LEGAL COMMITTEE MEETING AGENDA

Thursday, MAY 28, 2026 AT 2:00 P.M.
City Hall - Mike Mathews Conference Room
425 N. Richardson Ave., Roswell, New Mexico 88201

Chair: Will Cavin
Vice Chair: Cristina Arnold
Members: Juan Oropesa
Ed Heldenbrand
Angela Moore
Staff Liaison: C. Josh Nairn-Mahan

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF MINUTES

1. Approval of Minutes April 23, 2026 (Pg. 3)

NON-ACTION ITEMS

2. Community Development Report (Pg. 7)
3. Legal Committee Report (Pg. 10)
4. HR Monthly Report (Pg. 13)
5. April Clerks Monthly Report (Pg. 27)
6. Safety April Report (Pg. 29)

DISCUSSION ITEMS

7. Discuss strategies to more effectively manage potential nuisance activity related to vacant properties. (Pg. 33)

REGULAR ITEMS

8. Consider recommending to City Council for ratification of the Procurement Policy. (Nairn-Mahan) (Pg. 34)
9. Consider recommending approval of Resolution 26-XX: A Resolution Amending the Roswell Airport Advisory Commission. (Corn/Nairn-Mahan) (Pg. 57)
10. Consider recommending approval of Resolution 26-XX; the Keep Roswell Beautiful Resolution (Nairn-Mahan) (Pg. 64)
11. Consider recommending approval of Resolution 26-XX; To authorize and approve submission of a completed application to NMFA for financial assistance. (Rogers) (Pg. 67)
12. Consider recommending approval to advertise for a public hearing for Ordinance 26-XX authorizing the execution and delivery of a loan agreement with NMFA for improvement projects related to flood damage. (Rogers) (Pg. 77)
13. Consider recommending approval of Resolution 26-XX: The redemption of Outstanding Joint Water and Sewer Improvement Revenue Bonds (Rogers) (Pg. 110)
14. Consider recommending approval to advertise for a public hearing for Ordinance 26-XX;: An Ordinance to refund

the Series 2017 Joint Water & Sewer Improvement Bonds. (Rogers) (Pg. 113)

15. Consider recommending approval to advertise for a public hearing for Ordinance 26-XX: An Ordinance to amend fines and penalties throughout City of Roswell's Code of Ordinances. (Cavin)(Pg. 145)

16. Consider recommending approval to advertise for a public hearing for Ordinance 26-XX: An Ordinance authorizing the issuance of Industrial Revenue bonds, and Execution Bond Purchase Agreement, of Identure, Lease, and Sublease. (Cavin) (Pg. 150)

17. Ordinance 26-04: Authorize to advertise for a public hearing on proposed Ordinance 26-04: An Ordinance Amending the City of Roswell's Purchasing Procedures. (Nairn-Mahan) (Pg. 247)

18. Consider recommending approval of Red Mountain Arsenal LLC to enter into a 1-year lease beginning June 1, 2026, and ending May 31, 2027, for building 60 at the Roswell Air Center. (Sanchez) (Pg. 255)

19. Consider recommending approval to enter into a purchase and sale agreement for 77.8 acres of irrigated farmland for the expansion of the wastewater department (Mendoza) (Pg. 272)

CHAIR COMMENTS, REPORTS, ANNOUNCEMENTS

PUBLIC PARTICIPATION

CLOSED SESSION

20. Closed Session-Hold a closed session pursuant to NMSA 1978 § 10-15-1(H)(7), to discuss Attorney-Client privileged information pertinent to threatened or pending litigation. (Pg. 392)

ADJOURN

Notice of this meeting has been given to the public in compliance with Sections 10-15-1 through 10-15-4 NMSA 1975 and Resolution 26-12.

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Human Resources at 575-624-6700 at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats, please contact the City Clerk at 575-624-6700. Printed and posted: Friday, May 22, 2026.

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ROSWELL NEW MEXICO
COMMITTEE AGENDA ITEM ABSTRACT

Approval of Minutes 1.

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

DEPARTMENT NAME:

Approval of Minutes April 23, 2026

Attachments

Meeting Minutes April 23, 2026

Regular Meeting of the Legal Committee
Held at City Hall, Mike Mathews Conference Room
425 N. Richardson Ave., Roswell, NM 88201
Thursday April 23, 2026

Notice of this meeting was given to the public in compliance with NMSA 1978 §10-15-1 through 4 and Resolution 26-12.

ROLL CALL

The meeting convened at 2:00 p.m. with Chair Cavin presiding, Vice Chair Arnold, Councilor Moore, Councilor Heldenbrand, and Councilor Oropesa present.

Staff present: Amalia Martinez, Angela Garcia, Omar Gonzalez, Toby Franco, Jessica Vickers, Shelly Bell, Mac Rogers, Clint Caldwell, Vicky Eaton, Shawna Van Dyke, Randy Bunch

Guests present: Rita Kane-Doerhoefer

Public present via GoToMeeting: Abraham Chaparro, 10 guests, 2 Unknowns, AM, Vanessa Sanchez, Zachary Scott.

APPROVAL OF AGENDA

Councilor Heldenbrand made a motion to amend the agenda, and table Item 9. Councilor Arnold seconded the motion. A voice vote was taken, and the motion passed unanimously 5-0.

APPROVAL OF MINUTES

Councilor Arnold made a motion to approve the February 26, 2026 minutes. Councilor Moore seconded the motion, A voice vote was taken, and the motion passed unanimously, 5-0.

Councilor Arnold made a motion to approve the March 26, 2026 minutes. Councilor Moore seconded the motion, A voice vote was taken, and the motion passed unanimously, 5-0.

REGULAR ITEMS

10. **Consider recommending adoption of Resolution 26-XX shall require the removal or demolition of one (1) dilapidated structure.** Presented by: Toby Franco.

    Councilor Oropesa made a motion to recommend adoption of Resolution 26-XX to the City Council for placement on the Consent Agenda. Councilor Heldenbrand seconded the motion. A voice vote was taken, and the motion passed unanimously, 5-0.

DRAFT

11. **Consider recommending approval to advertise RFP 26-XX for HVAC and Plumbing services and repairs to City-owned facilities.** Presented by: Lee Rogers.

    Councilor Moore made a motion to recommend approval to advertise RFP 26-XX, for HVAC and Plumbing services and repairs to City-owned facilities, to the City Council, for placement on the Consent Agenda. Councilor Oropesa seconded the motion. A voice vote was taken, and the motion passed unanimously, 5-0.

12. **Request for approval to proceed with the burial of overhead power lines at the Air Center to enhance safety for Air Race training and event operations.** Presented by: Omar Gonzalez.

    Councilor Arnold made a motion to forward the request to the Finance Committee, without recommendation. Councilor Heldenbrand seconded the motion. A voice vote was taken, and the motion passed unanimously, 5-0.

13. **Consider approval of a Professional Services Agreement between the City of Roswell Fire Department and Public Consulting Group, LLC to provide consulting services for the Ambulance Supplemental Payment Program (ASPP), including cost reporting, program development, and support to obtain Medicaid supplemental reimbursements.** Presented by: Randy Bunch.

    Councilor Heldenbrand made a motion for the approval of a Professional Services Agreement between the City of Roswell Fire Department and Public Consulting Group, LLC to provide consulting services for the Ambulance Supplemental Payment Program (ASPP) including cost reporting, program development, and support to obtain Medicaid supplemental reimbursements to the City Council, for placement on the Consent Agenda. Councilor Moore seconded the motion. A voice vote was taken and, the motion passed unanimously, 5-0.

14. **Consider recommending adoption of Amendment to Resolution 18-44 a Resolution Amending the Roswell Airport Advisory Commission.** Presented by: Councilor Corn.

    Councilor Arnold made a motion to table the item to allow for further revision and clarification, with the intent of bringing it back for consideration at the next Legal Committee meeting scheduled for May 28, 2026. Councilor Oropesa seconded the motion. A voice vote was taken, and the motion passed unanimously, 5–0.

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NON-ACTION ITEMS

1. Community Development Monthly Report
2. City Clerk Department Report
3. Human Resources Department Report
4. Safety Department Report

DRAFT

5. Legal Department Report
6. Review of Audit Committee's process

Discussion was had regarding the Audit Committee's process. Concern was raised that its process does not fully adhere to the process of a typical committee and recommendation was made to change the name to Audit Advisory Board. Discussion also included a recommendation that the Audit Advisory Board hold monthly meetings and provide a brief report summarizing updates from each meeting. No motions were made and no votes were taken.

CHAIR COMMENTS, REPORTS, ANNOUNCEMENTS

NONE

PUBLIC PARTICIPATION

Councilor Heldenbrand requested that neighborhood meetings be held to promote communication and increase public awareness of City activities.

A handout of the *Roswell Summer Guide* was distributed.

ADJOURN

The meeting adjourned at 3:37 p.m.

DRAFT

ROSWELL NEW MEXICO
COMMITTEE AGENDA ITEM ABSTRACT

Non-Action Items 2.

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

DEPARTMENT NAME:

Community Development Report

Attachments

CDC Monthly April 2026

CITY OF ROSWELL
COMMUNITY DEVELOPMENT CENTER
Month: April 2026

CODE ENFORCEMENT	This Month	This Month 2025	YTD*	2025 YTD*
Notices Mailed	**526**	661	**6,253**	5,490
Voluntary Compliance	**221**	308	**3057**	2,702
No. of Cases Filed in Municipal Court	**13**	8	**133**	92
No. Cases Dismissed by Officer	**4**	1	**59**	18
Resolution	**16**	39	**286**	135
Weeds	**300**	505	**3967**	3,054
Inoperable Vehicles	**12**	27	**261**	461
Litter	**46**	38	**442**	564
Unsanitary Premises	**35**	40	**459**	521
Signs	**9**	9	**146**	170
Zoning	**2**	2	**33**	9
Obstructions	**13**	2	**101**	79
Public Nuisances	**109**	38	**844**	624
Garage Sales No permit	**0**	0	**0**	8

BUSINESS LICENSES	This Month	This Month 2025	YTD*	2025 YTD*
Total Licenses Issued	**163**	151	**1,415**	1,651
Renewed Licenses	**105**	94	**1027**	1,254
New Licenses	**38**	20	**243**	253
Temporary Permits Issued	**20**	37	**145**	144
Receipts	**$8,940.00**	$6,903.00	**$66,347.00**	$71,551.00

*Figures calculated to reflect FYTD

BUILDING INSPECTIONS	This Month	Permits Applied This Month 2025 & Fees Collected	Permits Applied YTD*	Permits Applied 2025 YTD*
Residential-New	**5**	2	**45**	39
Residential - Other	**24**	50	**259**	418
Commercial-New	**1**	0	**4**	7
Commercial - Other	**7**	8	**90**	107
Total Permits Issued	**37**	60	**388**	571
Total Fees Collected	**$32,690.10**	$21,324.00	**$273,813.05**	$251,007.42

PLUMBING/MECH INSPECTIONS	This Month	Permits Applied This Month 2025	Permits Applied YTD*	Permits Applied 2025 YTD*
Plumbing & Mechanical Permits—Residential	**39**	50	**491**	472
Plumbing & Mechanical Permits—Commercial	**10**	35	**107**	156
Total Permits Issued	**49**	85	**588**	628
Total Fees Collected	**$2,872.75**	$3,807.50	**$31,964.50**	$30,036.00

ELECTRICAL INSPECTIONS	This Month	Permits Applied This Month 2025	Permits Applied YTD*	Permits Applied 2025 YTD*
Electric Permits—Residential	**0**	33	**158**	303
Electric Permits—Commercial	**0**	6	**87**	100
Total Permits Issued	**0**	39	**245**	403
Total Fees Collected	**$0**	$4,770.00	**$26,312.50**	$39,093.26

*Figures calculated to reflect FYTD

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ROSWELL NEW MEXICO
COMMITTEE AGENDA ITEM ABSTRACT

Non-Action Items 3.

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

DEPARTMENT NAME:

Legal Committee Report

Attachments

Legal Communication
Contracts

COMMUNICATION

May 28, 2026
From Josh Nairn-Mahan, City Attorney
To: Legal Committee Meeting

RE: Administratively Executed Settlements- April/May 2026

Mayor Pro Team and members of the Council,

I. Municipal cases:
May 2026

Open	Closed out
21	32

-

May 2026 Legal Committee Monthly Report

Document	Pending	Signed
Contracts		
Agreements	**10**	**1**
MOU		1
Renewals		5
Lease	2	
TCC Proposals	1	
Property Use		2
State Engibeer Application		1
Public Notice		1
Grant	1	
Total	14	11
Red Mountain signed by City Manager < 1yr $5406.00 yearly		

ROSWELL NEW MEXICO
COMMITTEE AGENDA ITEM ABSTRACT

Non-Action Items 4.

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

DEPARTMENT NAME:

HR Monthly Report

Attachments

HR Monthly Report
Personnel Monthly Changes
Employee Turnover Report

APRIL 2026 HUMAN RESOURCES MONTHLY REPORT

For the month of March, the City hired 37 new employees, 13 promotions and 32 exits which include 4 retirements.

Our turnover rate for the month of February is 5% and for the year so far is 11.02%.

Our Vacancy Rate is 8.8%.

Payroll count for 03/20/2026 – 04/02/2026 was:

Total WC/ MIL LEAVE/no hours/ no monies employees- 9

Total paid employees -635

Total employees - 644

PO Box 1838
Roswell, NM 88202-1838

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roswell-nm.gov

City of Roswell, NM

Personnel Changes for the Month of

MARCH 2026

	FT = FULL TIME SR = SALARY PT = PART TIME TP = TEMPORARY INT = INTERIM				
	NEW HIRE				
	Date	Name	Position	Department	Status
1	3/2/2026	ETHAN HINKLE	AUTOMATED COLLECTION OPERATOR	SANITATION	FT
2	3/2/2026	MISAEL JAUREGUI	MAINTENANCE WORKER WWTP	WWTP	FT
3	3/2/2026	MANUEL SIGALA	PARKS LABORER TEMP	PARKS	TP
4	3/2/2026	JACOB GARCIA	PARKS LABORER TEMP	PARKS	TP
5	3/2/2026	RICHARD JUAREZ	PARKS LABORER TEMP	PARKS	TP
6	3/2/2026	ESIDRO RAMIRES	PARKS LABORER TEMP	PARKS	TP
7	3/6/2026	EMILY MENDOZA	RECREATION AIDE 1-PT	RECREATION	PT
8	3/6/26	MARYSSA ROMERO	RECREATION AIDE 1-PT	RECREATION	PT
9	3/6/26	FRANCISCO COBIAN VALENCIA	FIREFIGHTER RECRUIT	FIRE	FT
10	3/6/26	LEONAID VEGA CAMPUZANO	FIREFIGHTER RECRUIT	FIRE	FT
11	3/6/26	GABRIEL GOMEZ	FIREFIGHTER RECRUIT	FIRE	FT
12	3/6/26	SAMMUEL ARCHULETA- VASQUEZ	FIREFIGHTER RECRUIT	FIRE	FT
13	3/6/26	NATHANIEL DEANDA	FIREFIGHTER RECRUIT	FIRE	FT
14	3/6/26	JONATHAN LEDBETTER	FIREFIGHTER RECRUIT	FIRE	FT
15	3/6/26	ADRIAN ALVIDREZ	FIREFIGHTER RECRUIT	FIRE	FT
16	3/6/26	STEVEN NAVARRO	FIREFIGHTER RECRUIT	FIRE	FT
17	3/6/26	JEREMY SEABREASE	FIREFIGHTER RECRUIT	FIRE	FT
18	3/6/26	JUSTIN ZUMWALT	FIREFIGHTER RECRUIT	FIRE	FT
19	3/6/26	ERNESTO GARCIA	FIREFIGHTER RECRUIT	FIRE	FT
20	3/6/26	ALDO PEREZ ALDAVAZ	FIREFIGHTER RECRUIT	FIRE	FT
21	3/6/26	JULIE GANT LIKENS	ADMIN. ASSISTANT SR. EMS	PUBLIC SAFETY	FT
22	3/9/26	SHAWNA VAN DYKE	PARALEGAL	LEGAL	FT
23	3/9/26	SAM PERRY	VEHICLE OPERATOR	TRANSIT	FT
24	3/9/26	JAESON GOODWIN	EMS LIEUTENANT PT	PUBLIC SAFETY	PT
25	3/9/26	KYLA FLEMING	EMS LIEUTENANT PT	PUBLIC SAFETY	PT
26	3/9/26	CARRIE HARDY	EMS LIEUTENANT PT	PUBLIC SAFETY	PT
27	3/13/26	ROBERTO DELACRUZ	POLICE OFFICER 1	POLICE	FT
28	3/16/26	JESUS RODRIGUEZ CHAIDEZ	EQUIPMENT OPERATOR	LANDFILL	FT
29	3/16/26	JULISSA CHAVEZ	LAB TECHNICIAN ASSISTANT	WWTP	FT
30	3/20/26	ESTEVAN MATA	POLICE OFFICER 2	POLICE	FT
31	3/20/26	EZEQUIEL BURROLA	LIFE GUARD 1	RECREATION	PT
32	3/23/26	SANTIAGO DOMINGUEZ	W&S MAINTENANCE WORKER I	PUBLIC WORKS	FT
33	3/23/26	VALERIE JIMENEZ	PROPERTY EVIDENCE CUSTODIAN	POLICE	FT
34	3/23/26	MATTHEW YOUNG-DILLS	VEHICLE OPERATOR	TRANSIT	FT
35	3/27/26	MIGUEL TERAN	POLICE RECRUIT	POLICE	FT
36	3/30/26	RICKY STEWART	VEHICLE OPERATOR	TRANSIT	PT
37	3/31/26	PAYTON ABALOS	LIFE GUARD 1	RECREATION	PT
	TRANSFERS				
	Date	Name	Position	Department	Status
1					
	PROMOTIONS				
	Date	Name	Position	Department	Status
1	3/1/2026	ALBERTO ALDANA LOPEZ	CHIEF OF POLICE	POLICE	SR
2	3/6/26	MANUEL VENZOR	FIREFIGHTER RECRUIT	FIRE	FT
3	3/6/26	GREG DE LOS SANTOS	POLICE RECRUIT	POLICE	FT
4	3/6/26	JAKE CARPENTER	FIRE LIEUTENANT 2	FIRE	FT

