City of Las Cruces®
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Council Action and Executive Summary

Item # 14 **Ordinance/Resolution#** 2721

For Meeting of July 7, 2014 (Ordinance First Reading Date)

For Meeting of July 23, 2014 (Adoption Date)

Please check box that applies to this item:

☐ QUASI JUDICIAL ☐ LEGISLATIVE ☒ ADMINISTRATIVE

TITLE:

A SUPPLEMENTAL ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF $11,700,000 CITY OF LAS CRUCES, NEW MEXICO JOINT UTILITY REFUNDING AND IMPROVEMENT REVENUE BONDS TO BE ISSUED IN TWO SERIES TO REFINANCE THE CITY'S SERIES 2005 JOINT UTILITY REVENUE BONDS AND TO IMPROVE THE CITY'S JOINT UTILITY SYSTEM.

PURPOSE(S) OF ACTION:

Issue debt.

COUNCIL DISTRICT: N/A		
Drafter/Staff Contact: Robert Scaling	**Department/Section:** Finance/Treasury	**Phone:** 541-2035
City Manager Signature:		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The new money proceeds of the 2014 Joint Utility debt of $3,200,000 will support the utility infrastructure requirements of the 2014 MGRT debt that is being issued for the Infrastructure Capital Improvements Program (ICIP). Additionally, the City will advance refund the remaining balance of the 2005 Joint Utility bond issue to realize significant interest savings made available under current market conditions.

SUPPORT INFORMATION:

1. Ordinance.

(Continue on additional sheets as required)

SOURCE OF FUNDING:

Is this action already budgeted?			
	Yes	☐	See fund summary below
	No	☐	If No, then check one below:
N/A	*Budget Adjustment Attached*	☐	Expense reallocated from: _____
		☐	Proposed funding is from a new revenue source (i.e. grant; see details below)
		☐	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?			
	Yes	☐	Funds will be deposited into this fund: _____ in the amount of $_____for FY__
N/A	No	☐	There is no new revenue generated by this action.

BUDGET NARRATIVE

The sale of the $11,700,000 Joint Utility revenue bonds is scheduled to close in August, 2014 which falls in FY2015. At that time, a FY2015 budget adjustment will be prepared that closes the funds associated with the 2005 bonds being refunded. The budget adjustment will also establish debt service funds for the new debt, revenues to make the debt service payments and fund specific projects. The funded projects will reflect the uses identified in the City adopted ICIP for FY2016. The adjustment submitted in August will include moving the ICIP projects from FY2016 to FY2015. In summary, all budget adjustments associated with this transaction will be completed in FY2015.

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the Ordinance authorizing the issuance of $11,700,000 Joint Utility Refunding and Improvement Revenue Bonds, Series 2014.
2. Vote "No"; this will not approve the Ordinance authorizing the issuance of $11,700,000 Joint Utility Refunding and Improvement Revenue Bonds, Series 2014.
3. Vote to "Amend"; this could delay the issuance of the bonds.
4. Vote to "Table"; this could delay the issuance of the bonds with potential adverse effect to the intended projects.

(Continue on additional sheets as required)

REFERENCE INFORMATION:

N/A

(Continue on additional sheets as required)

COUNCIL BILL NO. 15-001
ORDINANCE NO. 2721

A SUPPLEMENTAL ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF $11,700,000 CITY OF LAS CRUCES, NEW MEXICO JOINT UTILITY REFUNDING AND IMPROVEMENT REVENUE BONDS TO BE ISSUED IN TWO SERIES TO REFINANCE THE CITY'S SERIES 2005 JOINT UTILITY REVENUE BONDS AND TO IMPROVE THE CITY'S JOINT UTILITY SYSTEM.

The City Council is informed that:

WHEREAS, unless otherwise defined in Article I or elsewhere in this supplemental ordinance (the "Ordinance") or unless the context requires otherwise, capitalized terms in the following preambles have the same meanings assigned to such terms in Article I of Ordinance No. 1593, Council Bill 97-035 (the "Master Ordinance") adopted by the City Council (the "Council") on December 18, 1996; and

WHEREAS, the Master Ordinance provides for the adoption of subsequent ordinances to authorize the issuance and sale of one or more series of System Bonds as well as the approval of specific terms and documents relating to the issuance and sale of System Bonds; and

WHEREAS, this Ordinance is adopted pursuant to the Master Ordinance in order to authorize the issuance and the sale of the Bonds in two series, Series 2014A Refunding Bonds and 2014B Improvement Bonds, as Parity Bonds payable from Net Revenues of the System; and

WHEREAS, pursuant to the Master Ordinance and Ordinance No. 2202, passed and adopted by the Council on June 8, 2005 the City issued its City of Las Cruces Joint Utility Revenue Bonds, Series 2005 (the "Series 2005 Bonds") in the original aggregate principal amount of $11,050,000 of which $7,610,000 remains outstanding; and

WHEREAS, pursuant to the Master Ordinance and Ordinance No. 2320, passed and adopted by the Council on July 20, 2006 the City issued its City of Las Cruces Joint

