan and loan Subsidy Grant funds.

**GOVERNING BODY OF THE BORROWER.** Council

**LOAN.** A loan of funds from NMED made pursuant to the Loan Agreement.

**LOAN AGREEMENT**. One or more loan agreements between the Borrower and the NMED, pursuant to which funds will be loaned to the Borrower to construct the Project an pay eligible costs relating thereto; and the amended loan agreement which shall state the final amount the NMED loaned to the Borrower, which shall be executed upon completion of the Project and dated on the date of execution thereof.

**LOAN SUBSIDY GRANT.** A sub-grant of funds to the Borrower from a one-time federal grant of funds to the NMED by EPA, for the purpose of subsidizing the amount loaned to the Borrower under the Loan Agreement and Note.

**NMSA**. New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented.

**NOTE**. The interim and final promissory notes issued by the Borrower to the NMED evidencing the obligation of the Borrower to the NMED incurred pursuant to the Ordinance and Loan Agreement.

**OPERATION AND MAINTENANCE**. All reasonable and necessary current expenses of the System, paid or accrued, relating to operating, maintaining and repairing the System.

**ORDINANCE**. This Ordinance as amended or supplemented from time to time.

**PARITY BONDS or PARITY OBLIGATIONS**. Revenue Bonds and other bonds or other obligations payable from the Municipal Gross Receipts Tax issued with a lien on the Municipal Gross Receipts Tax and (if applicable) Revenues on parity with the bonds or obligations as listed in this ordinance.

**PROJECT**. The most current NMED approved Project Description listed on the Project Description Form on file with NMED.

**PROJECT COMPLETION DATE**. Means the date that operations of the completed works are initiated or capable of being initiated, whichever is earlier. This also applies to individual phases or segments.

**REGULATIONS**. Regulations promulgated by the Water Quality Control Commission at 20.7.5 NMAC and New Mexico Environment Department at 20.7.6 – 20.7.7 NMAC.

**SYSTEM.** The Borrower’s utility designated as Water and Wastewater Conveyance and treatment system.

**SUBORDINATE OBLIGATIONS**. Other obligations payable from the Municipal Gross Receipts Tax and (if applicable) Revenues issued with a lien on the Municipal Gross Receipts Tax and (if applicable) Revenues subordinate to the lien of the Loan Agreement and Note as may be listed in this ordinance.

**Section 2. RATIFICATION**. All action heretofore taken (not inconsistent with the provisions of the Ordinance) by the Council, the officers and employees of the Borrower, directed toward the Loan Agreement and the Note, is hereby ratified, approved and confirmed.

**Section 3. FINDINGS**. The Council hereby declares that it has considered all necessary and relevant information and data and hereby makes the following findings:

**(A)** The execution and delivery of the Loan Agreement and the Note pursuant to the Act to provide funds to finance the Project, is necessary and in the interest of the public health, safety, and welfare of the residents of the Borrower and will result in savings of finance costs to the Borrower.

**(B)** The Borrower will acquire, improve and finance the Project.

**(C)** The money available for the Project from all sources other than the Loan Agreement is not sufficient to pay when due the cost of the Project.

**(D)** The Project is and will be part of the System, which is a publicly owned Water and Wastewater Conveyance and Treatment System, the purposes of which include the disposal and treatment of wastewater, either by surface or underground methods.

**(E)** The Municipal Gross Receipts Tax may lawfully be pledged to secure the payment of amounts due under the Loan Agreement and Note.

**Section 4. SYSTEM**. The System shall continue to constitute a Water and Wastewater Conveyance and Treatment System and shall be operated and maintained as such.

**Section 5. AUTHORIZATION OF PROJECT**. The acquisition and construction of the Project and payment of eligible items as set forth in the Regulations from proceeds of the Loan Agreement and Note is hereby authorized at a cost not to exceed the principal Loan amount of $700,000.00 and the Loan Subsidy Grant amount of $150,000.00 excluding any cost of the Project to be paid from any source other than the proceeds of the Loan Agreement and Note.

**Section 6. AUTHORIZATION OF LOAN AGREEMENT**.

**(A)** For the purpose of protecting the public health, conserving the property, and protecting the general welfare of the citizens of the Borrower and acquiring the Project, it is hereby declared necessary that the Borrower, pursuant to the Act and the Regulations execute and deliver the Loan Agreement and Note, and the Borrower is hereby authorized to execute and deliver the Loan Agreement and the Note, to be payable and collectible solely from the Municipal Gross Receipts Tax Revenues. The NMED has agreed to disburse the proceeds according to the terms of the Loan Agreement to the Borrower over the construction period of the Project. The principal Loan amount of the Note shall not exceed $700,000.00 plus accrued construction interest without the adoption of another Ordinance amending the Ordinance by the Governing Body of the Borrower, and the annual interest rate on that principal amount shall not exceed 3 percent per annum. Interest shall be computed as a percentage per year on the outstanding principal amount on the Loan on the basis of a 365 day year, actual number of days lapsed. The final maturity date on the Note shall not extend beyond the agreed upon useful life of the project. The Loan shall be repaid in substantially equal annual installments in the amount and on the dates provided in the Loan Agreement with the first annual installment due no later than one year after completion of the project. The Borrower must obtain the written consent of the NMED before issuing additional obligations secured by the Municipal Gross Receipts Tax Revenues.