5	3/6/26	SIMON QUINONES	FIREFIGHTER 2	FIRE	FT
6	3/6/26	RYAN CRAINE	DEPUTY POLICE CHIEF	POLICE	SR
7	3/6/26	BRITTANY SHANNON	ASSISTANT DEPARTMENT MANAGER	DISPATCH	SR
8	3/6/26	SEBASTIAN MANSMITH	FIRE APPRATUS OPERATOR 2	FIRE	FT
9	3/20/26	ROBERTA THOMPSON	ASSISTANT CITY MANAGER	ADMINISTRATION	SR
10	3/20/26	ERICK MERRYFIELD	UTILITY CONSTRUCTION COORDINATOR	PUBLIC WORKS	FT
11	3/20/26	ANGELIQUE SANCHEZ	AUTOMATED COLLECTION OPERATOR	SANITATION	FT
12	3/20/2026	LEO DE LA ROSA JR.	EQUIPMENT OPERATOR WATER	PUBLIC WORKS	FT
13	3/20/26	ROBERT DICKERSON	PARKS GROUNDS LEAD	PARKS	FT
	DEMOTIONS				
	Date	Name	Position	Department	Status
1					
	EXITS				
	Date	Name	Position	Department	Status
1	3/6/2026	ALDO PEREZ ALDAVAZ	FIREFIGHTER RECRUIT	FIRE	FT
2	3/10/2026	JEREMY SEABREASE	FIREFIGHTER RECRUIT	FIRE	FT
3	3/11/2026	JONATHAN LEDBETTER	FIREFIGHTER RECRUIT	FIRE	FT
4	3/12/2026	JUSTIN ZUMWALT	FIREFIGHTER RECRUIT	FIRE	FT
5	3/12/26	VALERIE AMAYA	ADMINISTRATIVE ASSISTANT	POLICE	FT
6	3/12/26	ZACHARY GIBBS	VEHICLE OPERATOR	TRANSIT	FT
7	3/12/26	ZOE AYON	ZOO KEEPER	ZOO	FT
8	3/13/26	JONATHAN KLOPFER	FACILITIES MAINTENANCE LABORER	FACILITIES MAINTENANCE	FT
9	3/13/26	JEREMY HOWE	PLANETARIUM COORDINATOR	MUSEUM	FT
10	3/13/26	SUSAN DOYLE	MUSEUM STORE CLERK	MUSEUM	PT
11	3/13/26	BARBARA POSUNIAK	MUSEUM STORE SUPERVISOR	MUSEUM	FT
12	3/13/26	AMBER SMITH	MUSEUM OPERATIONS MANAGER	MUSEUM	FT
13	3/13/26	ALYSSA SMITH	PLANETARIUM ASSISTANT	MUSEUM	PT
14	3/13/26	JERRYME LEDESMA	BASKETBALL OFFICIAL	RECREATION	TP
15	3/13/26	CHRIS VARGAS	BASKETBALL OFFICIAL	RECREATION	TP
16	3/13/26	BRIAN CASAUS	BASKETBALL OFFICIAL	RECREATION	TP
17	3/13/26	ABIGAIL MORALES	BASKETBALL OFFICIAL	RECREATION	TP
18	3/13/26	MEGAN HARRIS	BASKETBALL OFFICIAL	RECREATION	TP
19	3/13/26	SARA ACREY	ZOO KEEPER	ZOO	FT
20	3/15/26	SANTANA PRUDENCIO WILLIAMS	RECREATION AIDE 2	RECREATION	PT
21	3/19/26	CLOE MEDRANO	REGISTRAR MUSEUM	MUSEUM	FT
22	3/20/26	ANDREA MANZANARES	RECREATION AIDE 2	RECREATION	TP
23	3/20/26	FRANCISCO GARCIA	FIREFIGHTER 1	FIRE	FT
24	3/23/26	BRIAN JEFFERSON	POLICE SERGEANT	POLICE	FT
25	3/23/26	MANUEL SIGALA	PARKS LABORER TEMP	PARKS	TP
26	3/24/26	MICHAEL MCCLAIN	NETWORK ADMINISTARTOR ENGINEER	INFORMATION TECHNOLOGY	SR
27	3/25/26	JOSE MARTINEZ	LEAD & COPPER TECHNICIAN TEMP	CENTRAL CONTROL	TP
28	3/30/26	IVAN PUCHI MORALES	LUBE TECHNICIAN	SANITATION	FT
	RETIREMENT				
	Date	Name	Position	Department	Status
1	3/1/26	LANCE BATEMAN	POLICE CHIEF	POLICE	SR
2	3/19/26	KENNETH HUGHLETT	VEHICLE MAINTENANCE SUPERVISOR	FLEET MAINTENANCE	SR
3	3/31/26	MARK MAHONE	POLICE LIEUTENANT	POLICE	SR
4	3/31/26	MICHAEL MATHEWS	DEPUTY CITY MANAGER	ADMINISTRATION	SR

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

Job Code	Description	Employee Count Start of Period	Employee Count End of Period	Employee Count Terminated	Turnover Rate
Location: 4011 ELECTED OFFICIALS		**11**	**11**	**0**	**0.00%**
1001	MAYOR	1	1	0	0.00%
1002	MAYOR PRO TEM	1	1	0	0.00%
1003	CITY COUNCILOR WARD 1	2	2	0	0.00%
1004	CITY COUNCILOR WARD 2	2	2	0	0.00%
1005	CITY COUNCILOR WARD 3	2	2	0	0.00%
1006	CITY COUNCILOR WARD 4	1	1	0	0.00%
1007	CITY COUNCILOR WARD 5	2	2	0	0.00%
Location: 4013 ADMINISTRATION		**4**	**4**	**0**	**0.00%**
1008	CITY MANAGER	1	1	0	0.00%
1012	DEPUTY CITY MANAGER	1	1	0	0.00%
1435	PROJECT MANAGER	1	1	0	0.00%
1509	ASSISTANT CITY MANAGER	1	1	0	0.00%
Location: 4015 CITY CLERK		**4**	**4**	**0**	**0.00%**
1019	CITY CLERK	1	1	0	0.00%
1020	DEPUTY CITY CLERK	1	1	0	0.00%
1285	CITY CLERK OFFICE ASSISTANT	2	2	0	0.00%
Location: 4021 MUNICIPAL COURT		**7**	**7**	**0**	**0.00%**
1022	DEPUTY COURT CLERK	3	3	0	0.00%
1023	MUNICPAL JUDGE	1	1	0	0.00%
1024	BAILIFF	1	1	0	0.00%
1025	COMPLIANCE OFFICER	1	1	0	0.00%
1336	COURT ADMINISTRATOR	1	1	0	0.00%
Location: 4041 FINANCIAL ADMINISTRATION		**14**	**14**	**0**	**0.00%**
1037	PURCHASING TECHNICIAN	1	1	0	0.00%
1312	SENIOR ACCOUNTANT	1	1	0	0.00%
1414	CITY TREASURER	1	1	0	0.00%
1449	PAYROLL SPECIALIST	1	1	0	0.00%
1476	ASSISTANT FINANCE DIRECTOR	1	1	0	0.00%
1485	STAFF ACCOUNTANT	1	1	0	0.00%
1486	GRANT COORDINATOR	1	1	0	0.00%

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

1496	ACCOUNTS RECEIVABLE SPECIALIST	2	2	0	0.00%
1497	PAYROLL MANAGER	1	1	0	0.00%
1498	FIXED ASSET ACCOUNTANT	1	1	0	0.00%
1499	PROCUREMENT OFFICER	1	1	0	0.00%
1500	ACCOUNTS PAYABLE SPECIALIST	2	2	0	0.00%
1504	GRANT WRITER	0	0	0	#DIV/0!
Location: 4051 LEGAL		**3**	**3**	**0**	**0.00%**
1339	PARALEGAL	1	1	0	0.00%
1455	CONTRACTS & CLAIMS ADMIN	1	1	0	0.00%
1506	ACTING CITY ATTORNEY	1	1	0	0.00%
Location: 4061 HUMAN RESOURCES		**9**	**9**	**0**	**0.00%**
1038	HR ADMINISTRATIVE ASSISTANT SR	1	1	0	0.00%
1041	DEPT MANAGER HUMAN RESOURCES	1	1	0	0.00%
1042	DEPARTMENT DIRECTOR H.R.	1	1	0	0.00%
1287	SAFETY COORDINATOR	1	1	0	0.00%
1443	TRAINING SPECIALIST CDL	1	1	0	0.00%
1447	EMPLOYEE/BENEFITS SUPERVISOR	1	1	0	0.00%
1451	HUMAN RESOURCES SPECIALIST	2	2	0	0.00%
1465	HR/SAFETY GENERALIST	1	1	0	0.00%
Location: 4071 FACILITIES MAINTENANCE		**10**	**10**	**0**	**0.00%**
1045	FACILITIES MAINT. SPECIALIST	4	4	0	0.00%
1046	FACILITIES MAINT. SPEC SR.	1	1	0	0.00%
1259	PROJECT AND FACILITY MANAGER	1	1	0	0.00%
1319	ADMIN. ASST. SENIOR FACILITIES	1	1	0	0.00%
1379	FAC. MAINTENANCE HVAC SPEC SR.	1	1	0	0.00%
1440	FACILITIES MAINT. LABORER	1	1	0	0.00%
1445	FAC. MAINT. LOCKSMITH TECH	1	1	0	0.00%
Location: 4111 POLICE DEPARTMENT		**115**	**116**	**0**	**0.00%**
1043	CUSTODIAN	1	1	0	0.00%
1049	OFFICE ASSISTANT POLICE	6	6	0	0.00%
1050	ADMIN. ASSISTANT SR. POLICE	3	3	0	0.00%
1053	POLICE SERV AIDE CAREER PATH	3	3	0	0.00%
1054	POLICE RECRUIT	11	11	0	0.00%

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

1055	POLICE OFFICER 1	21	21	0	0.00%
1056	POLICE OFFICER 2	22	22	0	0.00%
1057	POLICE OFFICER 3	1	1	0	0.00%
1058	POLICE SERGEANT	13	13	0	0.00%
1059	POLICE LIEUTENANT	3	3	0	0.00%
1060	POLICE CAPTAIN	2	2	0	0.00%
1061	DETECTIVE	12	12	0	0.00%
1062	DEPUTY POLICE CHIEF	2	2	0	0.00%
1063	POLICE CHIEF	1	1	0	0.00%
1064	POLICE RECORDS SUPERVISOR	1	1	0	0.00%
1065	EVIDENCE PROPERTY CUSTODIAN	2	3	0	0.00%
1066	TSU CRIME SCENE TECHNICIAN	2	2	0	0.00%
1067	ADMIN. ASSISTANT POLICE	4	4	0	0.00%
1473	REALTIME CRIME CENTER OPERATOR	2	2	0	0.00%
1515	TECHNICAL SERVICE UNIT SENIOR	3	3	0	0.00%
Location: 4121 FIRE DEPARTMENT		**91**	**91**	**0**	**0.00%**
1068	ADMIN. ASSISTANT SR. FIRE	1	1	0	0.00%
1070	FIREFIGHTER RECRUIT	9	9	0	0.00%
1071	FIREFIGHTER 1	16	16	0	0.00%
1072	FIREFIGHTER 2	4	4	0	0.00%
1073	FIREFIGHTER 3	1	1	0	0.00%
1074	FIRE APPARATUS OPERATOR 1	10	10	0	0.00%
1075	FIRE APPARATUS OPERATOR 2	13	13	0	0.00%
1076	FIRE APPARATUS OPERATOR 3	1	1	0	0.00%
1077	FIRE LIEUTENANT 1	4	4	0	0.00%
1078	FIRE LIEUTENANT 2	11	11	0	0.00%
1079	FIRE LIEUTENANT 3	8	8	0	0.00%
1080	BATTALION CHIEF	3	3	0	0.00%
1081	DEPUTY FIRE CHIEF	2	2	0	0.00%
1082	FIRE CHIEF	1	1	0	0.00%
1083	DIVISION CHIEF	1	1	0	0.00%
1271	DEPUTY FIRE MARSHAL	3	3	0	0.00%
1281	FIREMARSHAL	1	1	0	0.00%

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

1308	DIVISION CHIEF - EMS	1	1	0	0.00%
1320	ARFF COORDINATOR	1	1	0	0.00%
Location: 4125 PUBLIC SAFETY		**5**	**5**	**0**	**0.00%**
1483	EMS CAPTAIN	1	1	0	0.00%
1490	ADMIN. ASSISTANT SR. EMS	1	1	0	0.00%
1491	EMS LIEUTENANT PT	3	3	0	0.00%
Location: 4131 PLANNING & ZONING		**5**	**5**	**0**	**0.00%**
1017	COMMUNITY DEVELOPMENT DIRECTOR	1	1	0	0.00%
1018	PLANNER SENIOR	1	1	0	0.00%
1260	COMMUNITY DEVELOPMENT PRP TECH	1	1	0	0.00%
1314	PLANNER II	1	1	0	0.00%
1344	CUSTOMER SERVICE SPECIALIST	1	1	0	0.00%
Location: 4135 ENGINEERING		**9**	**9**	**0**	**0.00%**
1159	CONSTRUCTION INSPECTOR SR.	2	2	0	0.00%
1160	ENGINEERING TECHNICIAN	2	2	0	0.00%
1162	DIRECTOR OF ENGR. & INFRA.	1	1	0	0.00%
1192	ADMIN. ASST. SR. PUBLIC WORKS	1	1	0	0.00%
1306	ENGINEER SR	1	1	0	0.00%
1307	GEOGRAPHIC INFORMATION SYSTEM	1	1	0	0.00%
1370	ENGINEERING CONSTRUCTION SUPER	1	1	0	0.00%
Location: 4151 CODE ENFORCEMENT		**10**	**10**	**0**	**0.00%**
1086	OFFICE ASST. CODE ENFORCEMENT	1	1	0	0.00%
1087	ADMIN ASST SR. CODE ENFORCEMEN	1	1	0	0.00%
1091	PLUMBING INSPECTOR	1	1	0	0.00%
1092	CODE ENFORCEMENT OFFICER	4	4	0	0.00%
1093	SUPERVISOR CODE ENFORCEMENT	1	1	0	0.00%
1376	BUILDING OFFICIAL	1	1	0	0.00%
1464	BUSINESS LICENSE CLERK	1	1	0	0.00%
Location: 4161 ANIMAL CONTROL		**13**	**13**	**0**	**0.00%**
1094	OFFICE ASST. ANIMAL CONTROL	1	1	0	0.00%
1095	ANIMAL CONTROL OFFICER	5	5	0	0.00%
1097	KENNEL COORDINATOR	1	1	0	0.00%
1098	KENNEL WORKER	5	5	0	0.00%