Utility Revenue Bonds, Series 2006 (the "Series 2006 Bonds") in the original aggregate principal amount of $17,575,000 of which $13,085,000 remains outstanding; and

WHEREAS, pursuant to the Master Ordinance and Ordinance No. 2513, passed and adopted by the Council on March 11, 2009 the City issued its City of Las Cruces Joint Utility Refunding Revenue Bonds, Series 2009 (the "Series 2009 Bonds") in the original aggregate principal amount of $17,575,000 of which $5,400,000 remains outstanding; and

WHEREAS, pursuant to the Master Ordinance and Ordinance No. 2584, passed and adopted by the Council on August 11, 2010, the City issued its City of Las Cruces, New Mexico Joint Utility Refunding Revenue Bonds, Series 2010 (the "Series 2010 Bonds") in the original aggregate principal amount of $24,840,000 of which $23,770,000 remains outstanding; and

WHEREAS, other than the Series 2005 Bonds, the Series 2006 Bonds, the Series 2009 Bonds, and the Series 2010 Bonds, the Net Revenues of the System are not pledged to the payment of any bonds or other obligations which are presently outstanding and unpaid; and

WHEREAS, the Council hereby determines that the issuance of the Series 2014A Bonds for the purpose of advance refunding, defeasance, refinancing, prepaying and discharging the Refunded Bonds will reduce the interest costs on the Refunded Bonds, will permit the more effective arrangement of debt service requirements for System Bonds and will effect other savings and economies, all to the benefit of the City, and consequently will provide for the public health, peace and safety of the City and its citizens; and

WHEREAS, the Council hereby determines that issuance of the Series 2014B Bonds for the purpose of acquiring, extending, enlarging, bettering, repairing or otherwise improving the System all to the benefit of the City will provide for the public health, peace and safety of the City and its citizens; and

WHEREAS, the City has determined to defease the Refunded Bonds maturing on June 1, 2015 and to advance refund, refinance and prepay the Refunded Bonds maturing after June 1, 2015 on the first optional redemption date of June 1, 2015, from the proceeds of the Series 2014A Bonds herein authorized and from other legally available sources; and

WHEREAS, it is in the best interests of the City to authorize and issue the Series 2014A Bonds and the Series 2014B Bonds with the terms and conditions as set forth in this Ordinance; and

WHEREAS, the Purchaser has agreed, pursuant to its bid for the Series 2014A Bonds and the Series 2014B Bonds submitted at 10:00 a.m. on July 23, 2014 to purchase the Series 2014A Bonds at a purchase price of $_____ and the Series 2014B Bonds at a purchase price of $_____; and

WHEREAS, the forms of the Continuing Disclosure Undertaking to be delivered at the time of delivery of the Bonds (the "Continuing Disclosure Undertaking"), the Escrow Agreement, the Preliminary Official Statement and the form of the final Official Statement of the City with respect to the offering and sale of the Bonds have been presented to the Council for approval; and

WHEREAS, all required authorizations, consents and approvals of each governmental body, agency or authority in connection with the authorization, execution and delivery of the Series 2014A Bonds and the Series 2014B Bonds which are to have been obtained prior to the date on which this Ordinance is adopted or which will be required to be obtained prior to the date of issuance of the Series 2014A Bonds and the Series 2014B Bonds, have or will have been obtained by such dates.

NOW, THEREFORE, be it ordained by the governing body of the City of Las Cruces that:

ARTICLE I
DEFINITIONS

As used in this Ordinance, the following terms have the meanings specified, unless the context clearly requires otherwise. Other capitalized terms used in this Ordinance, which are not defined in this Article or in this Ordinance, have the same meanings assigned to such terms in Article I of the Master Ordinance, unless the context clearly requires otherwise.

"Bond Legislation" means the Master Ordinance and this Ordinance.

"Closing Date" means the date on which the City receives the purchase price for the Series 2014 Bonds from the Purchaser against delivery of the Series 2014 Bonds.

"Continuing Disclosure Undertaking" means the Continuing Disclosure Undertaking with respect to the Series 2014 Bonds to be executed on the day of issuance and delivery of the Series 2014 Bonds to the Purchaser.

"Costs of Issuance" means all costs relating to the issuance of the Series 2014 Bonds, including, without limitation, costs of advertising and publication, costs of preparing the Series 2014 Bonds, legal fees, financial advisor fees, expenses and applicable gross receipts taxes, costs of printing and distributing the Preliminary Official Statement and the Official Statement, rating fees and other reasonable and necessary fees and costs related to the issuance of the Series 2014 Bonds.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"DTC Participants" means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created

to hold securities and to facilitate the clearance and settlement of securities among DTC Participants.

"Escrow Agent" means BOKF, N.A. dba Bank of Albuquerque, N.A., a commercial bank and a member of the Federal Deposit Insurance Corporation having full and complete trust powers, or its duly authorized successor.

"Escrow Agreement" means the agreement between the City and the Escrow Agent relating to the refunding of the Refunded Bonds.

"Interest Payment Date" means each December 1 and June 1, starting with December 1, 2014.