**(B)** The Borrower is hereby authorized to accept a Loan Subsidy Grant under the terms of the Loan Agreement. The Loan Grant Subsidy amount shall not exceed $150,000.00 without the adoption of another Ordinance amending the Ordinance by the Governing Body of the Borrower. By accepting a Loan Subsidy Grant, the Borrower is a sub-recipient of a one-time federal grant of funds to NMED by EPA. As a sub-recipient, the Borrower is responsible for complying with the specific requirements and the conditions of the one-time federal grant. If the Borrower fails to satisfy any federal grant requirements or conditions, the Borrower may be required to refund any federal grant funds disbursed to the Borrower from NMED. Specific federal grant requirements include but are not limited to:

**(1)** Federal Grant Reporting Requirements; and

**(2)** Wage Rate Requirements

**(C)** The form of the Loan Agreement and the Note are approved. An Authorized Officer is hereby authorized and directed to execute and deliver the Loan Agreement and the Note and any extensions of or amendments to any such document to be executed after completion of the Project, or any substitution therefore, with such changes therein consistent with the Ordinance and as shall be approved by an Authorized Officer whose execution thereof, or any extension thereof, or substitution therefore, in their final forms shall constitute conclusive evidence of their approval and compliance with this section.

**(D)** From and after the date of the initial execution and delivery of the Loan Agreement and the Note, Authorized Officers, agents and employees of the Borrower are authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of this Ordinance, the Loan Agreement and the Note.

**Section 7. SPECIAL LIMITED OBLIGATIONS**. The Loan Agreement and the Note and all payments thereon shall be special limited obligations of the Borrower and shall be payable and collectible solely from the Municipal Gross Receipts Tax Revenues which are irrevocably pledged as set forth in this Ordinance. The NMED may not look to any general or other fund for the payment on the Loan Agreement and the Note except the designated special funds pledged therefore. The Loan Agreement and the Note shall not constitute indebtedness or debts within the meaning of any constitutional, charter or statutory provision or limitation, nor shall they be considered or be held to be general obligations of the Borrower and shall recite that they are payable and collectible solely from the Municipal Gross Receipt Tax Revenues the income from which is so pledged.

**Section 8. OPERATION OF PROJECT**. The Borrower will operate and maintain the Project so that it will function properly over its structural and material design life.

**Section 9. USE OF PROCEEDS**. The NMED shall disburse Funds pursuant to the Loan Agreement for NMED approved costs incurred by the Borrower for the Project or to pay contractors or suppliers of materials for work performed on the Project as set forth in the Loan Agreement.

**Section 10. ANNUAL LOAN REPAYMENT ACCOUNT.** The Borrower must maintain a debt service coverage ratio of no less than 1.2.

**(B) ANNUAL LOAN REPAYMENT ACCOUNT.** An Annual Loan Repayment Account is established under this Ordinance, held by the Borrower and funded from the Municipal Gross Receipts Tax Revenues in the amount necessary for the payment due annually under the Loan Agreement and Note. So long as the Loan Agreement and the Note are outstanding, as to annual payment due, the

Borrower shall fund the Annual Loan Repayment Account and identify this in the Annual Audit.

**Section 11. APPLICATION OF REVENUES.**

1. **OPERATION AND MAINTENANCE.** The Borrower shall pay for

the operation and maintenance expenses of the System, approved indirect charges, and any amounts for capital replacement and repair of the System as incurred.

1. PARITY OBLIGATIONS AND OTHER APPROVED DEBT(S). The

Borrower shall pay the principal, interest and administrative fees (if applicable) of parity obligations and other approved debts which are secured from the Municipal Gross Receipts Tax Revenues as scheduled.

**(C) EQUITABLE AND RATABLE DISTRIBUTION.** Obligations of the Borrower secured by the Municipal Gross Receipts Tax Revenues on parity with the Loan Agreement and the Note, from time to time outstanding, shall not be entitled to any priority one over the other in the application of the Municipal Gross Receipt Tax Revenues, regardless of the time or times of their issuance or creation.

**(D) SUBORDINATE OBLIGATIONS**. The Municipal Gross Receipts Tax Revenues used for the payment of Subordinate Obligations shall be applied first to the payment of the amounts due the Loan Agreement and the Note, including payments to be made to other obligations payable from the Municipal Gross Receipts Tax Revenues which have a lien on the Municipal Gross Receipts Tax Revenues on parity with the Loan Agreement and the Note.

**Section 12. LIEN OF LOAN AGREEMENT AND NOTE**. The Loan Agreement and the Note shall constitute irrevocable liens upon the Municipal Gross Receipts Tax Revenues with priorities on the Municipal Gross Receipts Tax Revenues as set forth in this Ordinance. The Borrower hereby pledges and grants a security interest in the Municipal Gross Receipts Tax Revenues for the payment of the Note and any other amounts owed by the Borrower to the NMED pursuant to the Loan Agreement.