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

1448	ANIMAL SERVICES MANAGER	1	1	0	0.00%
Location: 4181 C.E.P.		**1**	**1**	**0**	**0.00%**
1099	DEPT MGR EMERGENCY MGMT	1	1	0	0.00%
Location: 4192 COMMUNITY ENHANCEMENT		**1**	**1**	**0**	**0.00%**
1100	COMMUNITY IMPROVEMENT TECH.	1	1	0	0.00%
Location: 4211 LIBRARY		**19**	**19**	**0**	**0.00%**
1101	ADMIN. ASSISTANT LIBRARY	1	1	0	0.00%
1103	LIBRARY PAGE SENIOR	2	2	0	0.00%
1104	TECHNICIAL SERVICE ASSISTANT	1	1	0	0.00%
1105	LIBRARY ASSISTANT- CIRCULATION	2	2	0	0.00%
1107	REFERENCE ASSISTANT	1	1	0	0.00%
1109	LIBRARY CATALOGER	1	1	0	0.00%
1112	DEPARTMENT DIRECTOR LIBRARY	1	1	0	0.00%
1267	INTER LIBRARY L & R LIBRARIAN	1	1	0	0.00%
1354	YOUTH LIBRARIAN ASSISTANT	1	1	0	0.00%
1387	LIBRARY PAGE SENIOR PT	6	6	0	0.00%
1441	STEM INSTRUCTOR	1	1	0	0.00%
1474	HEAD OF CIRCULATION	1	1	0	0.00%
Location: 4221 MUSEUM		**3**	**3**	**0**	**0.00%**
1123	CURATOR OF COLLECTIONS AND EXH	1	1	0	0.00%
1124	DEPARTMENT DIRECTOR MUSEUM	1	1	0	0.00%
1303	MUSEUM EDUCATOR	1	1	0	0.00%
Location: 4231 PARKS		**35**	**35**	**0**	**0.00%**
1043	CUSTODIAN	1	1	0	0.00%
1126	ADMIN. ASSISTANT SR. PARKS	1	1	0	0.00%
1127	LABORER PARKS	11	11	0	0.00%
1128	GROUNDS MAINT WORKER PARKS	10	10	0	0.00%
1129	GROUNDS MAINT WORKER SR PARKS	4	4	0	0.00%
1130	SUPERINTENDENT PARKS	1	1	0	0.00%
1151	DEPARTMENT DIRECTOR RECREATION	1	1	0	0.00%
1329	PARKS SUPERVISOR	1	1	0	0.00%
1419	PARKS LABORER TEMP	4	4	0	0.00%
1505	GROUNDS MAINTENANCE LEAD	1	1	0	0.00%

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

Location: 4232 ZOO		**5**	**5**	**0**	**0.00%**
1133	LABORER ZOO	1	1	0	0.00%
1134	ZOO KEEPER	1	1	0	0.00%
1135	GROUNDS MAINTENANCE WORKER ZOO	1	1	0	0.00%
1439	LEAD ZOO KEEPER	1	1	0	0.00%
1456	ZOO SUPERVISOR	1	1	0	0.00%
Location: 4233 GOLF		**15**	**15**	**0**	**0.00%**
1139	GROUNDS MAINT. WORKER GOLF	3	3	0	0.00%
1141	SUPERVISOR GOLF	1	1	0	0.00%
1142	SUPERINTENDENT GOLF	1	1	0	0.00%
1331	GOLF COURSE MANAGER	1	1	0	0.00%
1351	GOLF SHOP SUPERVISOR	1	1	0	0.00%
1352	OUTSIDE SRVS ATTENDANT GOLF	3	3	0	0.00%
1353	GOLF SHOP SR ATTENDANT	3	3	0	0.00%
1365	BEVERAGE CART ATTENDANT	1	1	0	0.00%
1431	GOLF SHOP LEAD SR ATTENDANT	1	1	0	0.00%
Location: 4241 RECREATION		**20**	**20**	**0**	**0.00%**
1046	FACILITIES MAINT. SPEC SR.	1	1	0	0.00%
1143	OFFICE ASSISTANT RECREATION	1	1	0	0.00%
1145	RECREATION AIDE 2	2	2	0	0.00%
1146	RECREATION LEADER	1	1	0	0.00%
1148	SUPERVISOR RECREATION	1	1	0	0.00%
1150	RECREATION MANAGER	1	1	0	0.00%
1412	RECREATION AIDE 1 PT	8	8	0	0.00%
1436	BASKETBALL OFFICIAL TEMP	3	3	0	0.00%
1478	REC INSTRUCTOR-PART TIME	1	1	0	0.00%
1482	RECREATION LEADER SR	1	1	0	0.00%
Location: 4242 RECREATION AQUATIC POOL		**11**	**12**	**0**	**0.00%**
1383	LIFE GUARD 1 PT	8	9	0	0.00%
1426	HEAD LIFEGUARD PT	2	2	0	0.00%
1442	AQUATICS SPECIALIST	1	1	0	0.00%
Location: 4243 ADULT CENTER		**1**	**1**	**0**	**0.00%**
1146	RECREATION LEADER	1	1	0	0.00%

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

Location: 4252 CONVENTION CENTER		**3**	**3**	**0**	**0.00%**
1322	GENERAL FACILITIES & OPER. MGR	1	1	0	0.00%
1347	ACCOUNTING MANAGER	1	1	0	0.00%
1403	OPERATIONS & HOSPITALITY SPEC.	1	1	0	0.00%
Location: 4253 VISITOR CENTER		**4**	**4**	**0**	**0.00%**
1278	GUEST SERVICES ASSOCIATE VC	2	2	0	0.00%
1280	VISITOR CENTER STORE LEAD	1	1	0	0.00%
1300	GUEST SERVICES STORE SUPV	1	1	0	0.00%
Location: 4261 PUBLIC RELATIONS		**3**	**3**	**0**	**0.00%**
1155	PUBLIC INFORMATION OFFICER	1	1	0	0.00%
1247	GRAPHIC DESIGNER	1	1	0	0.00%
1457	SPECIAL EVENT SUPERVISOR	1	1	0	0.00%
Location: 4323 STREETS		**23**	**23**	**0**	**0.00%**
1167	MAINTENANCE WORKER STREETS	9	9	0	0.00%
1168	MAINTENANCE WORKER SR. STREETS	4	4	0	0.00%
1170	EQUIPMENT OPERATOR STREETS	4	4	0	0.00%
1171	EQUIPMENT OPERATOR SR. STREETS	3	3	0	0.00%
1172	SUPERVISOR STREETS	1	1	0	0.00%
1173	SUPERINTENDENT STREETS	1	1	0	0.00%
1378	ADMIN ASSISTANT SR SPEC STREET	1	1	0	0.00%
Location: 4325 SPECIAL ELECTRONICS		**3**	**3**	**0**	**0.00%**
1165	TRAFFIC SIGNAL TECHNICIAN	2	2	0	0.00%
1166	SPECIAL ELECTRONICS SUPVR.	1	1	0	0.00%
Location: 4331 AIRPORT - ADMINISTRATION		**9**	**9**	**0**	**0.00%**
1175	ADMIN. ASSISTANT SR. RIAC	1	1	0	0.00%
1177	AIR CENTER DEPUTY DIRECTOR	1	1	0	0.00%
1270	AIRPORT SECURITY COORDINATOR	1	1	0	0.00%
1279	AIRPORT PROPERTY/CONTRACTS COR	1	1	0	0.00%
1417	ASST. AIRPORT SECURITY COORD.	1	1	0	0.00%
1434	AIRPORT CREDENTIALING SPC	1	1	0	0.00%
1479	ASST AIRPORT CRED SPECIALIST	1	1	0	0.00%
1487	RESTAURANT/BAR MANAGER	1	1	0	0.00%
1488	ASST RESTAURANT/BAR MANAGER	1	1	0	0.00%

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

Location: 4332 AIRPORT - OPERATIONS		**7**	**7**	**0**	**0.00%**
1178	FACILITIES MAINT SP. SR. RIAC	1	1	0	0.00%
1179	SUPERVISOR RIAC	1	1	0	0.00%
1180	MAINTENANCE WORKER RIAC	5	5	0	0.00%
Location: 4341 SANITATION		**29**	**29**	**0**	**0.00%**
1183	SUPERVISOR SOLID WASTE	2	2	0	0.00%
1185	AUTOMATED COLLECTION OPERATOR	17	17	0	0.00%
1186	SOLID WASTE/FACILITY MANAGER	1	1	0	0.00%
1373	HEAVY-DUTY TECHNICIAN	4	4	0	0.00%
1374	LUBE TECHNICIAN	1	1	0	0.00%
1375	PARTS TECHNICIAN	1	1	0	0.00%
1477	SOLID WASTE ADMIN ANALYST	1	1	0	0.00%
1480	SOLID WASTE ADMIN ASSISTANT	1	1	0	0.00%
1484	EMERGENCY VEHICLE TECHNICIAN	1	1	0	0.00%
Location: 4342 LANDFILL		**12**	**12**	**0**	**0.00%**
1187	ACCOUNTING TECHNICIAN II	1	1	0	0.00%
1189	EQUIPMENT OPERATOR	6	6	0	0.00%
1191	SANITATION WORKER	2	2	0	0.00%
1330	ENVR COMPLIANCE SPECIALIST	1	1	0	0.00%
1458	SCALE HOUSE ATTENDANT	1	1	0	0.00%
1469	EQUIPMENT OPERATOR SR	1	1	0	0.00%
Location: 4352 WATER - CUSTOMER SERVICE		**15**	**15**	**0**	**0.00%**
1193	CUSTOMER SERVICE CLERK	7	7	0	0.00%
1195	UTILITIES BILLING SUPERVISOR	1	1	0	0.00%
1348	METER READER	5	5	0	0.00%
1460	UTILITIES BILLING MANAGER	1	1	0	0.00%
1481	METER READER SUPERVISOR	1	1	0	0.00%
Location: 4353 CENTRAL CONTROL		**9**	**8**	**1**	**11.76%**
1196	WATER PRODUCTION OPERATOR	5	5	0	0.00%
1269	DEPUTY SUPERINTENDENT	1	1	0	0.00%
1292	WATER PRODUCTION OPERATOR SR	1	1	0	0.00%
1489	ADMIN. WATER METER SPECIALIST	1	1	0	0.00%
1492	LEAD & COPPER TECHNICIAN TEMP	1	0	1	200.00%

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

Employee #	Name	Position Code	Description	Hire Date	Termination Date
4847	MARTINEZ, JOSE	1492101	LEAD & COPPER TECHNICIAN TEMP	2/17/2026	3/25/2026

Location: 4354 PUBLIC WORKS		**32**	**33**	**0**	**0.00%**
1201	ADMIN. ASSISTANT SR. WATER	1	1	0	0.00%
1202	WAREHOUSE WORKER	1	1	0	0.00%
1203	WAREHOUSE WORKER SR.	1	1	0	0.00%
1204	W & S MAINTENANCE WORKER II	0	0	0	#DIV/0!
1205	MAINTENANCE WORKER SR. WATER	2	2	0	0.00%
1206	EQUIPMENT OPERATOR WATER	8	8	0	0.00%
1208	SUPERINTENDENT WATER	1	1	0	0.00%
1209	SUPERVISOR WATER	1	1	0	0.00%
1266	UTILITY DIRECTOR	1	1	0	0.00%
1276	UTILITY LOCATOR TECHNICIAN	1	1	0	0.00%
1286	W & S MAINTENANCE WORKER I	10	11	0	0.00%
1309	VALVE MAINTENANCE SPECIALIST	2	2	0	0.00%
1327	WORKFLOW COORD/INSPECTOR	1	1	0	0.00%
1372	UTILITY CONSTR COORDINATOR	1	1	0	0.00%
1377	METER MAINTENANCE TECHNICIAN	1	1	0	0.00%
1501	SAFETY LIAISON	0	0	0	#DIV/0!
Location: 4355 WWTP		**13**	**13**	**0**	**0.00%**
1211	ADMIN. ASSISTANT SR. WWTP	1	1	0	0.00%
1212	PRETREATMENT COORDINATOR WWTP	1	1	0	0.00%
1213	OPERATOR WWTP	5	5	0	0.00%
1214	OPERATOR SR. WWTP	1	1	0	0.00%
1215	SUPERVISOR WWTP	1	1	0	0.00%
1216	SUPERINTENDENT WWTP	1	1	0	0.00%
1283	WWTP ELECTRICIAN	1	1	0	0.00%
1311	MAINTENANCE WORKER WWTP	2	2	0	0.00%
Location: 4356 WWTP - SEWER MAINTENANCE		**5**	**5**	**0**	**0.00%**
1219	EQUIPMENT OPERATOR WWTP	3	3	0	0.00%
1454	EQUIPMENT OPERATOR SR. WWTP	2	2	0	0.00%
Location: 4358 WWTP - CITY LAB		**3**	**3**	**0**	**0.00%**
1221	LAB TECHNICIAN ASSISTANT WWTP	2	2	0	0.00%

Employee Turnover

Period Start Date: 3/20/2026
Period End Date: 4/2/2026

1222	LABORATORY TECHNICIAN WWTP	1	1	0	0.00%
Location: 4411 CEMETERY		**10**	**10**	**0**	**0.00%**
1223	ADMIN. ASSISTANT CEMETERY	1	1	0	0.00%
1224	GROUNDS MAINT. WORKER CEMETERY	3	3	0	0.00%
1225	GROUNDS MAINT. WORKER SR. CEM.	4	4	0	0.00%
1226	SUPERINTENDENT CEMETERY	1	1	0	0.00%
1324	CEMETERY SUPERVISOR	1	1	0	0.00%
Location: 4511 PECOS TRAILS TRANSIT		**19**	**21**	**0**	**0.00%**
1043	CUSTODIAN	1	1	0	0.00%
1229	TRANSIT OPERATIONS SUPV II	1	1	0	0.00%
1231	VEHICLE OPERATOR TRANSIT	14	16	0	0.00%
1232	TRANSIT DIRECTOR	1	1	0	0.00%
1265	TRANSIT MANAGER	1	1	0	0.00%
1315	TRANSIT OPERATIONS SUPV I	1	1	0	0.00%
Location: 4631 INFORMATION TECHNOLOGY		**6**	**6**	**0**	**0.00%**
1233	INFORMATION TECHNOLOGY TECH.	1	1	0	0.00%
1234	DEPARTMENT DIRECTOR IT	1	1	0	0.00%
1235	IT TECHNICIAN SR.	2	2	0	0.00%
1364	NETWORK ADMINISTRATOR ENGINEER	1	1	0	0.00%
1446	SYSTEMS & DATA INTEGRATION SPE	1	1	0	0.00%
Location: 4656 CONSOLIDATED DISPATCH		**13**	**14**	**0**	**0.00%**
1236	EMERGENCY COMM. DISPATCHER	4	5	0	0.00%
1237	EMERGENCY COMM. SUPERVISOR	4	4	0	0.00%
1238	DEPARTMENT MANAGER DISPATCH	1	1	0	0.00%
1358	TERMINAL AGENCY COORDINATOR	1	1	0	0.00%
1437	EMERGENCY COMM. ADMIN ASST.	2	2	0	0.00%
1503	ASSISTANT DEPARTMENT MANAGER	1	1	0	0.00%

644

ROSWELL NEW MEXICO
COMMITTEE AGENDA ITEM ABSTRACT

Non-Action Items 5.

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

DEPARTMENT NAME:

April Clerks Monthly Report

Attachments

April Clerks Monthly Report

April 2026 Monthly Report – City Clerk's Office

The City Clerk's Office continues to serve the City of Roswell and its citizens efficiently and effectively. This monthly report will highlight some of the key functions completed.

- Process incoming and outgoing mail for the city
- Schedule conference rooms in City Hall
- Request to activate/deactivate alarm codes for exit or new employees
- Field and answer all calls/questions from staff
- Attend City Council meetings and various standing committee meetings
- Review and post all committee meeting agendas. Publish approved meeting minutes. Draft minutes and various cancellations for the following committees:
    - Airport Advisory Board
    - Cemetery Commission on Aging
    - Commission of Aging
    - Flood Task Force
    - Keep Roswell Beautiful
    - Occupancy Tax Board
    - Parks and Recreation
    - Pecos Valley Regional Communication Center
    - Planning & Zoning
    - Roswell Museum BOT
    - Roswell Public Library

City Council: prepare, publish, and distribute meeting agendas, notices, workshops, and special sessions. Proofread and revise abstracts and attachments. Gather data from standing committees. Review and update PowerPoint presentations for the City Council meeting.

Department (April 13, 2026 – May 19, 2026)	**New**
City Clerk	46
Municipal Court	2
PVRCC (Chaves County Sheriff's Office)	8
Roswell PD	258

ROSWELL NEW MEXICO
COMMITTEE AGENDA ITEM ABSTRACT

Non-Action Items 6.