"Maturity Date" means with respect to any Series 2014 Bond, the date on which the principal amount thereof is due in accordance with its terms.

"Net Effective Interest Rate" means the interest rate based on the actual price paid to the City for the Series 2014 Bonds, calculated to maturity according to standard tables of bond values, as provided by Section 6-14-2(A) NMSA 1978.

"Official Statement" means the final disclosure document relating to the issuance and sale of the Series 2014 Bonds.

"Owners" means the registered owners of the Series 2014 Bonds issued pursuant to the terms of the Bond Legislation.

"Payment Date" means any date, including a date of prior redemption, if applicable, on which the Series 2014 Bonds are due and payable.

"Person" means any natural person, corporation, partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust,

business trust or any other organization or entity, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"Preliminary Official Statement" means the initial disclosure document dated July __, 2014, relating to the issuance and sale of the Series 2014 Bonds.

"Purchaser" means _____ as the best bidder for the Series 2014 Bonds.

"Refunded Bonds" means the Series 2005 Bonds maturing on and after June 1, 2015.

"Reserve Requirement" means the Reserve Requirement for the Series 2014A Bonds and the Series 2014B Bonds, to be equal to the amount established herein and to be funded in a manner set forth herein.

"Series 2005 Bonds" means the City of Las Cruces, New Mexico Joint Utility Revenue Bonds, Series 2005 authorized pursuant to City Ordinance No. 2202.

"Series 2006 Bonds" means the City of Las Cruces, New Mexico Joint Utility Revenue Bonds, Series 2006 authorized pursuant to City Ordinance No. 2320.

"Series 2009 Bonds" means the City of Las Cruces, New Mexico Joint Utility Refunding Revenue Bonds, Series 2009 authorized pursuant to City Ordinance No. 2513.

"Series 2010 Bonds" means the City of Las Cruces, New Mexico Joint Utility Refunding Revenue Bonds, Series 2010 authorized pursuant to City Ordinance No. 2584.

"Series 2014 Bonds" or "Bonds" means, collectively, the Series 2014A Bonds and the Series 2014B Bonds.

"Series 2014B Acquisition Account" means the Series 2014B Improvement Project acquisition account created and maintained under Section 5.04 herein.

"Series 2014A Bonds" means the City of Las Cruces, New Mexico Joint Utility Refunding Revenue Bonds, Series 2014A authorized pursuant to the Bond Legislation.

"Series 2014B Bonds" means the City of Las Cruces, New Mexico Joint Utility Improvement Revenue Bonds, Series 2014B authorized pursuant to the Bond Legislation.

"Series 2014A Debt Service Account" means the Debt Service Account for the Series 2014A Bonds created and maintained under Section 5.02 herein.

"Series 2014B Debt Service Account" means the Debt Service Account for the Series 2014B Bonds created and maintained under Section 5.02 herein.

"Series 2014A Escrow Account" means the Refunding Account for the Series 2014A Bonds created and maintained under Section 5.04 herein.

"Series 2014B Improvement Project" means acquiring, extending, enlarging, bettering, repairing or otherwise improving the System.

"Series 2014 Paying Agent" means the City Treasurer, or its successors, as Paying Agent and, as applicable, as "Registrar," with respect to the Series 2014 Bonds.

"Series 2014 Project" means, collectively, (i) the Series 2014B Improvement Project, (ii) the Series 2014A Refunding Project, (iii) funding the Series

2014A Reserve Account in an amount equal to the Series 2014 Reserve Requirement, (iv) funding the Series 2014B Reserve Account in an amount equal to the Reserve Requirement, and (v) paying all Costs of Issuance and expenses pertaining to the foregoing issuance of the Series 2014 Bonds and to the refunding and defeasance of the Refunded Bonds.

"Series 2014A Refunding Project" means advance refunding, defeasance, refinancing, prepaying and discharging the Refunded Bonds on June 1, 2015.

"Series 2014A Reserve Account" means the Reserve Account for the Series 2014A Bonds created and maintained under Section 5.03 herein.

"Series 2014B Reserve Account" means the Reserve Account for the Series 2014B Bonds created and maintained under Section 5.03 herein.

ARTICLE II
RATIFICATION

All action heretofore taken, not inconsistent with the provisions of this Ordinance, by the Council and the officers of the City directed toward the issuance of the Series 2014A Bonds for the purpose of financing the Series 2014A Refunding Project and the Series 2014B Bonds for the purpose of financing the Series 2014B Improvement Project be, and the same hereby is, ratified, approved and confirmed, including without limiting the generality of the foregoing, the adoption of the Master Ordinance, the distribution of a Preliminary Official Statement, and a final Official Statement, and the sale of the Series 2014 Bonds to the Purchaser.

ARTICLE III
FINDINGS AND DECLARATIONS

The Council declares that it has considered all relevant information and data and makes the following findings and declarations:

A. The issuance of the Series 2014 Bonds under the home rule powers of the City granted by the City Charter, the Bond Legislation and Sections 3-31-1 to 3-31-12 NMSA 1978 is necessary and in the interest of the public health, safety, morals and welfare of the residents of the City.