**Section 13. OTHER OBLIGATIONS**. Nothing in the Ordinance shall be construed to prevent the Borrower from issuing bonds or other obligations payable from the Municipal Gross Receipt Tax Revenues and having a lien thereon subordinate to the liens of the Loan Agreement and the Note. The Borrower must obtain the written consent of the NMED before issuing additional obligations secured by the Municipal Gross Receipts Tax Revenues.

**Section 14. DEFAULT**. The following shall constitute an event of default under the Loan Agreement:

**(A)** The failure by the Borrower to pay the annual payment due on the repayment of the Loan set forth in the Loan Agreement and Note when due and payable either at maturity or otherwise; or

**(B)** Default by the Borrower in any of its covenants or conditions set forth under the Loan Agreement *(other than a default described in the previous clause of this section)* for 60 days after the NMED has given written notice to the Borrower specifying such default and requiring the same to be remedied.

**UPON OCCURRENCE OF DEFAULT:**

**(A)** The entire unpaid principal amount of the Interim and Final Promissory Note plus accrued interest and any fees thereon may be declared by the NMED to be immediately due and payable and the Borrower shall pay the amounts due under Note from the Municipal Gross Receipts Tax Revenues, either immediately or in the manner required by the NMED in its declaration, but only to the extent funds are available for payment of the Note. However, if insufficient funds are available for payment of the Note(s), the NMED may require the Borrower to adjust the rates charged by the System to ensure repayment of the Note.

**(B)** If default by the Borrower is of covenants or conditions required under the federal grant, the Borrower may be required to refund the amount of the Loan and Loan Subsidy Grant disbursed to the Borrower from NMED.

**(C)** The NMED shall have no further obligation to make payments to the Borrower under the Loan Agreement.

**Section 15. ENFORCEMENT; VENUE**. The NMED retains the right to seek enforcement of the terms of the Loan Agreement. If the NMED and the Borrower cannot reach agreement regarding disputes as to the terms and conditions of this Loan Agreement, such disputes are to be resolved promptly and expeditiously in the district court of Santa Fe County. The Borrower agrees that the district court for Santa Fe County shall have exclusive jurisdiction over the Borrower and the subject matter of this Loan Agreement and waives the right to challenge such jurisdiction.

**Section 16. REMEDIES UPON DEFAULT**. Upon the occurrence of any of the events of default as provided in the Loan Agreement or in this Ordinance, the NMED may proceed against the Borrower to protect and enforce its rights under the Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Ordinance for the enforcement of any proper legal or equitable remedy as the NMED may deem most effective to protect and enforce the rights provided above, or to enjoin any act or thing which may be unlawful or in violation of any right of the NMED, or to require the Borrower to act as if it were the trustee of an express trust, or any combination of such remedies. Each right or privilege of the NMED is in addition and cumulative to any other right or privilege under the Ordinance or the Loan Agreement and Note and the exercise of any right or privilege by the NMED shall not be deemed a waiver of any other right or privilege.

**Section 17. DUTIES UPON DEFAULT**. Upon the occurrence of any of the events of default as provided in this Ordinance, the Borrower, in addition, will do and perform all proper acts on behalf of and for the NMED to protect and preserve the security created for the payment of the Note to ensure the payment on the Note promptly as the same become due. All proceeds derived from the System, so long as the Note is outstanding, shall be treated as revenues. If the Borrower fails or refuses to proceed as required by this Section, the NMED, after demand in writing, may proceed to protect and enforce the rights of the NMED as provided in the Ordinance and the Loan Agreement.

**Section 18. TERMINATION**. When all obligations under the Loan Agreement and Note have been paid, the Loan Agreement and Note shall terminate and the pledge, lien, and all other obligations of the Borrower under the Ordinance shall be discharged. The principal amount of the Note, or any part thereof, may be prepaid at any time without penalty at the discretion of the Borrower and the prepayments of principal shall be applied as set forth in the Loan Agreement.

**Section 19. AMENDMENT OF ORDINANCE**. This Ordinance may be amended with the prior written consent of the NMED.

**Section 20. ORDINANCE IRREPEALABLE**. After the Loan Agreement and Note have been executed and delivered, the Ordinance shall be and remain irrepealable until the Note has been fully paid, terminated and discharged, as provided in the Ordinance.

**Section 21. SEVERABILITY CLAUSE**. If any section, paragraph, clause or provision of the Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Ordinance.

**Section 22. REPEALER CLAUSE**. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

**ADOPTED AND APPROVED BY THE GOVERNING BODY OF THE VILLAGE OF TIJERAS, THIS 20th DAY OF MARCH, 2017.**

**By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Gloria J. Chávez, Mayor**

**By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Jake Bruton, Councilor Felix Garcia, Councilor**

**By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Don Johnson, Councilor David Wilson, Councilor**

**By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Maxine Wilson, Councilor**

**ATTEST:**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Diane L. Klaus, Acting Village Clerk**