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

DEPARTMENT NAME:
Safety April Report

Attachments

Tally Report

April 2026 Safety Report

Safety

ACCIDENT OR INCIDENT / 3RD PARTY		
DEPARTMENT	Apr	3rd PARTY
ADULT CENTER	0	0
AIR CENTER	1	1
ANIMAL SERVICES	1	1
AQUATIC CENTER	0	0
CEMETERY	0	0
CENTRAL CONTROL	0	0
CITY CLERK	0	0
CODE ENFORCEMENT	0	0
CONVENTION CENTER	0	0
DISPATCH	0	0
ENGINEERING	1	0
FACILITIES MAINTENANCE	0	0
FIRE DEPARTMENT	3	1
GOLF	0	0
HR/Safety	0	0
IT	1	0
LEGAL	0	0
LIBRARY	0	0
MUSEUM	0	0
PARKS	2	0
POLICE DEPARTMENT	1	0
PUBLIC AFFAIRS	0	0
REC CENTER	0	0
SPECIAL ELECTRONICS	1	1
SOLID WASTE	2	2
STREETS	0	0
TRANSIT	4	3
VISITORS CENTER	0	0
WATER	2	1
WWTP	0	0
ZOO	0	0
TOTAL	19	10

INCIDENT COMPARISONS				
MONTH	2026	2025	2024	2023
JANUARY	11	24	32	30
FEBRUARY	16	13	28	38
MARCH	19	17	20	36
APRIL	**19**	18	20	30
MAY	0	21	20	23
JUNE	0	23	22	21
JULY	0	18	15	27
AUGUST	0	30	18	41
SEPTEMBER	0	9	10	44
OCTOBER	0	19	17	31
NOVEMBER	0	**15**	14	21
DECEMBER	0	19	15	15
TOTAL	65	226	231	357

DEPARTMENT	PROPERTY	3rd Party
Fire	1	1
Parks	1	0
Solid Waste	1	1
TOTAL	3	2

DEPARTMENT	MVA	3rd Party
IT	1	0
Police	1	0
Solid Waste	4	1
Special Electronics	1	1
Transit	1	1
Water	1	0
TOTAL	9	3

PO Box 1838
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April 2026 Safety Report

Safety

ACCIDENT / INCIDENT BY DEPARTMENTS YTD														
DEPARTMENT / MONTH	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD TOTALS	3rd Party
ADULT CENTER	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AIR CENTER	0	0	0	1	0	0	0	0	0	0	0	0	1	1
ANIMAL SERVICES	1	1	0	1	0	0	0	0	0	0	0	0	3	3
AQUATIC CENTER	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CEMETERY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CENTRAL CONTROL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CITY CLERK	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMUNITY DEVELOPMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONVENTION CENTER	0	0	1	0	0	0	0	0	0	0	0	0	1	0
DISPATCH	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ENGINEERING	0	0	0	1	0	0	0	0	0	0	0	0	1	0
FACILITIES MAINTENANCE	0	0	1	0	0	0	0	0	0	0	0	0	1	0
FIRE DEPARTMENT	3	2	1	3	0	0	0	0	0	0	0	0	9	4
GOLF	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HR/SAFETY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IT	0	0	0	1	0	0	0	0	0	0	0	0	1	0
LEGAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LIBRARY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MUSEUM	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PARKS	0	0	0	2	0	0	0	0	0	0	0	0	2	0
POLICE DEPARTMENT	3	6	2	1	0	0	0	0	0	0	0	0	12	6
PUBLIC AFFAIRS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REC CENTER	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SPECIAL ELECTRONICS	0	2	0	1	0	0	0	0	0	0	0	0	3	3
SOLID WASTE	1	2	5	2	0	0	0	0	0	0	0	0	10	4
STREETS	0	1	1	0	0	0	0	0	0	0	0	0	2	1
TRANSIT/FLEET	2	2	3	4	0	0	0	0	0	0	0	0	11	4
VISITORS CENTER	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER	0	0	4	2	0	0	0	0	0	0	0	0	6	1
WWTP	0	0	1	0	0	0	0	0	0	0	0	0	1	0
ZOO	1	0	0	0	0	0	0	0	0	0	0	0	1	0
TOTALS	11	16	19	19	0	0	0	0	0	0	0	0	65	27

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April 2026 Safety Report

Safety

DEPARTMENT	INJ./ILL	First Aid Only	OSHA Recordable
Animal Services	1	0	1
Engineering	1	0	1
Parks	1	0	1
Police	1	0	1
Solid Waste	1	0	1
Transit	1	1	0
TOTAL	**6**	**1**	**5**

INJURY/DAMAGE	DESCRIPTION	3RD PARTY
Hand	Fracture & Laceration	Yes
Knee	Sprain	No
Ankle	Sprain	No
Hand & Calf	Puncture	Yes
Hand	Puncture	Yes
Hand	struck by	No

JANUARY 2026 - DECEMBER 2026 TRAINING		
MONTH/YEAR	**Total Training HOURS**	**EMPLOYEE #S**
JANUARY	1199	74
FEBRUARY	1592	183
MARCH	825	162
APRIL	184.5	44
MAY	0	0
JUNE	0	0
JULY	0	0
AUGUST	0	0
SEPTEMBER	0	0
OCTOBER	0	0
NOVEMBER	0	0
DECEMBER	0	0
YTD TOTALS	**3,801**	**463**

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Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:
Discuss strategies to more effectively manage potential nuisance activity related to vacant properties.

BACKGROUND:
Initiated by: Councilor Arnold

The City of Roswell, like many municipalities in New Mexico, is faced with certain challenges related to vacant properties. Currently, the City has ordinances which principally seek to address some of the issues presented by vacant properties by classifying the negative outcomes as a nuisance. The enforcement of these ordinances typically falls upon the City's Code Enforcement Officers, who work steadily to address properties in a current condition constituting a nuisance to the public. However, their enforcement activities are directed at abating a nuisance that has already occurred. This reactive methodology is time-consuming and does little to prevent vacant properties from deteriorating and becoming a problem for the community. This discussion item is an opportunity to look into additional, and ideally more proactive, methods of regulating vacant properties to give the City additional tools to locate and prevent vacant properties from being damaged by acts of vandalism, arson, or squatters.

FINANCIAL CONSIDERATION:
See Fiscal Impact below.
N/A

LEGAL REVIEW:
City Attorney has reviewed this item.

BOARD AND COMMITTEE ACTION:
Legal Committee will be the first to consider this item.

STAFF RECOMMENDATION:
Proceed as presented.

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:
Consider recommending to City Council for ratification of the Procurement Policy. (Nairn-Mahan)

BACKGROUND:
Initiated by: C. Josh Nairn-Mahan

The Special Audit recommended that the City promulgate and adopt more robust policies and procedures. This Procurement Policy was drafted as part of that effort.

FINANCIAL CONSIDERATION:
See Fiscal Impact below.
N/A

LEGAL REVIEW:
City Attorney has reviewed this item.

BOARD AND COMMITTEE ACTION:
Legal Committee will be the first to consider this item.

STAFF RECOMMENDATION:
Proceed as presented.

Attachments
Purchasing Policy

ROSWELL

Purchasing

City of Roswell
Purchasing Policy

Promulgated May 2026

Approved as to Form:

L. Josh Whitlock Date: 5/22/26
City Attorney

Policy Approved:

Date: 5-22-26
City Manager

Council Ratification Date: _____

All City of Roswell employees, elected officials, and individuals involved in procurement activities shall adhere to the highest standards of ethical conduct in accordance with the New Mexico Procurement Code, Sections 13-1-190 through 13-1-199 NMSA 1978. Any action that is inconsistent with the proper discharge of public duties shall constitute ethical misconduct and may result in a breach of public trust.

Prohibited conduct includes, but is not limited to, participation in procurement decisions involving actual or perceived conflicts of interest, or the use of confidential information for actual or anticipated personal gain, whether for oneself or on behalf of another individual or entity.

A violation of ethical conduct includes the acceptance of money, gifts, gratuities, favors, or anything of value from any individual or entity that a public employee knows, or has reason to know, is seeking to do business with the City or may become a party to a procurement transaction.

All City of Roswell employees shall conduct themselves in a manner that avoids both actual impropriety and the appearance of impropriety. Employees shall not engage in any activity that could reasonably be perceived as influence peddling, favoritism, or undue preference toward any individual or entity.

In maintaining a high standard of ethical conduct, all City of Roswell employees involved in procurement activities shall:

1. Avoid participating in procurement transactions that create, or appear to create, a conflict between personal interests and the interests of City of Roswell.
2. Avoid the intent and appearance of unethical or compromising conduct in relationships, actions, and communications.
3. Never use confidential information as means of obtaining financial enrichment or personal betterment for oneself or for any other person.
4. Decline personal gifts, gratuities, or favors from present or potential suppliers, as such items may influence, or appear to influence, procurement decisions.
5. Focus attention on the objectives and policies of City of Roswell.
6. Promote positive supplier relationships through courtesy and impartiality in all aspects of procurement operations and activities.
7. Strive to obtain the maximum value for each dollar expended.
8. Grant all competitive suppliers equal consideration insofar as New Mexico or federal statutes,

regulations, and City of Roswell policy require.

9. Conduct business with potential and current suppliers in an atmosphere of good faith.

10. Expect honesty in all aspects of sales representation, whether offered verbally, in writing, by advertisement, or by sample.

11. Protect ideas, designs, and information entrusted to the City from improper disclosure or use in competitive purchasing.

12. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier, insofar as City of Roswell Policy permits.

13. Promote awareness of these ethical practices among City departments and employees involved in procurement.

14. Develop skills, expand knowledge, and conduct business in a manner that demonstrates competence and promotes the procurement profession.

Table of Contents

I. GENERAL PURCHASING 5
II. STANDARD PURCHASING PROCEDURE APPLICABILITY 6
III. INITIATING A PURCHASE: PO REQUEST 7
IV. AUTHORIZATION OF PURCHASE ORDERS 8
V. INVOICES 8
VI. SMALL PURCHASES, QUOTES & COMPETITIVE PURCHASES 9
VII. COMPETITIVE PROCUREMENT EVALUATIONS AND AWARDS 12
VIII. EMERGENCY PROCUREMENT 15
IX. SPECIAL FUNDS 16
X. SOLE SOURCE PROCUREMENT 17

I. GENERAL PURCHASING

A. The Chief Procurement Officer ("CPO" or "Procurement Officer") shall serve as the City's procurement authority and may perform the following duties pursuant to the Procurement Code, except that authorized P-Card users may make approved small purchases in accordance with the City's Purchasing Card Policy:

1. Make determinations, including determinations regarding exemptions, pursuant to the Procurement Code;

2. Issue purchase orders and authorize small purchases pursuant to the Procurement Code; and

3. Approve procurement pursuant to the Procurement Code.

NMSA 1978, 13-1-95.2.

B. The City Purchasing Policy shall be in compliance with the rules, regulations and requirements of the State of New Mexico "Public Purchases and Property Act," and the State Procurement Code, Chapter 13 NMSA 1978.

Definition: Purchase: The commitment, obligation, or expenditure of City of Roswell funds to obtain goods, services, construction, or items of tangible personal property.

C. Purchases shall be made from responsible vendors offering quality goods or services at prices and terms that are in the best interest of the City, with due consideration given to price, quality, availability, delivery, and other relevant factors.

D. Any purchase made without appropriation or compliance with applicable law and this Policy shall be considered an unauthorized purchase and may be denied payment by the City, subject to applicable law and administrative review.

E. Unauthorized purchases may include, but are not limited to:

1. Obtaining goods or services prior to required approval or purchase authorization and encumbrance[1];
2. Dividing or splitting purchases or invoices to avoid approval thresholds, procurement requirements, or card limits; and
3. Making purchases without sufficient budget authority or required internal approvals.

F. Tax Exempt Status.: The City of Roswell is exempt from gross receipts tax on purchases of tangible goods. Services and labor are taxable. Departments shall consult the Finance Department when the applicable tax treatment is unclear.

G. If price and quality are comparable, the person(s) authorized to make a purchase should

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NMSA [1] 6-5-3

equally trade with local business firms in an effort to give each City of Roswell vendor as much business as another City vendor.

H. **Knowledge of Policy:** A copy of this Policy and any approved supplements shall be provided to each affected department, department head, and other designated personnel. Such personnel shall be responsible for becoming familiar with, understanding, and complying with the provisions of this Policy.

I. **Enforcement:** Apparent violations of this Policy shall be reviewed by the Treasurer, Certified Procurement Officer, City Manager, or designee, as appropriate. If a violation is determined to have occurred, the matter shall be addressed in accordance with the merit system ordinance, other applicable law, City procedures, and any required reporting process. Fraud, waste, or abuse shall be reported to the governing body and State Auditor as provided by law.

J. The City of Roswell shall follow all exemptions authorized under Section 13-1-98 NMSA 1978 and may utilize other procurement methods authorized by law, including cooperative procurement and related provisions under Sections 13-1-135 through 13-1-137 NMSA 1978, as applicable.

K. **DISPUTES:**. When there is a question or disagreement about the legality or propriety of a purchase between the CPO and City Administration, the matter shall be referred to the City Attorney for legal review and opinion. The City shall proceed in accordance with the City Attorney's legal opinion, applicable law, and the purchasing authority established by this Policy.

II. STANDARD PURCHASING PROCEDURE APPLICABILITY

A. **Standard Purchasing Procedure Applicability.** "Standard Purchases" are described as systematic, planned, and necessary purchases for administration and operation of a project, division and/or department. Except as otherwise provided in the Emergency Procurement Procedures section of this Policy, all such purchases shall be made in accordance with the standard purchasing procedures set forth herein.

B. Due to the nature of certain procurements, the following purchases are strongly encouraged to be reviewed or approved through the department or official identified below, regardless of purchase amount:

1. Information Technology (IT): All information technology purchases, including electronic or digital equipment to be inventoried or leased, shall be reviewed and approved through the Information Technology Department.

2. Facilities: All purchases related to City buildings, grounds, and facilities shall be reviewed and approved through the Engineering Department.

3. Vehicles: All vehicle purchases shall be approved through the Procurement Officer in consultation with the Fleet Director.

III. INITIATING A PURCHASE: PO REQUEST

A. All standard purchases authorized by this Policy shall be initiated through the use of either a City of Roswell Purchasing Card (P-Card) or a City of Roswell PO Request, issued prior to placing an order or making a purchase. A PO Request is the internal, formal request to encumber funds[2] to acquire goods or services through the City's CPO that can result in a Purchase Order or otherwise valid contract. The "Purchase order" is the document issued by the City's central purchasing office that directs a contractor to deliver items of tangible personal property, services or construction. The Certified Procurement Officer and City Manager reserve the right to approve or deny any purchase request.

NOTE: Before making a PO Request you **must** verify that you have sufficient funds in the appropriate line. If not, the appropriate line-item adjustment must be requested. Budget adjustments of $10,000 and under shall be approved by the Treasurer, above $10,000 but no more than $60,000 shall be approved by the City Manager, and above $60,000 shall be approved by the governing body. Any adjustment between funds must be approved by the governing body.

Each PO request shall include the following but is not limited to:

1. **Vendor:** The name of the business or entity to which the purchase order will be issued.

2. **Vendor Number:** New vendor numbers shall be assigned through the Finance Department. The department initiating the purchase shall be responsible for submitting all required vendor documentation, including a current W-9, to the Finance Department.

3. **Terms:** The City of Roswell pays net within 30 days of receipt of invoice unless other arrangements are made and included on this section of the purchase order.

4. **Quantity:** The Specific unit of measure and the approximate quantity requested. Units may include, but are not limited to, "each," "box," "gallons," "reams," or "pounds." If the exact quantity is not known, the user shall provide the best estimate of quantity.

5. **Description:** A description sufficient to identify the goods or services being procured. If the procurement is made under an agreement, contract, bid, RFP, or other solicitation, the applicable agreement or solicitation number shall be referenced.

6. **Estimated Amount:** The estimated total cost of the procurement. If the exact cost is unknown, the requesting department shall provide its best estimate or request a "Blanket or open" PO.

7. **Department:** The name of the department or division initiating the purchase order/requisition.

8. **Authorization:** The requisition shall be approved through the City's purchasing software workflow by the department head or other authorized user, as applicable.

NMSA [2] 6-5-3

9. **Account Number:** The appropriate budget line-item account number to be charged. It is the authorized user's responsibility to assign the correct line-item account number to the Purchase Order. Multiple line-item accounts may be included in the Purchase Order.

IV. AUTHORIZATION OF PURCHASE ORDERS

A. **Authorization of Purchase Orders.** The user department must have an authorized purchase order issued prior to executing the purchase. Purchase orders may be transmitted to vendors by email. The user department shall ensure that the purchase order number is referenced on the invoice submitted to the City for payment. Purchases made prior to obtaining a purchase order are prohibited, except as otherwise provided in the Emergency Procurement Procedures section of this Policy. Any revision to an authorized purchase order shall require approval through the applicable workflow to ensure procurement compliance and the availability of funds.