B. The Series 2014 Bonds may be authorized by an affirmative vote of three-fourths of all the members of the Council.

C. The Series 2014 Bonds are not general obligations of the City, but are special limited obligations payable only from the Net Revenues provided in the Master Ordinance and this Ordinance, and the Owners may not look to any other municipal fund for payment of the Series 2014 Bonds.

D. The City will finance the costs of the Series 2014A Refunding Project and the Series 2014B Improvement Project, in whole or in part, with the proceeds of the Series 2014A Bonds and the Series 2014B Bonds, respectively.

E. The net effective interest rates on the Series 2014A Bonds and the Series 2014B Bonds are less than the statutory maximum of 12% per annum.

F. The bid of _____ received at a public sale of the Series 2014 Bonds held at 10:00 a.m. on July 23, 2014 was the best bid for the Series 2014 Bonds, and the bid is hereby accepted by the Council, and the Series 2014 Bonds shall be awarded to the Purchaser.

ARTICLE IV
PARITY BONDS

Section 4.01. Pledge of Net Revenues. In accordance with Article XXII of the Master Ordinance, the City hereby declares that the Series 2014 Bonds shall be Parity Bonds and designates and confirms that the Net Revenues are pledged for the payment of the Series 2014 Bonds and such other obligations of the City as may be expressly

provided herein and in the Master Ordinance on a parity with the pledge of Net Revenues for the payment of Parity Bonds and other obligations of the City related to Parity Bonds.

ARTICLE V
DETAILS OF BONDS

Section 5.01.

A. The Series 2014A Bonds shall be designated and known as the "City of Las Cruces, New Mexico Joint Utility Refunding Revenue Bonds, Series 2014A," shall be issued in Authorized Denominations in the aggregate principal amount of $7,800,000, shall be dated the date of issue, shall be issued as Current Interest Bonds and shall bear interest from their date until maturity at the rates hereinafter designated payable on December 1, 2014 and semiannually thereafter on December 1 and June 1 in each year, and shall mature on June 1 in each of the years hereinafter designated, as follows:

Principal Amounts Maturing	Interest Rate (Per Annum)	Year Maturing (June 1)
		2015
	%	2016
	%	2017
	%	2018
	%	2019
	%	2020
	%	2021
	%	2022
	%	2023
	%	2024
	%	2025

provided, however, that the individual Series 2014A Bonds shall bear interest from the most recent interest payment date to which interest has been fully paid or duly provided for in full or, if no interest has been paid, from their date.

B. The Series 2014B Bonds shall be designated and known as the "City of Las Cruces, New Mexico Joint Utility Improvement Revenue Bonds, Series 2014B," shall be issued in Authorized Denominations in the aggregate principal amount

of $3,900,000, shall be dated the date of issue, shall be issued as Current Interest Bonds and shall bear interest from their date until maturity at the rates hereinafter designated payable on December 1, 2014 and semiannually thereafter on December 1 and June 1 in each year, and shall mature on June 1 in each of the years hereinafter designated, as follows:

Principal Amounts Maturing	Interest Rate (Per Annum)	Year Maturing (June 1)
		2015
	%	2016
	%	2017
	%	2018
	%	2019
	%	2020
	%	2021
	%	2022
	%	2023
	%	2024
	%	2025
	%	2026
	%	2027
	%	2028
	%	2029
	%	2030
	%	2031
	%	2032
	%	2033
	%	2034

provided, however, that the individual Series 2014B Bonds shall bear interest from the most recent interest payment date to which interest has been fully paid or duly provided for in full or, if no interest has been paid, from their date.

Section 5.02. Series 2014 Debt Service Accounts. The Series 2014A Debt Service Account is established as a separate and distinct account of the City to be maintained and controlled by the City or its designee within the Debt Service Fund for the payment of the Debt Service Requirements on the Series 2014A Bonds. The Series 2014B Debt Service Account is established as a separate and distinct account of the

City to be maintained and controlled by the City or its designee within the Debt Service Fund for the payment of the Debt Service Requirements on the Series 2014B Bonds.

Section 5.03. Series 2014 Reserve Accounts. The Series 2014A Reserve Account is established as a separate and distinct account to be maintained and controlled by the City or its designee within the Reserve Fund. The Series 2014B Reserve Account is established as a separate and distinct account to be maintained and controlled by the City or its designee within the Reserve Fund.

Section 5.04. Creation of Accounts; Deposits. On the date of delivery of the Series 2014 Bonds, the net proceeds from the sale of the Series 2014 Bonds, together with amounts released from the program accounts, debt service reserve accounts and debt service accounts for the Refunded Bonds, shall be deposited or used as follows:

A. On the Closing Date, any amounts in the reserve account for the Refunded Bonds shall be transferred to the City to be applied to the Series 2014A Refunding Project.