1. Purchase orders or pay vouchers are required before work may be performed or goods received. Notice of Awards ("NOA") shall not be issued until there is an encumbrance for the award. NOAs promptly followed by a PO are not a violation of this policy.

B. **Change orders: Adding different items to a Purchase Order after it has been authorized is prohibited, unless approved by the City Manager, or designee, to ensure compliance; i.e., change orders. Change orders for additional goods and/or services or increases in cost need to be requested prior to work being done. Change orders shall not exceed $60,000.00 or 10% of the project, whichever is less, without governing body approval.**

C. Open Purchase Orders: For the purpose of this policy, open Purchase Orders are Purchase Orders against which multiple billings will be submitted over a specific period of time. All open Purchase Orders shall be accompanied by any required applicable documentation. An open Purchase Order will be closed out at the end of the fiscal year. The open Purchase Order shall include an estimated total cost of all purchases anticipated during the specific period. It is the user department's responsibility to ensure that the actual invoices for all purchases made using an open Purchase Order be submitted to the Finance Office upon receipt and the final invoice shall be marked **FINAL** to denote closing of the open Purchase Order.

V. INVOICES

A. **Invoices.** An invoice is an itemized statement submitted by the vendor to the City of Roswell for payment of goods or services provided to the City. It is the responsibility of the vendor to ensure that a valid purchase order has been issued prior to providing goods or services, and the vendor shall include the purchase order number on the invoice submitted to the City for payment. In cases where the purchase order number is not included on the invoice when required, the vendor shall be notified.

1. The Finance Department, at its discretion, is authorized to return any invoice that does not

reference a valid purchase order number. The City shall not be responsible for purchases made without an executed and authorized purchase order.

B. The vendor shall be notified that repeated improper invoicing is sufficient cause to exclude the vendor from the City of Roswell's purchasing program. The City may also refuse payment in any case involving an unauthorized purchase.

1. **Verification of Invoices.** All invoices shall be reviewed by user departments prior to payment to ensure that goods or services have been received and to certify authorization for payment. The certification shall include the authorized approval, date of approval, and purchase order number on the invoice, as applicable. It shall be the responsibility of each user department to ensure that outstanding invoices are promptly submitted for payment.

2. **Processing for Payment.** The Finance Department shall ensure that all invoices received are appropriately authorized and certified prior to payment. The Finance Department shall be responsible for ensuring that appropriate procedures are established and followed for payment after invoices are received, including timely payment, receipt of applicable discounts, and avoidance of late charges.

VI. SMALL PURCHASES, QUOTES & COMPETITIVE PURCHASES

A. General purchasing shall be conducted in compliance with the New Mexico Procurement Code, Sections 13-1-28 through 13-1-199 NMSA 1978. Employees involved in procurement shall comply with applicable ethical standards and shall not participate in procurements were prohibited by law or engage in bribery, gratuities, kickbacks, misuse of confidential information, or other unlawful conduct. Violations may result in administrative, civil, or criminal penalties under applicable law. The New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks. Individuals who knowingly violate the State Procurement Code or State law may face a civil penalty of up to $1,000 per violation as outlined in the New Mexico State Statute. Moreover, any entity or individual that deliberately breaches the State Procurement Code may be charged with either a misdemeanor (for transactions involving $50,000 or less) or a fourth-degree felony (for transactions exceeding $50,000). Authorized users shall attempt to ensure that all purchases are made at best possible prices. **The thresholds below are for the maximum amount per vendor, per fiscal year, for the same item City wide.**

B. **Small Purchases (Under $60,000.00)**
Pursuant to Section 13-1-125 NMSA 1978, procurements of services, construction, or items of tangible personal property having a value not exceeding sixty thousand dollars ($60,000), excluding applicable state and local gross receipts taxes, may be made in accordance with the City's small purchase procedures and applicable law. Procurement requirements shall not be artificially divided for the purpose of qualifying as a small purchase.

1. **Up to $19,999 - Small Purchases:** Total purchases that fall within this dollar limit may be processed without quotes. Awards can be made without securing competition if the user determines that the price received is reasonable. The user is not precluded from

obtaining quotes from more than one vendor if the user suspects that the price is not reasonable or determines that it is in the best interest of the City.

Note: The Certified Procurement Officer may work to find other purchases, at other prices, if inadequate or insufficient prices are found by the purchaser and may deny any small purchases.

2. **$20,000 to $59,999 - Formal Quotes:** Purchases shall be made according to the best obtainable price, or best quality service substantiated with an explanation, and provided by at least three (3) bona fide written quotes on **official** vendor letterhead.

   Requirements Applicable to Written Quotations:

   - Proper procurement processes are still required for the P-Card.
   - The Authorized User shall provide written justification supporting the vendor selected. Such justification may include relevant factors such as price, availability, delivery time, items in stock, shipping costs, compatibility, quality, or other considerations determined to be in the best interest of the City.
   - If fewer than three (3) written quotations are obtained because there are not three known vendors able to provide the required goods or services, or because a vendor declines to quote, the using department shall attach the quotations received and document the vendors contacted and the reason fewer than three (3) quotations were obtained.
   - Written quotations shall include, at a minimum, the vendor's name, contact name, contact information, items or services quoted, and pricing.
   - When a procurement exceeds available budget authority, the using department shall obtain any required budget transfer, budget adjustment, and internal workflow approvals before the procurement proceeds.

3. **Professional Services Not Exceeding $60,000.**

   1. In accordance with Section 13-1-125 NMSA 1978, the City may procure professional services having a value not exceeding sixty thousand dollars ($60,000), excluding applicable state and local gross receipts taxes, in accordance with applicable professional services procurement requirements.
   2. This provision does not apply to the procurement of landscape architect or surveyor services for state or local public works projects, which shall be procured in accordance with Sections 13-1-120 through 13-1-124 NMSA 1978.

C. **Procurements Exceeding $60,000** - Procurements of services, construction, or items of tangible property having a total value in excess of sixty thousand dollars ($60,000) shall be made

through the applicable procurement method authorized under the New Mexico Procurement Code and shall be conducted by or through the Chief Procurement Officer. Pursuant to Section 13-1-102 NMSA 1978, competitive sealed bids shall be used unless another procurement method authorized under the Code is applicable, including competitive sealed proposals under Sections 13-1-111 through 13-1-122 NMSA 1978, procurements under existing contracts under Section 13-1-129 NMSA 1978, or cooperative procurement under Section 13-1-135 NMSA 1978. Such procurements must be approved in the current budget. Procurements not approved in the current budget shall require any necessary budget approval prior to award or issuance of a purchase order, as applicable. Bids or proposals may be rejected by the Chief Procurement Officer, City Manager, Evaluation Committee, or City Council if they exceed available budget authority, are nonresponsive to specifications, or contain irregularities in the solicitation or response. The Chief Procurement Officer reserves the right to delay approval, to seek additional confirmation or information regarding any purchase, and to request additional information.

1. Purchases must be approved in the current budget through the formal budget process that includes City Council Approval. **Purchases not approved in the current budget require approval by the City Council prior to awarding a bid or proposal to a potential vendor.** Proposals and Bids may be rejected by the Chief Purchasing Officer, City Manager, Evaluation Committees or City Council in the event that they are in excess of budgetary limits, are non-responsive to specifications, or due to irregularities in the proposal or bid specifications.

2. The Chief Purchasing Officer reserves the right to delay approval, to seek additional confirmation or information regarding any purchase, and to request additional information.

D. **Statewide Contracts, Federal Contracts, Existing Contracts, and Cooperative Procurements.** Sealed competitive bids are not required when the City is making a procurement under an applicable statewide contract, federal contract, existing contract, or cooperative procurement authorized under the New Mexico Procurement Code. The Chief Procurement Officer may request additional quotes, pricing, or supporting documentation, at their discretion, when necessary to determine price reasonableness or best value.

1. Purchases may be made when the vendor holds an applicable statewide or federal contract, or when the procurement is made under a qualified and documented procurement conducted by another state or local government agency.

2. Applicable federal, state, or cooperative contract numbers shall be identified on the purchase order or procurement record. Supporting contract documentation shall be maintained in the procurement file in accordance with applicable records retention requirements.

3. The City may purchase items cooperatively through another public body's bid or request for proposal process pursuant to Section 13-1-135 NMSA 1978. Supporting solicitation documents, vendor responses, verification of award, and other relevant documentation shall be maintained in the procurement file.

VII. COMPETITIVE PROCUREMENT EVALUATIONS AND AWARDS

A. Evaluation Committees

When an evaluation committee is used, the Chief Procurement Officer or designee shall appoint committee members appropriate to the procurement. Evaluation committees should include individuals with knowledge of the goods, services, construction, or items of tangible personal property being procured. Subject matter experts may provide technical assistance but shall not score proposals unless appointed as voting committee members. Evaluation committees should be made up of:

1. Users of the good, service, or item of tangible personal property to be purchased is preferred:

   a. Department Heads are permissible when a User is not available, though persons working with the item most is preferred; and a member from Information Technology (IT), as *needed,* for technical support or guidance. Five (5) persons are recommended, with three (3) persons as a minimum and seven (7) as a maximum.

   b. People who participated in the pre-procurement process also are ideal members of the Evaluation Committee.

2. When an anticipated award is less than the City Manager's purchase authority, a qualified member of the governing body may be offered a seat on the evaluation committee.

3. Evaluation criteria is not standardized and should be tailored to suit the City's need/specific requirements weighted for "Best Value."

4. A legal representative may be a part of the RFP evaluation, when necessary, in instances where new or alternate terms and conditions or unusual, out of the ordinary, terms and conditions are submitted by an Offeror and/or City of Roswell.

5. The Chief Purchasing Officer may sit in on Evaluation Meetings for technical assistance but will not be an evaluator/voting member of the Evaluation Team unless new or alternate terms and conditions or unusual, out of the ordinary, terms and conditions are submitted by an Offeror and/or City of Roswell.

B. Evaluation Committee Responsibilities.

1. Evaluation committee members shall review proposals in accordance with the evaluation criteria set forth in the solicitation.

2. Evaluation criteria and assigned weights shall be established prior to opening proposals and shall be included in the solicitation documents.

3. During the RFP evaluation process, the Chief Purchasing Officer or person authorized to

release results or communicate with the Offerors. All the Requests for further information or clarification must be forwarded to the Chief Purchasing Officer. The Chief Purchasing Officer may contact the Offeror for clarification of the response. **Any attempt by an Offeror to discuss an RFP with anyone other than the Chief Purchasing Officer should be reported to the Treasurer, City Manager, or designee, and the Chief Purchasing Officer.**

4. While serving as an Evaluation Committee member, all possible perceived or actual conflicts of interest will be disclosed promptly to the Chief Purchasing Officer.

5. All members of the Evaluation Committee shall sign the Evaluation Committee Member Declaration.

6. The City Attorney of Record or representative will review and provide advice on contract terms and conditions.

7. Each Committee member is responsible for reviewing each proposal, attending any Evaluation Committee meeting and attending any finalist presentation or demonstration deemed necessary.

8. Designated subject matter experts will be available to advise the Evaluation Committee of technical matters, but they are not involved in the scoring of Offeror proposals.

C. **Confidentiality and Communications.**

1. During the evaluation process, proposals and evaluation materials shall be kept confidential to the extent required by the New Mexico Procurement Code. Offerors shall not communicate with evaluation committee members regarding the solicitation. Any attempted communication by an offeror shall be reported to the Chief Procurement Officer.

2. The contents of any proposal shall not be disclosed so as to be available to competing offerors during the negotiation process, until the award of the contract. Pursuant NMSA 1978 13-1-116.

D. **Selection and Award.**

1. The evaluation criteria for all proposals, except architects, engineers, and surveyors, shall include, but is not limited to the following factors; price (cost), adherence to specifications, availability/delivery, support, capability of vendor. Additionally, when there is no material difference between bids/quotation, local vendors shall be given preference.

2. Bids are awarded based on lowest responsive bid (cost) where all specifications/requirements are met.

3. RFPs shall be evaluated based on the evaluation factors and point system established in the Request for Proposals. Responsive proposals shall be reviewed and scored by the evaluation committee. Award shall be made to the responsible offeror or offerors, as applicable, whose proposal is determined to be most advantageous to the City, taking into consideration the evaluation factors set forth in the Request for Proposals.

4. All bids and Requests for Proposals require governing body approval prior to award when the value of the Contract is in excess of $250,000.00.

E. **Bid/RFP Timelines**

1. Invitations for Bids shall be published or noticed not less than ten (10) calendar days prior to the date set for bid opening, in accordance with Section 13-1-104 NMSA 1978. The Certified Procurement Officer may establish a longer response period, when necessary, based on the complexity of the procurement, City Council agenda deadlines, or other operational needs.

2. As a general guideline, RFPs will have a 14-day response period after issuance/advertisement.

3. Awards that require governing body approval shall be submitted to the governing body and/ or its committee(s) as provided under state law and the governing body's Rules of Order.

4. The preceding timelines are a general guideline and may depend on Council meeting schedules. The Certified Purchasing Officer reserves the right to change timelines for bid opening or RFP response time, as necessary, but will try to follow this general timeframe guideline.

F. **Specifications.**

1. Specifications shall be written to describe the City's needs and **shall not** be drafted in a manner that intentionally favors or excludes a vendor. When brand names, models, or specific standards are used, the solicitation shall allow equivalent products or services unless a written determination supports a more restrictive specification.

G. **Procurements Under Existing Contracts or Cooperative Procurements.**

1. A separate competitive solicitation is not required when the City is procuring under an applicable state contract, federal contract, existing contract, or cooperative procurement authorized under the New Mexico Procurement Code. Supporting contract and award documentation shall be maintained in the procurement file.

H. **Solicitation Timelines and Public Notice**

1. Solicitation timelines shall be established by the Chief Procurement Officer based on the

type, complexity, and requirements of the procurement, while allowing sufficient time for competition and any required RFP City approvals.

2. Invitations for Bids and Requests for Proposals, or notices thereof, shall be published once in at least one (1) newspaper of general circulation and posted on the City's designated procurement portal. Additional electronic posting may be used as determined appropriate by the Chief Procurement Officer.

3. Pursuant to Section 13-1-104 NMSA 1978, an Invitation for Bids, or notice thereof, shall be published not less than ten (10) calendar days prior to the date set for bid opening. Public notice of a Request for Proposals shall be given in the same manner pursuant to Section 13-1-113 NMSA 1978.

4. The Chief Procurement Officer may adjust solicitation response periods and timelines, when necessary, based on the procurement schedule, City Council agenda deadlines, complexity of the procurement, or other operational needs, provided all statutory public notice requirements are met.

VIII. EMERGENCY PROCUREMENT

A. Emergency Condition.

1. An emergency condition exists when services, construction, or items of tangible personal property are needed immediately to address a serious threat to public health, welfare, safety, or property, and the procurement cannot be made through normal procurement methods. Emergency procurements shall be made in accordance with Section 13-1-127 NMSA 1978. **Common examples of emergencies include floods, fires, epidemics, riots, acts of terrorism, equipment failures or similar events and includes the planning and preparing for an emergency response.**

B. Competition and Written Determination.

1. The Chief Purchasing Officer and/or City Manager, in concert with the Mayor or designee, within 72 hours, will make a written determination of the basis for the emergency procurement and for the selection of the particular contractor or vendor shall be included in the procurement file. Emergency procurements shall not include the purchase or lease purchase of heavy road equipment.

2. Emergency procurements shall be made using competition to the extent practicable under the circumstances. The written determination shall be included in the procurement file.

3. Any emergency procurement/purchases that are less than the state's small purchase threshold does not have to be reported to the New Mexico General Service Department. Any emergency procurement/purchase exceeding the State's small purchase threshold should be reported to the New Mexico General Service Department and forward the same information to the legislative finance committee.

C. **Approval and Notification.** Emergency procurements in excess of the City Manager's spending authority shall require notification and ratification by the governing body in accordance with governing body's Rules of Order.

D. **Limitations and Reporting.** Emergency procurements shall not include the purchase or lease-purchase of heavy road equipment. Any required reporting or recordkeeping for emergency procurements shall be completed in accordance with Sections 13-1-127 and 13-1-128 NMSA 1978.

IX. SPECIAL FUNDS

A. Funds for specialized activities, such as special boards, undercover operations, inmate cash, etc. shall be specifically appropriated by the City Council. The Treasurer and/or City Manager, or designee, shall be responsible for preparing written supplements, establishing safeguards, provisions, and procedures to ensure appropriate accounting and maximum accountability for such funds. The office or department head shall be the custodian strictly responsible for the appropriate use of these funds. User departments shall designate custodians and alternate custodians of special funds.

B. When procuring federal funds, the City of Roswell follows the standards set forth by the PDTA Procurement Review Checklist pertaining to the 2 CFR § 200.

X. SOLE SOURCE PROCUREMENT

A. **Sole Source Purchase:** A contract may be awarded without competitive sealed bids or proposals regardless of the estimated cost when the Chief Purchasing Officer makes a determination, after conducting a due diligence review of available sources and consulting the using department, that there is only one source for the required service, construction or item of tangible personal property. The Chief Purchasing Officer, Treasurer and/or City Manager, or Designee, shall conduct negotiations, as appropriate, as to price, delivery and quantity in order to obtain the price most advantageous to the City of Roswell, under 13-1-126 NMSA 1978. Sole Source Purchases shall be made also under the following provisions:

1. The service, construction or item of tangible personal property must be unique and this uniqueness must be substantially related to the intended purpose of the contract.

NOTE: No person may circumvent this requirement by narrowly drafting specifications so only one predetermined source will satisfy the specifications.

B. . Prior to approval of a sole source procurement the Procurement Administrator will: Complete the "Sole Source Justification Request Form"

C. . Following receipt of the Justification Request form, the Chief Purchasing Officer will use diligence in determining the basis for the request and will review available sources and may consult further with the requesting department.

D. If the Chief Purchasing Officer determines sole source procurement is justified, they will provide the information to the State of New Mexico for posting on the State's website and post notice of the intent to procure through sole source on the City's website for a minimum of 30 calendar days. After the notice has been posted for 30 days on the State's website and the City's website, and providing no protests have been filed in relation to the posting, the Chief Purchasing Officer can allow the procurement.

City of Roswell
Purchasing Card (P-Card) Policy

A. GENERAL PURPOSE

The purpose of the Purchasing Card Program is to streamline and simplify the requisitioning, procurement, and payment process for authorized small purchases made in accordance with the City of Roswell Purchasing Policy. The P-Card is intended to provide an efficient method for approved purchases while maintaining appropriate internal controls, documentation, accountability, and compliance with applicable procurement requirements.

DEFINITIONS

a. **Purchase:** For the purpose of this policy, "Purchase" is defined as the commitment, obligation and/or expenditure of City of Roswell supervised funds to obtain goods or services.

b. **Approval:** For the purpose of this policy, "Approval" is defined as the initial of the Reconciler and Department Head of the employee responsible for the purchase.

c. **Unauthorized Purchase:** For the purpose of this policy an "Unauthorized Purchase" is defined as items, products or services purchased for personal use, splitting purchases (two cardholders paying for one item to avoid going over Cardholder limits described below OR splitting purchases to circumvent any purchasing regulations) or purchases made through any merchant considered being inappropriate for City funds, any alcohol purchased with City funds, sales tax on material or tangible items, and fuel for City vehicles where a Wright Express Card ("WEX") should be utilized. Credit card fees will be accepted. The City does encourage all users to avoid any type of credit card fee when possible.

B. SCOPE

This Policy applies to all City of Roswell employees, officers, elected officials, and other authorized individuals issued or permitted to use a City Purchasing Card.

CARDHOLDER LIMITS

a. All employees must complete a P-Card Acknowledgment Form prior to receiving a City P-Card.

b. All cardholders may request an increase to their monthly purchase limit, with the approval of Procurement Officer and City Manager.

c. **No fixed assets are allowed to be purchased through the P-Card. Such purchase can result in the termination of P-Card privileges.**

Note - Because not all procurement situations can be defined, the Treasurer, City Manager, or Designee may approve the use of the P-Card in extenuating purchase situations. If special approval is granted, the cardholder shall document the circumstances in explicit detail in their P-Card statement.

Cardholder Group	Monthly Purchase Limit	Single Transaction Limit
Chief Procurement Officer	$50,000	$50,000
Elected Official	$10,000	$5,000
City Manager	$10,000	$5,000
Assistant Manager / Treasurer / Counsel	$10,000	$5,000
Supervisors/Managers	$10,000	$5,000
Large Group Purchasers (Police & Fire Chief)	$20,000	$10,000
Multi-Group Purchasers (IT & Engineering)	$20,000	$10,000
Regular Staff	$20,000	$5,000

APPROVAL

a. All purchases made using the P-Card must be approved by the users Reconciler and/or Elected Official/Department Head on the statement indicated by initials and date.

b. All transactions must be coded and have a description, weekly.

RECONCILIATION

a. All users or their designated Reconciler shall complete a reconciliation of their P-Card Statement.

b. The cardholder or Reconciler MUST code their transactions and include a detailed description of the purchase. For example, simply putting "meal" is not enough of a description.

c. The Finance Department shall distribute the completed P-Card approval list to each department monthly via the City's finance software.

d. All users shall keep a copy of P-Card Statements for at least one (1) year in their files as a backup and/or for frequent and random auditing purposes as deemed necessary by the Finance Department.

e. Cardholders must submit an approved travel request with statement when the P-Card is used for travel.

REPORTING

a. Cardholders shall submit an itemized receipt, or acceptable copy, for each transaction listed on their P-Card statement..

b. Under circumstances where an itemized receipt is unobtainable, an affidavit from the officer or employee attesting to the expense may be submitted in place of an itemized receipt. Overusing the affidavit form will result in the cancellation of a P-Card. The cardholder must take necessary steps to contact the vendor and request a copy of the itemized receipt and avoid using the affidavit. The affidavit is a replacement of a lost receipt and a statutory requirement that itemized receipts are submitted for reimbursement and with your P-Card statement. In the description, specific purchases are required and the price of the purchase.

c. It is ultimately the cardholder's responsibility to turn their statement into their approver for review, whether they reconcile their P-Card statement themselves or designate a reconciler within their department to reconcile their P-Card statement. Cardholders can choose to have their designated reconciler turn it in to the cardholder's approver, but any findings pertaining to the statement will be violations towards the cardholder, not the reconciler.

d. For travel and business reimbursed expenses an itemized receipt is **required.** Please refer to the City Travel Policy.

e. The total amount of each receipt shall be legible and must match the corresponding transaction on the P-Card statement..

f. Every receipt must be submitted electronically through the City's finance software.

LOST OR STOLEN CARDS

a. Employees are responsible for the security of their card and any purchases made on their account. If an employee believes they have lost their card or that it has been stolen, they are to immediately report this information to the issuing bank's Customer Service Department. *Immediately, after reporting to Customer Service, inform your Purchasing Card Administrator in the Finance Department.* It is extremely important to act promptly in the event of a lost or stolen card to avoid City liability for fraudulent transactions. As with a personal charge card, the employee will no longer be able to use the account number after notifying the bank. A new card may be issued on a case-by-case basis within 48 hours of notice to the bank

FRAUD

a. Fraudulent charges discovered by cardholder must be reported immediately to the Finance Department for dispute of payment.

TERMINATION OF CARD PRIVILEGES: City of Roswell will operate under a one (1) strike policy for any and all violations of this policy. Additional penalties or disciplinary action may result for frequent offenders. A violation includes, but is not limited to, the following:

a. Failure to reconcile completely and accurately

b. When use of the P-Card causes budgetary limits are exceeded without prior authorization from City Management or the City Council.

c. Frequent loss of P-Card.

d. Purchasing a fixed asset (one item over $4,999.99)

e. Purchasing fuel without prior approval from the Finance Department, for a City vehicle assigned to a Wright Express card.

f. Attempts at splitting purchases as described in "Unauthorized Purchases," above.

g. Purchases of alcohol.

h. Any personal purchases.

i. Misuse of the card in any manner not consistent with this Policy or the Purchasing Policy, or the Travel Policy.

j. Over-tipping; 20% based on actuals in travel, not to exceed the daily limit as stated in the City's current travel policy.

COMPLIANCE MONITORING

a. Compliance with purchasing guidelines will be reviewed monthly and statements will be audited for compliance.

b. Failure to comply with the above guidelines for authorized purchases under the City of Roswell Purchasing Policy or this P-Card Policy may result in disciplinary action, cancellation of employee card privileges, possible termination of employment and/or referral to the appropriate authorities for purposes of prosecution.

TERMINATION OF EMPLOYMENT

a. Upon termination of employment, the cardholder shall immediately return the P-Card to their department head or directly to a Program Administrator

Approved as to Form:

_____ Date: 5/22/26
City Attorney

Policy Approved:

_____ Date: 5-22-26
City Manager

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:
Consider recommending approval of Resolution 26-XX: A Resolution Amending the Roswell Airport Advisory Commission. (Corn/Nairn-Mahan)

BACKGROUND:
Initiated by: Robert Corn

The proposed resolution seeks to update the role of the Airport Advisory Commission (AAC) to better suit the evolving needs of the City of Roswell and the Roswell Air Center (RAC).

FINANCIAL CONSIDERATION:
No financial impact at this time.

LEGAL REVIEW:
Originally drafted by Councilor Corn, this version seeks to incorporate various suggested changes. The City Attorney has incorporated the recommended changes and presents it to the May 28, 2026, Legal Committee for review.

BOARD AND COMMITTEE ACTION:
On November 18, 2025, this item was tabled for the next Legal Committee Meeting on February 26, 2026. On February 26, 2026, this item was tabled for the next Legal Committee Meeting on March 26, 2026. At the March 26, 2026 meeting Councilor Cavin requested redlines of the Resolution. On April 23, 2026 the Legal Committee meeting recommended item be tabled to the next Legal Committee Meeting on May 28, 2026 to finalize the resolution with updates included.

STAFF RECOMMENDATION:
Proceed as presented.

Attachments
AAC Resolution (Legal's version) redlines
AAC Resolution (Legal's version) clean

RESOLUTION 26-XX

~~AMENDMENT TO RESOLUTION~~

A RESOLUTION AMENDING THE ROSWELL AIRPORT ADVISORY COMMISSION

WHEREAS, the City Council, as the local governing body of the City of Roswell ("City Council") recognizes that the Roswell Air Center ("RAC") is an important economic asset for the City of Roswell, and;

WHEREAS, the City Council believes the creation of an Airport Advisory Commission ("AAC") to make recommendations regarding RAC resources that would be beneficial in creating and fostering continued economic activity and development, and;

WHEREAS, Resolution 18-44 and its predecessor Resolution 18-27 no longer meet the evolving needs of the Roswell Air Center; and

WHEREAS, the City Council now desires to amend the duties of the AAC.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL, AS THE GOVERNING BODY OF THE CITY OF ROSWELL, NEW MEXICO, that:

1. The AAC for the City of Roswell is hereby created pursuant to the provisions of the Resolution.

2. Purpose:

   a. The AAC is established and authorized to make recommendations to the City Council. These recommendations concern the development of, and improvements to of the RAC. As such AAC recommendations may involve reviewing financial reports, noting potential areas of improvement airport, operations, including the use of RAC financial reports, facilities and , assets, and leases.

3. ~~and a~~Authority:

   ~~a. The AAC is established and authorized to make recommendations to the City Council. These recommendations concern the development and improvements of the RAC, operations, financial reports, facilities, assets, and leases.~~

   [b.] The AAC shall ~~also~~ make recommendations concerning the capital improvement projects applicable to priorities that it believes will best serve economic and development needs.

   b.[c.] After each AAC meeting t~~T~~he AAC shall provide a~~must~~ report to the City Council at the next regularly scheduled City Council meeting ~~after each AAC meeting. and advise ang act on all matters before any action is taken by the City Council.~~

c.[d.] The AAC may ~~Shall~~ communicate with the community and with interested parties~~other government agencies~~ as the need arises~~is required~~.

d.[e.] The AAC~~Commission~~ shall make recommendations to the ~~City Council's~~ Legal Committee regarding all RAC matters, excluding litigation and employment matters. When an item affecting RAC is sent to the Legal Committee it will ~~immediately~~ be referred to the City Council~~Commission~~ for discussion at their next scheduled meeting, unless the chair of L~~l~~egal C~~e~~ommittee determines otherwise. Comments will then be forwarded back to the Legal Committee by staff.

4.[3.] The AAC shall not have any supervisory or management authority over any City employee or any party who contracts with the City, nor shall the AAC represent or have authority to act on behalf of the City. The AAC shall abide by Roswell City ~~-~~Code 2-96 to 2-105 and the Open Meeting Act Resolution as adopted by the City Council annually.

5.[4.] AAC meetings shall be held at a date, time, and location designated by the AAC and ~~in coordination with~~ Air Center staff. The City Manager and City Legal Counsel or designees shall attend and participate in all meetings as ex officio members. Staff shall expeditiously make public municipal records available for AAC members upon request. ~~The AAC may enter into Executive Sessions, as appropriate, to discuss sensitive items.~~ The AAC shall keep minutes of the meeting and shall present those minutes for review ten (10) days prior to and approved by the AAC during its next regular meeting.

6.[5.] The approved minutes of preceding meetings shall be kept on file in the office of the City Clerk. The AAC meetings shall be held within the corporate limits of the City of Roswell, subject to customary State and City requirements for public access and notice. The AAC shall meet at least quarterly and at such other times as the AAC determines useful to the conduct of its business.

7.[6.] The AAC shall be made up of 5 members. Vacancies shall be filled by appointment and made by the Mayor and confirmed by the City Council. AAC members shall each serve four-year staggered terms.

8.[7.] While membership on the AAC may be appropriately extended to any qualified person with an interest, it is the express policy of the City Council not to appoint persons who have a significant business interest in the anticipated considerations of the AAC. Nominees for the AAC shall be experienced in the fields of aviation, business, economic development, finance, commercial real estate investment or accounting; or possess other qualifications that are necessary or appropriate for conducting the business of the AAC.

9.[8.] AAC members serve strictly as volunteers and serve at the will of the Governing Body with no compensation, reimbursement, or authority other than advisement to the Mayor and City Council.

[Signature to Follow on Next Page]

PASSED, ADOPTED, SIGNED, and APPROVED_____, _____.

CITY SEAL

_____
Timothy Z. Jennings, Mayor

ATTEST

_____
Amalia Martinez, City Clerk

RESOLUTION 26-XX

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2. Purpose:

    a. The AAC is established and authorized to make recommendations to the City Council. These recommendations concern the development of, and improvements to of the RAC. As such AAC recommendations may involve reviewing financial reports, noting potential areas of improvement airport, operations, including the use of RAC financial reports, facilities and , assets, and leases.

3. Authority:

    a. The AAC shall make recommendations concerning the capital improvement projects applicable to priorities that it believes will best serve economic and development needs.

    b. After each AAC meeting, the AAC shall provide a report to the City Council at the next regularly scheduled City Council meeting.

    c. The AAC may communicate with the community and with interested parties as the need arises.

d. The AAC shall make recommendations to the Legal Committee regarding all RAC matters, excluding litigation and employment matters. When an item affecting RAC is sent to the Legal Committee it will be referred to the City Council for discussion at their next scheduled meeting, unless the chair of Legal Committee determines otherwise. Comments will then be forwarded back to the Legal Committee by staff.

4. The AAC shall not have any supervisory or management authority over any City employee or any party who contracts with the City, nor shall the AAC represent or have authority to act on behalf of the City. The AAC shall abide by Roswell City Code 2-96 to 2-105 and the Open Meeting Act Resolution as adopted by the City Council annually.

5. AAC meetings shall be held at a date, time, and location designated by the AAC and Air Center staff. The City Manager and City Legal Counsel or designees shall attend and participate in all meetings as ex officio members. Staff shall expeditiously make public municipal records available for AAC members upon request. The AAC shall keep minutes of the meeting and shall present those minutes for review ten (10) days prior to and approved by the AAC during its next regular meeting.

6. The approved minutes of preceding meetings shall be kept on file in the office of the City Clerk. The AAC meetings shall be held within the corporate limits of the City of Roswell, subject to customary State and City requirements for public access and notice. The AAC shall meet at least quarterly and at such other times as the AAC determines useful to the conduct of its business.

7. The AAC shall be made up of 5 members. Vacancies shall be filled by appointment and made by the Mayor and confirmed by the City Council. AAC members shall each serve four-year staggered terms.

8. While membership on the AAC may be appropriately extended to any qualified person with an interest, it is the express policy of the City Council not to appoint persons who have a significant business interest in the anticipated considerations of the AAC. Nominees for the AAC shall be experienced in the fields of aviation, business, economic development, finance, commercial real estate investment or accounting; or possess other qualifications that are necessary or appropriate for conducting the business of the AAC.

9. AAC members serve strictly as volunteers and serve at the will of the Governing Body with no compensation, reimbursement, or authority other than advisement to the Mayor and City Council.