B. $_____ which amount is hereby established as the Series 2014A Reserve Requirement, shall be deposited to the Series 2014A Reserve Account from the proceeds of the Series 2014A Bonds. $_____ which amount is hereby established as the Series 2014B Reserve Requirement, shall be deposited to the Series 2014B Reserve Account from the proceeds of the Series 2014B Bonds. Cash on deposit in the Series 2014A Reserve Account and the Series 2014B Reserve Account may be substituted, in whole or in part, with a Reserve Account Insurance Policy. Amounts contained in the Series 2014A Reserve Account and Series 2014B Reserve Account may be invested only in Permitted Investments, with maturities of not longer than five years. The Permitted Investments on deposit in the Series 2014A Reserve Account and Series 2014B Reserve Account shall be marked to their fair market value on and as of June 1 of each year. Any deficiency in the Series 2014A Reserve Account or Series 2014B Reserve Account as a result of such annual valuation

shall be paid into the Series 2014A Reserve Account or Series 2014B Reserve Account, respectively, by the City from moneys on deposit in the Income Fund within one month of such valuation.

C. $_____ shall be deposited in the Series 2014A Escrow Account to be used to defray the costs of advance refunding, defeasing, refinancing, prepaying and discharging the Refunded Bonds on June 1, 2015, including the Costs of Issuance to be paid by the City. After the Refunded Bonds are advance refunded, defeased, refinanced, prepaid and discharged and the Costs of Issuance are paid, all money remaining in the Series 2014A Escrow Account, if any, shall be credited to the Series 2014 Debt Service Account.

D. $_____ from the proceeds of the Series 2014B Bonds shall be deposited in the Series 2014B Acquisition Account. Until the completion of the Series 2014B Improvement Project, the money in the Series 2014B Acquisition Fund shall be used and paid out solely for the purpose of the Series 2014B Improvement Project in compliance with applicable law.

E. As soon as practicable after completion of the Series 2014B Improvement Project, and in any event not more than 60 days after completion of the Series 2014B Improvement Project, any proceeds remaining unspent (other than any amount retained by the City for any Series 2014B Improvement Project costs not then due and payable) shall be transferred and deposited in the Debt Service Fund and used by the City to pay principal and interest on the Series 2014B Bonds as the same become due.

The City Finance Director shall be, and hereby is, authorized to make any necessary adjustments in the amounts to be deposited in the funds and accounts described in this Section on the Closing Date.

Section 5.05. Book Entry.

A. The Series 2014 Bonds shall be initially issued in book-entry form as one separate bond certificate for each Maturity Date, in each instance equal to the aggregate principal amount of the Bonds due on the applicable Maturity Date. On the Closing Date, each such bond certificate shall be registered in the name of Cede & Co., as nominee of DTC ("Cede").

B. Without limiting the provisions of Paragraph C below, for such time as any Series 2014 Bond is registered in the name of Cede, the City and the Series 2014 Paying Agent shall treat, and be entitled to treat, Cede as the sole and exclusive Owner of the Series 2014 Bonds for all purposes, including without limitation, provision of notices and payment of Series 2014 Bond Obligations.

C. With respect to Series 2014 Bonds in the name of Cede, neither the City nor the Series 2014 Paying Agent shall have any responsibility or obligation to any DTC Participant or any Person on behalf of whom such a DTC Participant holds an interest in the Series 2014 Bonds. In particular and without limitation of the immediately preceding sentence, neither the City nor the Series 2014 Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to the ownership of Series 2014 Bonds; (ii) the delivery to any DTC Participant or any other Person, other than an Owner, of any notice with respect to the Series 2014 Bonds, including without limitation any notice of redemption; or (iii) the payment to any DTC Participant or any other Person, other than any Owner, of any amount with respect to the Series 2014 Bonds.

D. DTC shall be entitled to request the substitution of a different nominee for Cede, and any substitution shall be accomplished by a transfer complying with the provisions of Section 6.04 of the Master Ordinance. In such event, all references herein to Cede shall mean and include such new nominees.

E. In the event that (i) the City determines that DTC is incapable of satisfactorily discharging the responsibilities of a securities depository with respect to the Series 2014 Bonds; (ii) the City otherwise determines that it is in the best interest of the beneficial owners of the Series 2014 Bonds that the Series 2014 Bonds should no longer be maintained under the book entry system of DTC; or (iii) DTC ceases to perform the services of a securities depository with respect to the Series 2014 Bonds, then the City shall either (a) with notice thereof to DTC, appoint a successor securities depository qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, and direct DTC to submit any Series 2014 Bonds registered in the name of Cede to the Series 2014 Paying Agent for transfer to or at the direction of the successor securities depository, or (b) notify DTC that it will cause definitive bond certificates for the Series 2014 Bonds to be available through DTC, registered in the names and manner as specified by DTC and applicable DTC Participants.

ARTICLE VI
REDEMPTION OF BONDS

The Series 2014A Bonds shall not be subject to optional redemption prior to their maturity. The Series 2014B Bonds maturing on and after June 1, 2025 shall be subject to redemption prior to maturity at the City's option in one or more units of principal of $5,000 on and after June 1, 2024, in whole or in part at any time, in such order of maturities as the City may determine (and by lot if less than all of the Series 2014B Bonds of any maturity is called, such selection by lot to be made by the Registrar in such manner considered appropriate and fair) for a redemption price equal to the principal amount of each $5,000 unit so redeemed, with accrued interest thereon to the redemption date.