[Signature to Follow on Next Page]

PASSED, ADOPTED, SIGNED, and APPROVED_____, _____.

CITY SEAL

_____
Timothy Z. Jennings, Mayor

ATTEST

_____
Amalia Martinez, City Clerk

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:
Consider recommending approval of Resolution 26-XX; the Keep Roswell Beautiful Resolution (Nairn-Mahan)

BACKGROUND:
Initiated by: Tommi Jo Conyers

The Keep Roswell Beautiful Board was established to support community beautification, litter prevention, environmental education, and related volunteer initiatives within the City of Roswell with the help of the New Mexico Tourism Department's NM Clean and Beautiful Grant. Over time, operational responsibilities and community programs previously associated with the board have transitioned to city departments, organizations, and community partners.

At this time, staff is recommending dissolution of the Keep Roswell Beautiful Board due to limited board activity, evolving operational needs, high administrative volume, and organizational restructuring efforts. In recent years, the administrative requirements associated with maintaining the board and managing related grant initiatives have increased significantly. Due to these administrative demands and staffing considerations, the City did not apply for the New Mexico Clean and Beautiful Grant for the Fiscal Year 2027 funding cycle.

The proposed dissolution would streamline oversight responsibilities while allowing beautification and community engagement initiatives to continue through existing City departments and community partnerships.

This agenda item is being presented to the Legal Committee for discussion and consideration regarding the formal dissolution process and any necessary ordinance or resolution amendments associated with the board's termination.

FINANCIAL CONSIDERATION:
None

LEGAL REVIEW:
The City Attorney has reviewed the Resolution being presented.

BOARD AND COMMITTEE ACTION:
This Resolution has not been presented to any other committee.

STAFF RECOMMENDATION:
Proceed as presented.

Attachments
KRB Draft Resolution 26-XX

RESOLUTION 26-XX

A RESOLUTION FOR THE DISOLUTION OF THE KEEP ROSWELL BEAUTIFUL COMMUNITY BOARD

WHEREAS, the City Council, as the local governing body of the City of Roswell, New Mexico ("City"), previously adopted Resolution 20-27 creating the Keep Roswell Beautiful Community Board; and

WHEREAS, Resolution 20-27 established the Keep Roswell Beautiful Community Board as an advisory board to make recommendations concerning programs, initiatives, events, grant projects, beautification, litter control, recycling, and related community improvement efforts; and

WHEREAS, the Keep Roswell Beautiful program remains an important public service and community improvement function of the City; and

WHEREAS, the City has determined that the administration, coordination, and implementation of Keep Roswell Beautiful programs, events, initiatives, grant activities, and related projects can be more effectively managed through City staff, departmental coordination, community partnerships, volunteer participation, and direct oversight by the City Manager or designee; and

WHEREAS, the dissolution of the Keep Roswell Beautiful Community Board does not dissolve or discontinue the Keep Roswell Beautiful program, nor does it limit the City's ability to continue beautification, litter control, recycling, public outreach, grant-funded activities, volunteer coordination, or community improvement efforts; and

WHEREAS, the City Council finds that it is in the best interest of the City to dissolve the Keep Roswell Beautiful Community Board and repeal Resolution 20-27 to the extent necessary to eliminate the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS THE GOVERNING BODY OF THE CITY OF ROSWELL, NEW MEXICO, that:

SECTION 11 **Dissolution of the Keep Roswell Beautiful Community Board.**
The Keep Roswell Beautiful Community Board created by Resolution 20-27 is hereby dissolved.

SECTION 12 **Repeal of Prior Resolution.**
Resolution 20-27, titled "A Resolution for the Creation of the Keep Roswell Beautiful Community Board," is hereby repealed in its entirety to the extent it created, authorized, or governed the Keep Roswell Beautiful Community Board.

SECTION 13 **Continuation of Keep Roswell Beautiful Program.**
The Keep Roswell Beautiful program may continue as a City program under the direction and oversight of the City Manager or the City Manager's designee. The City may continue to administer programs, events, initiatives, grants, volunteer efforts, beautification projects, litter

DRAFT

control programs, recycling activities, public education, and related community improvement efforts associated with Keep Roswell Beautiful.

SECTION 14 **Transfer of Administrative Functions.**
Any administrative duties, records, project coordination, grant-related responsibilities, volunteer coordination, event planning, reporting, and related functions previously associated with the Keep Roswell Beautiful Community Board shall be handled by City staff as assigned by the City Manager or designee.

SECTION 15 **Records and Minutes**
All official records, approved minutes, documents, recommendations, and materials of the Keep Roswell Beautiful Community Board shall remain City records and shall be maintained in accordance with applicable City recordkeeping requirements and state law.

SECTION 16 **No Effect on Volunteers or Community Partnerships.**
Nothing in this Resolution shall prevent the City from working with volunteers, community organizations, schools, businesses, governmental entities, nonprofit organizations, or other partners to support Keep Roswell Beautiful activities or related community improvement efforts.

SECTION 17 **No Effect on Existing Grants or Program Obligations.**
Nothing in this Resolution shall be interpreted to terminate or impair any existing grant, funding agreement, program obligation, reporting requirement, or contractual obligation associated with the Keep Roswell Beautiful program. Such obligations shall continue to be administered by the City through the appropriate department or City staff.

SECTION 18 **Effective Date**
This Resolution shall become effective immediately upon passage, adoption, signature, and approval.

PASSED, ADOPTED, SIGNED, and APPROVED ________, _____.

CITY SEAL

_____
Timothy Z. Jennings, Mayor

ATTEST

_____
Amalia Martinez, City Clerk

DRAFT

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:

Consider recommending approval of Resolution 26-XX; To authorize and approve submission of a completed application to NMFA for financial assistance. (Rogers)

BACKGROUND:

Initiated by Mac Rogers

Requesting approval of Resolution 26-XX authorizing and approving submission of a completed application to NMFA for financial assistance. Where the City has more than $37 million in approved or obligated FEMA projects this funding would help address much needed repairs. The flood projects submitted with the application have been considered by Council as part of the FY 27 Budget process.

FINANCIAL CONSIDERATION:

None at this time

LEGAL REVIEW:

Legally sufficient

BOARD AND COMMITTEE ACTION:

This is the first Council consideration of this item

STAFF RECOMMENDATION:

Proceed as presented.

Attachments

NMFA Resolution 26-XX
NMFA Application

RESOLUTION 26-XX

AUTHORIZING AND APPROVING SUBMISSION OF A COMPLETED APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO THE NEW MEXICO FINANCE AUTHORITY

WHEREAS, the City of Roswell ("Governmental Unit") is a qualified entity under the New Mexico Finance Authority Act, Sections 6-21-1 through 6-21-31, NMSA 1978 ("Act"), and the City of Roswell ("Governing Body") is authorized to borrow funds and/or issue bonds for financing of public projects for benefit of the Governmental Unit; and

WHEREAS, the New Mexico Finance Authority ("Authority") has instituted a program for financing of projects from the public project revolving fund created under the Act and has developed an application procedure whereby the Governing Body may submit an application ("Application") for financial assistance from the Authority for public projects; and

WHEREAS, the Governing Body intends to undertake acquisition, construction and improvement of Flood Damage Repairs ("Project") for the benefit of the Governmental unit and its citizens;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS THE GOVERNING BODY OF THE CITY OF ROSWELL, NEW MEXICO, that:

1. That all action (not consistent with the provision hereof) heretofore taken by the Governing body and the officers and employees thereof directed toward the Application and the Project, be and the same is hereby ratified, approved and confirmed.

2. That the completed Application submitted to the Governing Body, be and the same is hereby approved and confirmed.

3. That the officers and employees of the Governing Body are hereby directed and requested to submit the completed Application to the Authority for its review, and are further authorized to take such other action as may be requested by the Authority in its consideration and review of the Application and to further proceed with arrangements for financing the Project.

4. All acts and resolutions in conflict with this resolution are hereby rescinded, annulled and repealed.

5. This resolution shall take effect immediately upon its adoption.

PASSED, ADOPTED, SIGNED and APPROVED _____

DRAFT

CITY SEAL

_____
Timothy Z. Jennings, Mayor

ATTEST

_____
Amalia Martinez, City Clerk

NEW MEXICO FINANCE AUTHORITY

NMFA Use Only:	
App. #:	-PP
FA assigned:	
Legislative Authorization	

PUBLIC PROJECT REVOLVING FUND BUILDING APPLICATION

I. GENERAL INFORMATION

A. APPLICANT /ENTITY

Application Date:	1/9/2026

Applicant/Entity:	City of Roswell, New Mexico				
Address:	425 N Richardson Roswell, NM 88201				
County	Chaves			**Census Tract:**	
Federal Employer Identification Number (EIN) as issued by the IRS:					
Legislative District:	**Senate:**			**House:**	
Phone: 575-624-6700	**Fax:**		**Email Address:**	h.yntema@roswell-nm.gov	
Individual Completing Application:	Carissa Stone				
Address:	6301 Uptown Blvd. NE Suite 110, Albuquerque NM 87110				
Phone: 505-872-5999	**Fax:**		**Email Address:**	carissa.stone@rbccm.com	

B. CONSULTING PROFESSIONALS (Bond/Legal Counsel, Architect, Engineer, etc.), if available:

Firm:	Modrall Law Firm				
Contact:	Chris Muirhead				
Address:	500th St. NW Ste 1000, Albuquerque, NM 87102				
Phone: 505-848-1800	**Fax:**		**Email Address:**	cmuirhead@modrall.com	

C. PRIMARY CONTACT PERSON:

Name:	Hessel Yntema				
Contact:	City Manager, City of Roswell				
Address:	425 N Richardson Roswell, NM 88201				
Phone:	575-624-6700	**Fax:**		**Email Address:**	h.yntema@roswell-nm.gov

II. PROJECT SUMMARY

A. Project Description. Complete the following information in the provided space below. Include any additional documents that may be useful in reviewing this project, i.e. architectural designs, feasibility studies, business plan, etc.

1. Description of the project.

Various city wide renovation, repair and improvement projects related to municipal floo

2. Proposed Project Start Date: September 2026 Proposed Project Completion Date: September 2029

When do you need NMFA funds available? September 2026

3. How will the ongoing maintenance, operation, and replacement of this project be funded?

City general fund

4. Provide a detailed drawdown schedule for project payments. The schedule may reflect monthly or quarterly payments.

B. Total Project Cost & Sources of Funds Detail.

Construction Activities	NMFA Funds Requested	Other Public Funds*	Private Funds	Total
Planning and Design	$	$	$	$
Construction	$25,000,000	$	$	$
Equipment	$	$	$	$
Infrastructure Activities				
Facility Acquisition	$	$	$	$
Land Acquisition	$	$	$	$
Utilities (Electric, Gas, Water, etc.)	$	$	$	$
Engineering and Architectural	$	$	$	$
Contingencies	$	$	$	$
Project Administration/Legal Fees	$	$	$	$
Other Issuance Costs	$75,000	$	$	$
Total Cost:	$25,075,000	$	$	$

*Specify any other public funds, and amounts and terms of these funds, i.e. FmHA, CDBG, EPA, etc.

Source	Amount	Terms / # of Years
	$	
	$	
	$	
Total:	$	

Attach a letter verifying that each non-NMFA funding source has been approved, or is in the process of being approved for this project. Explain any exceptions.

C. Will this project require right-of –way acquisition? Yes ☐ No ■

If yes, specify any right-of-way needs, and whether acquisition may or may not delay beginning of project.

D. Who will hold title to the land where the project is to be located?

City of Roswell

If this is land owned by the Bureau of Land Management, State Land Office, or Tribal Land, please attach lease agreements. (If there is no clear title, attach an explanation of ownership arrangements)

E. Does this project require a Joint Powers Agreement (JPA)? Yes ☐ No ■

If yes, provide a copy of the JPA, which should include a list of the current membership.

III. FINANCING

A. 1. Specify the revenue to be pledged as security for the NMFA loan (a revenue source must be pledged for this type of project).

- ■ Municipal Local Option GRT – please specify: Municipal Flood Recovery Gross Receipts Tax
- ☐ County Option GRT – please specify: _____
- ☐ Other Tax-Based Revenue: _____
- ☐ State-Shared GRT
- ☐ Law Enforcement Funds
- ☐ Fire Protection Funds
- ☐ Net System Revenues: _____
- ☐ Other Revenue: _____

2. Is there an alternative revenue source available to pledge to pay debt service in the event that the primary pledged revenue is unavailable or insufficient? Yes ☐ No ■ If yes, specify:

3. Preferred financing term: 30 years.

B. Is any debt being repaid from the revenue source(s) referenced in A (1)? Yes ☐ No ■

If yes, provide bond or loan documents and payment schedule for any existing debt service being paid from the same revenues that would be used to repay a NMFA loan.

IV. READINESS TO PROCEED ITEMS

A. The following items must accompany this application in order for this application to be considered complete:

- ☐ Equipment cost breakdown (if applicable)
- ☐ Three most recently completed fiscal year audit reports
- ☐ Current unaudited financials
- ☐ Current fiscal year budget
- ☐ Verification of ownership of land where project will be located
- ☐ Documentation that each non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)

- ☐ Joint Powers Agreement (if applicable)

B. In addition, complete the following information in the provided space below. **These items will be required prior to disbursement of NMFA proceeds:**

- ☐ Provide a detailed drawdown schedule for project payments
- ☐ Final technical information for the project, stamped and approved by a registered engineer
- ☐ Cost breakdown of the project, certifiable by either an engineer or architect
- ☐ Area map, site map, and floor map (if applicable)
- ☐ Verification of ownership of land where project will be located
- ☐ Documentation that each Non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)
- ☐ Documentation showing status of right-of-way acquisition (if applicable)
- ☐ Explanation of land ownership arrangements (if applicable)
- ☐ List all required permits and licenses necessary to complete this project. Detail the status of each item, a plan of action, and time frame for completing incomplete permits and licenses. Also provide a copy of all permits and licenses.
- ☐ Is there litigation pending which would have a bearing on this project or applicant?
  Yes ☐ No ☐
  If yes, provide a complete summary of all circumstances relating to such litigation.

- ☐ Indicate the regular meeting dates for your authorizing body: _____

V. CERTIFICATION

I certify that:

We have the authority to request and incur the debt described in this application and, upon award, will enter into a contract for the repayment of any NMFA loans and/or bonds.

We will comply with all applicable state and federal regulations and requirements.

To the best of my knowledge all information contained in this application is valid and accurate and the submission of this application has been authorized by the governing body of the undersigned jurisdiction.

Signature: _____ **Title:** _____

(highest elected official)

Jurisdiction: _____

Print Name: _____ **Date:** _____

Signature: _____ **Date:** _____

Finance Officer/Director: _____

Project #		City of Roswell FEMA Validated Flood Damage	FEMA Status	Version #	FEMA Gross Cost
951184	G	Roswell Pks&Rec-DeBremond Stadium Damages v.0	Obligated	0	$ 2,677,248.00
951173	G	Roswell Pub Wks-Pks&Rec-Asstd Walking&Bike Trails	Obligated	0	$ 2,029,711.00
806261	E	City of Roswell, Convention & Civic Center Damages V.1 (Repair to Pre-Disaster Condition)	Obligated	1	$ 6,554,823.22
951175	G	Roswell-Spring River Golf Course Damages	Obligated	0	$ 550,133.00
950958	G	Roswell PubWks-Railing&Fence Damages	Obligated	0	$ 208,805.62
950953	G	Roswell Pks&Rec-RiverFencingDamages	Obligated	0	$ 896,780.77
950941	C	Roswell Zoo Pedestrian Bridges Damaged	Obligated	0	$ 713,497.00
950936	C	Roswell PubWks-Special Electronics Ligts and Signal Repairs	Obligated	0	$ 79,962.06
806259	E	City of Roswell, Boy Scout Building Damages V.1 50% Rule Replacement)	Obligated	1	$ 939,017.53
806257	E	City of Roswell, Roswell Museum & Art Center Building Damages V.0 (A&E only)	Obligated	0	$ 672,030.00
806263	E	City of Roswell, Parks & Recreation Tennis Pro Shop "The Rock" Building Damages V.0 (A&E only)	Obligated	0	$ 67,281.00
806258	E	City of Roswell, Adult Center 50% Rule Replacement	Obligated	1	$ 9,742,173.02
951069	E	Roswell Police Station Damages	Obligated	0	$ 1,582,231.16
806262	E	City of Roswell, Parks & Recreation Office / IT Building Damages V.1 (50% Rule Replacement)	Obligated	1	$ 1,472,673.13
950946	D	Roswell PubWks-Spring&HondoRivers-RiverBankSlopeRepairs	EHP Review	0	$ 11,219,874.00
				Total	**39,406,240.51**

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:
Consider recommending approval to advertise for a public hearing for Ordinance 26-XX authorizing the execution and delivery of a loan agreement with NMFA for improvement projects related to flood damage. (Rogers)

BACKGROUND:
Initiated by Mac Rogers

Requesting approval to advertise for a public hearing Ordinance 26-XX authorizing the execution and delivery of a loan agreement with NMFA for improvement projects related to flood damage. As part of the 2025 legislative session SB 383 allowed for the issuance of an increase in GRT to fund flood recovery Bonds. On March 28, 2025 Council passed Ordinance 25-02 increasing GRT. This agreement would allow the City to Sell bonds in September.