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

ARTICLE VII

FORM OF THE BONDS

The Series 2014 Bonds, Registrar's Certificate of Authentication, and the Form of Assignment shall be in substantially the following forms, with such changes therein as are not inconsistent with this Ordinance:

(Form of Series 2014[A][B] Bond)

UNITED STATES OF AMERICA
STATE OF NEW MEXICO
COUNTY OF DOÑA ANA

No._____ $_____

CITY OF LAS CRUCES
JOINT UTILITY [REFUNDING] [IMPROVEMENT] REVENUE BONDS
SERIES 2014[A][B]

INTEREST RATE	MATURITY DATE	SERIES DATE	CUSIP
_____% per annum	June 1, ___	_____, 2014	
_____			

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

The City of Las Cruces (herein "City"), in the County of Doña Ana and State of New Mexico, for value received, hereby promises to pay, 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, upon the presentation and surrender hereof at the principal office of the City Treasurer, or its successor (herein 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 (being the fifteenth day of the calendar month whether or not a business day preceding each regularly scheduled interest payment date as defined in Ordinance No. ____, adopted July 23, 2014, which authorizes this bond, and which, together with Ordinance No. 1593 adopted on December 18, 1996, are referred to herein as the

"Bond Ordinance"), by check or draft 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 address as it last appears on the Regular Record Date on the registration books kept for that purpose by the City Treasurer, as registrar (i.e., transfer agent) for the bonds, or its successor (herein the "Registrar") or by such other arrangement as may be agreed to by the Paying Agent and the registered owner hereof, interest on such sum in lawful money of the United States of America from the Series Date specified above or the most recent interest payment date to which interest has been fully paid or duly provided for in full (as more fully provided in the Bond Ordinance) until maturity at the per annum Interest Rate specified above, payable on December 1, 2014 and semiannually thereafter on December 1 and June 1 in each year. 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 further provided in the Bond Ordinance. If upon presentation and surrender to the Paying Agent at or after maturity, payment of this bond is not made as herein provided, interest hereon shall continue at the rate herein designated until the principal hereof is paid in full. If the Bonds are issued in book-entry only form, an authorized officer of the City and the applicable securities depository ("Depository") may make other arrangements for the payments on the Bonds.

[The bonds of the series of which this bond is one shall not be subject to redemption prior to maturity.][The bonds of the series of which this bond is one maturing on and after June 1, 2025 shall be subject to redemption prior to maturity at the City's option in one or more units of principal of $5,000 on and after June 1, 2024, in whole or in part at any time, in such order of maturities as the City may determine (and by lot if less than all of the Bonds of any maturity is called, such selection by lot to be made by the Registrar in such manner considered appropriate and fair) for a redemption price equal to the principal amount of each $5,000 unit so redeemed, with accrued interest thereon to the redemption date.

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

The bonds of the series of which this bond is one are fully registered (i.e., registered as to payment of both principal and interest), and are issuable in the denomination of $5,000 or any denomination which is an integral multiple of $5,000 (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). Upon surrender of any of such bonds at the Registrar with a written instrument satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney, such bond may, at the option of the registered owner or his duly authorized attorney, be exchanged for an equal aggregate principal amount of such bonds of the same maturity of other authorized denominations, subject to such terms and conditions as set forth in the Bond Ordinance.

This bond is fully transferable by the registered owner hereof in person or by his duly authorized attorney on the registration books 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 such terms and conditions as set forth in the Bond Ordinance. The City and the Registrar and 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.

[This bond is one of a series of bonds designated "City of Las Cruces Joint Utility Refunding Revenue Bonds, Series 2014A," of like tenor and date, except as to interest rate, number and maturity, authorized for the purpose of (i) advance refunding, defeasing, refinancing, prepaying and discharging the City's outstanding Joint Utility Revenue Bonds, Series 2005 (the "Refunded Bonds" as more fully described in the

Bond Ordinance) on June 1, 2015, (ii) funding the Series 2014A Reserve Account as provided in the Bond Ordinance, and (iv) paying all costs and expenses pertaining to the foregoing and the issuance of the Series 2014A Bonds and to the prepayment and the discharge of the Refunded Bonds, including any amounts which may be required to be deposited into the Rebate Fund, as defined in the Bond Ordinance and to the extent permitted by law.][This bond is one of a series of bonds designated "City of Las Cruces Joint Utility Improvement Revenue Bonds, Series 2014B," of like tenor and date, except as to interest rate, number and maturity, authorized for the purpose of (i) acquiring, extending enlarging, bettering, repairing or otherwise improving the City's joint water, sanitary sewer and natural gas utility system, (ii) funding the Series 2014B Reserve Account as provided in the Bond Ordinance, and (iii) paying all costs and expenses pertaining to the foregoing and the issuance of the Series 2014B Bonds, including any amounts which may be required to be deposited into the Rebate Fund, as defined in the Bond Ordinance and to the extent permitted by law.] 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 City within the meaning of any constitutional or statutory provision or limitation, shall not be considered or be held to be a general obligation of the City, and is payable and collectible solely out of the Net Revenues of the City's Joint Water, Sanitary Sewer and Natural Gas Utility System pursuant to the pledge made by and as defined in the Bond Ordinance, which revenues are so pledged; and the holder of this bond may not look to any general or other fund for the payment of the principal and interest on this obligation, except the special funds pledged therefor. For a description of the funds, the nature and extent of the security afforded thereby for the payment of the principal of and interest on the bonds, and other details concerning the bonds, reference is made to the Bond Ordinance. The bonds of the series of which this bond is one are equally and ratably secured by a lien on the Net Revenues of the City's Joint Water, Sanitary Sewer and Natural Gas Utility System; the bonds of the series of which this bond is one constitute an irrevocable and first lien, but not necessarily an exclusive first lien, upon the Net Revenues of the City's Joint Water, Sanitary Sewer and Natural Gas Utility System. Bonds and other obligations, in

addition to the series of which this bond is one, may be issued and made payable from the Net Revenues of the City's Joint Water, Sanitary Sewer and Natural Gas Utility System having a lien thereon (i) inferior and junior to the lien or, (ii) subject to designated conditions, having a lien thereon on a parity with the lien of the bonds of the series of which this bond is one, in accordance with the provisions of the Bond Ordinance.

The City 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.

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the City Council and officers of the City 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 Sections 3-31-1 through 3-31-12, 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 herein.

IN WITNESS WHEREOF, the City of Las Cruces has caused this bond to be signed, subscribed, and executed and attested with the facsimile or manual signatures of its Mayor and its City Clerk, respectively; has caused of its corporate seal or a facsimile to be affixed on this bond, all as of the Series Date.

(Signature)
MAYOR

(CITY SEAL)

Attest: (Signature)
CITY CLERK

(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 books kept by the undersigned as Registrar for such Bonds.

CITY TREASURER,
CITY OF LAS CRUCES, NEW MEXICO,
as Registrar

By: _____
Authorized officer

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

(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 books of the Registrar, with full power of substitution in the premises.

Signature Guaranteed:

_____

Dated:_____

_____
Name and Address of Transferee

_____

_____

Social Security Number or other Tax Identification Number

(End of Form of Assignment)

(End of Form of Series 2014[A][B] Bond)

ARTICLE VIII
PAYING AGENT AND REGISTRAR

The City Treasurer of the City of Las Cruces is appointed as Fiscal Agent for the Series 2014 Bonds in the capacities of Paying Agent and Registrar for the Series 2014 Bonds.

ARTICLE IX
SALE OF THE BONDS

Section 9.01. Purchase Price. The Series 2014A Bonds and the Series 2014B Bonds are hereby sold to the Purchaser at the respective purchase prices set forth in the preambles of this Ordinance.

Section 9.02. Net Effective Interest Rate. The net effective interest rate on the Series 2014A Bonds is _____%, which is less than 12% as required by the Master Ordinance. The net effective interest rate on the Series 2014B Bonds is _____%, which is less than 12% as required by the Master Ordinance.

ARTICLE X
MASTER ORDINANCE

Section 10.01. Parameters. It is found and determined that the terms established for the Series 2014 Bonds in this Ordinance are within the parameters and guidelines of the Master Ordinance, as supplemented and amended.

Section 10.02. Governing Instruments. The Series 2014 Bonds are governed by the Master Ordinance as supplemented and amended by this Ordinance which is adopted as an ordinance of the City.

ARTICLE XI
SEVERABILITY

Section 11.01. Severability. If any Article, section, paragraph, clause or provision of this Ordinance shall for any reason be held invalid or unenforceable, the invalidity or unenforceability of such Article, section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 11.02. Headings. The headings used in this Ordinance are for convenience only, and shall not be construed as modifying the text.

ARTICLE XII
ORDINANCE IRREPEALABLE

This Ordinance shall be and remain irrepealable until the principal of, premium, if any, and interest on the Series 2014 Bonds are fully paid and the Series 2014 Bonds are canceled or there has been a defeasance of the Series 2014 Bonds as provided in the Master Ordinance and all of the City's obligations under a Reserve Account Insurance Policy, if any, have been paid and discharged.

ARTICLE XIII
REPEALER CLAUSE

All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent with the Master Ordinance as supplemented and amended by this Ordinance are repealed to the extent of such inconsistency. This repealer shall not be construed to revive any bylaw, order or resolution, or part thereof, previously repealed.

ARTICLE XIV
APPROVAL OF DOCUMENTS AND DELEGATED POWERS

The form, terms and provisions of the Preliminary Official Statement, the Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking in the forms presented at this meeting, are in all respects approved, authorized and confirmed. The officers of the City are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing, the execution of documents

required for issuance of the Series 2014 Bonds; the printing of the Series 2014 Bonds, if applicable; the preparation, execution and delivery to the Purchaser of the final Official Statement; and the execution of such other certificates and other documents as may be reasonably required by the Purchaser or Bond Counsel including, but not necessarily limited to, the absence and existence of factors affecting the excludability of interest on the Series 2014 Bonds from federal income taxation, as applicable.

ARTICLE XV
CONTINUING DISCLOSURE OBLIGATION OF CITY

Any Authorized Officer of the City is authorized to sign such documents with respect to the City's continuing disclosure obligations as are necessary or desirable to comply with the Continuing Disclosure Undertaking and requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

ARTICLE XVI
NOTICE OF PRIOR REDEMPTION WITH RESPECT TO THE REFUNDED BONDS

The City has elected and does hereby declare its intent to exercise on the behalf and in the name of the City its option to refund, refinance, prepay and discharge the Refunded Bonds on June 1, 2015. The City is hereby obligated to exercise such option, which option shall be deemed to have been exercised upon delivery of the Series 2014A Bonds. A notice of defeasance and prior redemption of the Refunded Bonds shall be mailed or delivered as required by the Master Ordinance.

ARTICLE XVII
EFFECTIVE DATE AND GENERAL SUMMARY FOR PUBLICATION

Upon due adoption of this Ordinance, it shall be recorded and preserved by the City Clerk, authenticated by the signature of the Mayor and City Clerk, and the seal of the City impressed hereon, and the title and a general summary of the subject matter contained in this Ordinance (set out below) shall be published in a newspaper which maintains an office and is of general circulation in the City. This Ordinance shall be in full force and effect thereafter as provided by law.

Pursuant to Section 3-17-5 NMSA 1978, as amended, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

(Form of Summary of Ordinance for Publication)

City of Las Cruces, New Mexico
Notice of Adoption of Ordinance

Notice is hereby given of the title and of a general summary of the subject matter contained in an Ordinance duly adopted and approved by the Governing Body of the City of Las Cruces, New Mexico on July 23, 2014 (the "Ordinance"). Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the City Clerk, City of Las Cruces, 700 North Main Street, Las Cruces, New Mexico.

The title of the Ordinance is:

A SUPPLEMENTAL ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF $11,700,000 CITY OF LAS CRUCES, NEW MEXICO JOINT UTILITY REFUNDING AND IMPROVEMENT REVENUE BONDS TO BE ISSUED IN TWO SERIES TO REFINANCE THE CITY'S SERIES 2005 JOINT UTILITY REVENUE BONDS AND TO IMPROVE THE CITY'S JOINT UTILITY SYSTEM.

A general summary of the Ordinance is:

The supplemental ordinance authorizes the issuance and sale of $7,800,000 City of Las Cruces, New Mexico Joint Utility Refunding Revenue Bonds, Series 2014A to be issued to advance refund, defease, refinance, prepay and discharge the City's outstanding Joint Utility Revenue Bonds, Series 2005; authorizes the issuance and sale of $3,900,000 City of Las Cruces, New Mexico Joint Utility Improvement Revenue Bonds, Series 2014B to be issued to acquire, extend, enlarge, better, repair or otherwise improve the City's joint utility system; establishes the maturity dates, interest rates, redemption provisions and other details of the Bonds; approves the execution of certain documents relating to the Bonds; ratifies certain actions previously taken in connection with the Bonds; repeals all action inconsistent with the Ordinance.

The notice constitutes compliance with § 6-14-6 NMSA 1978.

(End of Form of Summary of Ordinance for Publication)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this 23rd day of July, 2014.

APPROVED:

(SEAL)

_____
Mayor

ATTEST:

_____
City Clerk

Moved by: _____

Seconded by: _____

VOTE:

Mayor Miyagishima:	_____
Councilor Silva:	_____
Councilor Smith:	_____
Councilor Pedroza:	_____
Councilor Small:	_____
Councilor Sorg:	_____
Councilor Levatino:	_____

APPROVED AS TO FORM:

_____
City Attorney

STATE OF NEW MEXICO)
COUNTY OF DOÑA ANA) ss.
CITY OF LAS CRUCES)

I, Esther Martinez-Carrillo, the duly acting and qualified City Clerk of the City of Las Cruces, New Mexico (the "Governmental Unit"), do hereby certify:

1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the City Council (the "Governing Body"), constituting the governing body of the City had and taken at a duly called special meeting held at the Municipal Offices, 700 North Main Street, Las Cruces, New Mexico, on July 23, 2014, at the hour of 1:30 p.m., insofar as the same relate to the execution and delivery of the proposed Ordinance, a copy of which is set forth in the official records of the proceedings of the Governing Body kept in my office. None of the action taken has been rescinded, repealed, or modified.

2. Such proceedings were duly had and taken as therein shown, the meeting therein was duly held, and the persons therein named were present at such meeting, as therein shown.

3. Notice of such meeting was given in compliance with the permitted methods of giving notice of special meetings of the Governing Body as required by the City's open meetings standards presently in effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of July, 2014.

CITY OF LAS CRUCES, NEW MEXICO

_____
City Clerk

[SEAL]

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