FINANCIAL CONSIDERATION:
None at this time.

LEGAL REVIEW:
Legally sufficient

BOARD AND COMMITTEE ACTION:
This is the first Council consideration of this item

STAFF RECOMMENDATION:
Proceed as presented.

Attachments
Loan Approving Ordinance-Refunding
Flood Control Projects

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.
CITY OF ROSWELL)

The City Council (the "Council") of the City of Roswell (the "City"), in the State of New Mexico, met in open regular session in full conformity with law and the ordinances and rules of the City, in the Chaves County Administrative Center, Council Chambers, #1 St. Mary's Place, Roswell, New Mexico, being the regular meeting place of the Council, at 6:00 p.m., on Thursday, July 9, 2026, at which time there were present and answering the roll call the following members:

Mayor: _____

Councilors: _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Absent: _____

_____

There was officially filed with the City Clerk, the Mayor and each Councilor, a copy of an ordinance in final form, which is as follows:

CITY OF ROSWELL, NEW MEXICO
ORDINANCE NO. _____

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE CITY OF ROSWELL, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY (THE "FINANCE AUTHORITY"), EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED $11,750,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF (1) REFINANCING, PAYING AND DISCHARGING THE GOVERNMENTAL UNIT'S OUTSTANDING JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS, SUBORDINATE SERIES 2017 ISSUED ON FEBRUARY 21, 2017, (2) FUNDING A LOAN AGREEMENT RESERVE ACCOUNT; AND (3) PAYING EXPENSES; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE LOAN AGREEMENT SOLELY FROM THE NET REVENUES FROM THE GOVERNMENTAL UNIT'S JOINT WATER AND SEWER UTILIITY SYSTEM; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE LOAN AGREEMENT PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; RATIFYING ACTIONS HERETOFORE TAKEN; APPROVING THE FORMS OF THE LOAN AGREEMENT AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT

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

WHEREAS, the Governmental Unit is a legally and regularly created, established, organized and existing municipality under the general laws of the State; and

WHEREAS, the Governing Body has determined and hereby determines that the Refunding Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and its residents that the Loan Agreement be executed and delivered and that the financing of the Refunding Project take place by executing and delivering the Loan Agreement; and

WHEREAS, the Governmental Unit may use the Net Revenues to finance the Refunding Project and the Refunding Project will provide for the public health, peace and safety of the Governmental Unit and its residents; and

WHEREAS, The Governmental Unit now owns, operates and maintains water and sewer facilities, which the Governmental Unit hereby declares shall be continued to be operated as a joint public utility; and

WHEREAS, the Governmental Unit has heretofore provided for the imposition of rates and charges against users of the System; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Net Revenues for the payment of amounts due under the Loan Agreement; and

WHEREAS, except as described in the Term Sheet, the Net Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; and

WHEREAS, the Loan Agreement shall be a special, limited obligation of the Governmental Unit, payable solely from the Net Revenues and shall not constitute a general obligation of the Governmental Unit, or a debt or pledge of the faith and credit of the Governmental Unit or the State; and

WHEREAS, the Loan Agreement shall be executed and delivered pursuant to the Act, and with an irrevocable first lien, but not necessarily an exclusive first lien, on the Net Revenues; and

WHEREAS, the Governing Body intends by this Ordinance to authorize the execution and delivery of the Loan Agreement in the amount and for the purposes set forth herein; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the City Clerk this Ordinance and the form of the Loan Agreement, which are incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that the Refunding Project to be financed with the Loan is to be used for governmental purposes of the Governmental Unit and will not be used for purposes which would cause the Loan Agreement to be deemed a "private activity bond" as defined by the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Governmental Unit previously issued its Joint Water and Sewer Improvement Revenue Bonds, Subordinate Series 2017 on February 21, 2017 pursuant to Ordinance No. 16-22 adopted on January 12, 2017, as supplemented by Resolution No. 17-04 adopted on January 24, 2017, in the original aggregate principal amount of $18,230,000, of which there is presently outstanding a principal amount of $11,270,000; and

WHEREAS, the payments due on the Series 2017 Bonds are subject to redemption at the option of the Governmental Unit at 100% of the principal amount then outstanding, plus accrued interest to the date of redemption; and

WHEREAS, the Governmental Unit hereby determines that the execution and delivery of the Loan Agreement, under current market conditions, for the purpose of the Refunding Project will result in an over-all reduction of debt service payments to be made by the Governmental Unit from Net Revenues to the benefit of the Governmental Unit, and consequently will provide for the public health, safety and welfare of the Governmental Unit and its residents; and

WHEREAS, pursuant to Sections 6-14-8 through 6-14-12 NMSA 1978, as amended (the "Supplemental Public Securities Act"), the Governing Body is authorized to adopt a Ordinance

delegating to one or more of its members, officers, or employees the authority to sign a Sale Certificate setting forth the terms of the Loan so long as such terms are within the parameters established by an authorizing ordinance or Ordinance adopted in conformity with the Supplemental Public Securities Act; and

WHEREAS, in order to allow the Governmental Unit flexibility, the Governing Body desires to grant to the Mayor and the City Manager or any other employee of the Governmental Unit when designated by a certificate signed by the Mayor (collectively, the "Designated Officers"), the authority (a) to determine any or all of the following terms of the Loan: (i) the interest and principal payment dates, (ii) the principal amounts, denominations, and maturity dates, (iii) the sale prices, (iv) the interest rates, (v) the interest payment periods, and (vi) the amount of underwriting discount, if any; and (b) to make any changes with respect thereto from those terms which were before the Governing Body at the time of adoption of this Ordinance, provided such terms do not exceed the parameters set forth for such terms in this Ordinance; and

WHEREAS, the Governmental Unit will approve the specific terms of the Loan and authorize execution of the Loan Agreement in a certification of the Designated Officers pursuant to the terms of this Ordinance as set forth in the Sale Certificate; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Net Revenues to the Finance Authority (or its assigns) for the payment of amounts due under the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the Refunding Project, and (iii) the authorization, execution and delivery of the Loan Agreement which are required to have been obtained by the date of this Ordinance, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF ROSWELL:

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

"Act" means the general laws of the State, including Sections 3-31-1 through 3-31-12 and 6-14-8 through 6-14-12, NMSA 1978, as amended, and enactments of the Governing Body relating to the Loan Agreement, including this Ordinance.

"Aggregate Annual Debt Service Requirement" means the total principal and interest payments due and payable pursuant to the Loan Agreement and on all Parity Obligations secured by a pledge of any of the Net Revenues for any one Fiscal Year.

"Authorized Officers" means, in the case of the Governmental Unit, the Mayor, Manager, Finance Director, and Clerk, and in the case of the Finance Authority the Chairman, Vice-Chairman and Secretary of the Board of Directors and the Chief Executive Officer or any other officer or employee of the Finance Authority designated in writing by an Authorized Officer.

"Bonds" means public project revolving fund revenue bonds, if any, issued hereafter by the Finance Authority and specifically related to the Loan Agreement and the Loan Agreement Payments.

"Closing Date" means the date of execution, delivery and funding of the Loan Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Completion Date" means the date of final payment of the cost of the Refunding Project.

"Expenses" means the cost of execution of the Loan Agreement and costs of issuance of the Bonds, if any, and the periodic and regular fees and expenses incurred by the Finance Authority in administering the Loan Agreement, including legal fees.

"Finance Authority" means the New Mexico Finance Authority.

"Finance Authority Debt Service Account" means the debt service account in the name of the Governmental Unit within the Debt Service Fund as defined in the Indenture held and administered by the Finance Authority to pay principal and interest on the Loan Agreement as the same become due.

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

"Governing Body" means the City Council of the Governmental Unit, and any future successor governing body of the Governmental Unit.

"Governmental Unit" means the City of Roswell, New Mexico.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to the entire Ordinance and not solely to the particular section or paragraph of the Ordinance in which such word is used.

"Indenture" means the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Finance Authority and the Trustee, as successor trustee, or the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, by and between the Finance Authority and the Trustee, as successor trustee, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture (as defined in the Indenture).

"Interest Component" means the portion of each Loan Agreement Payment paid as interest on the Loan Agreement as shown on Exhibit "B" thereto.

"Joint Water and Sewer System," "Joint System," "System," or "Utility" means the municipally owned public utility designated as the Governmental Unit's water system and sanitary sewer system (continued as a joint system) consisting of all properties, real, personal, mixed or

otherwise, now owned or hereafter acquired by the Governmental Unity through purchase, construction or otherwise, and used in connection with said water system and sanitary sewer system of the Governmental Unit and in any way appertaining thereto, whether situated within or without the limits of the Governmental Unit.

"Loan" means the funds in the Loan Agreement Principal Amount to be loaned to the Governmental Unit by the Finance Authority pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated the Closing Date between the Finance Authority and the Governmental Unit which provides for the financing of the Refunding Project and requires payments by or on behalf of the Governmental Unit to the Finance Authority and/or the Trustee and any amendments or supplements thereto, and including the exhibits attached to the Loan Agreement.

"Loan Agreement Payment" means, collectively, the Principal Component and the Interest Component to be paid by the Governmental Unit as payment of the Loan Agreement as shown on Exhibit "B" thereto.

"Loan Agreement Principal Amount" means the original principal amount of the Loan Agreement as shown on the Term Sheet and approved in the Sale Certificate.

"Loan Agreement Reserve Account" means the loan agreement reserve account in the name of the Governmental Unit established under the Indenture, funded from the proceeds of the Loan Agreement, and administered by the Trustee pursuant to the Indenture.

"Loan Agreement Reserve Requirement" means, with respect to the Loan, the amount shown as the Loan Agreement Reserve Account Deposit on the Term Sheet, which amount shall not to exceed the least of (i) ten percent (10%) of the Loan Agreement Principal Amount, (ii) 125% of the average annual principal and interest requirements under the Loan Agreement, or (iii) the maximum annual principal and interest requirements under the Loan Agreement.

"Net Revenues" means the revenues of the System after deducting Operation and Maintenance Expenses of the System that are pledged to payment of the Loan Agreement Payments pursuant to the Ordinance and described on the Term Sheet.

"NMSA 1978" means the New Mexico Statutes Annotated, 1978 compilation, as amended and supplemented.

"Operation and Maintenance Expenses" (or a phrase of similar import) means all reasonable and necessary current expenses of the Governmental Unit, paid or accrued, of operating, maintaining and repairing the System, and shall include, without limiting the generality of the foregoing, legal and overhead expense of the various Governmental Unit departments directly related and reasonably allocable to the administration of the System, insurance premiums, the reasonable charges of depositary banks and paying agents, contractual services, professional services required by this ordinance, salaries and administrative expenses, labor, the cost of materials and supplies used for current operation, but shall not include any allowance for depreciation, liabilities incurred by the Governmental Unit as the result of its negligence in the operation of the System, extensions, enlargements or betterments, or any charges for the accumulation of reserves for capital replacements.

"Ordinance" means this Ordinance as adopted by the Governing Body on July 9, 2026, approving the Loan Agreement and pledging the Net Revenues to the payment of the Loan Agreement, as amended from time to time.

"Parity Obligations" means the Loan Agreement and any other obligations, now outstanding or hereafter issued or incurred, payable from or secured by a lien or pledge of the Net Revenues and issued with a lien on the Net Revenues on parity with the Loan Agreement, including those obligations described on the Term Sheet, if any.

"Principal Component" means the portion of each Loan Agreement Payment paid as principal on the Loan Agreement as shown on Exhibit "B" thereto.

"Program Account" means the account in the name of the Governmental Unit established pursuant to the Indenture and held by the Trustee for the deposit of the net proceeds of the Loan Agreement for disbursal to the Governmental Unit for payment of the costs of the Refunding Project.

"Refunding Project" means refunding, paying and discharging the Governmental Unit's outstanding Series 2017 Bonds maturing on and after June 1, 2027, on the date of execution and delivery of the Loan Agreement.

"Revenues" or "gross revenues" from the System means all income and revenues derived by the Governmental Unit from the operation of the System, or any part thereof, whether resulting from extensions, enlargements or betterments to the System, or otherwise, and includes all revenues received by the Governmental Unit or any municipal corporation succeeding to the rights of the Governmental Unit from the System and from the sale and use of water, water service and facilities, sanitary sewer service and facilities, or any combination thereof to the inhabitants of the Governmental Unit (including all territorial annexations which may be made while the Loan Agreement is outstanding), or from the sale and use of water, water service and facilities, sanitary sewer service and sewer facilities, and facilities or any combination thereof, by means of the System owned and operated by the Governmental Unit as the same may at any time exist to serve customers outside the Governmental Unit limits as well as customers within the Governmental Unit limits, and also means income derived from the investment of any money in any of the funds established herein or contained herein (but excluding such income from investments in the Rebate Fund) even though such investment income is to be credited to the particular fund from which such investment is made.

"Sale Certificate" means one or more certificates executed by the Mayor or City Manager, pursuant to and as authorized by Section 6-14-10.2, NMSA 1978, setting forth the final terms of the Loan.

"Series 2017 Bonds" means the Governmental Unit's outstanding Joint Water and Sewer Improvement Revenue Bonds, Subordinate Series 2017, issued on February 21, 2017 pursuant to Ordinance No. 16-22 adopted on January 12, 2017, as supplemented by Resolution No. 17-04 adopted on January 24, 2017, in the original aggregate principal amount of $18,230,000, of which there is presently outstanding a principal amount of $11,270,000.

"State" means the State of New Mexico.

"Term Sheet" means Exhibit "A" to the Loan Agreement.

"Trustee" means BOKF, NA, Albuquerque, New Mexico, or any successor trust company, national or state banking association or financial institution at the time appointed the Trustee by the Finance Authority.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Governing Body and officers of the Governmental Unit directed toward the Refunding Project and the execution and delivery of the Loan Agreement be, and the same hereby are, ratified, approved and confirmed.

Section 3. Authorization of the Refunding Project and the Loan Agreement. The Refunding Project and the method of financing the Refunding Project through execution and delivery of the Loan Agreement are hereby authorized and ordered. The Refunding Project is for the benefit of the Governmental Unit.

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

A. The Refunding Project is needed to meet the needs of the Governmental Unit and its residents and the execution and delivery of the Loan Agreement is necessary and advisable.

B. Moneys available and on hand for the Refunding Project from all sources other than the Loan are not sufficient to defray the cost of the Refunding Project.

C. The Net Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

D. It is economically feasible to defray, in whole or in part, the costs of the Refunding Project by the execution and delivery of the Loan Agreement.

E. The Refunding Project and the execution and delivery of the Loan Agreement pursuant to the Act to provide funds for the financing of the Refunding Project are necessary and in the interest of the public health, safety, and welfare of the residents of the Governmental Unit.

F. The Governmental Unit will complete the Refunding Project, in whole or in part, with the net proceeds of the Loan.

G. Other than as described in the Term Sheet, the Governmental Unit does not have any outstanding obligations payable from Net Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement.

H. The net effective interest rate on the Loan shall not exceed twelve percent (12.0%) per annum, which is the maximum rate permitted by State law.

I. The Refunding Project will result in debt service savings for the Governmental Unit in the amount of at least 3% present value savings.

Section 5. Loan Agreement - Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of a majority of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, protecting the general welfare and prosperity of the residents of the Governmental Unit and completing the Refunding Project, it is hereby declared necessary that the Governmental Unit, pursuant to the Act, execute and deliver the Loan Agreement evidencing a special, limited obligation of the Governmental Unit to pay a principal amount not to exceed $11,750,000, plus interest, and the execution and delivery of the Loan Agreement are hereby authorized. The Governmental Unit shall use the proceeds of the Loan to (i) finance the Refunding Project, (ii) fund the Loan Agreement Reserve Account, and (iii) pay Expenses.

B. Detail. The Loan Agreement shall be in substantially the form presented at the meeting of the Governing Body at which this Ordinance was adopted. The Loan shall be in an aggregate principal amount not to exceed $11,750,000, shall be payable in installments of principal due on June 1 of the years designated in Exhibit "B" to the Loan Agreement and bear interest payable on June 1 and December 1 of each year, commencing on December 1, 2026 at the rates designated in Exhibit "B" to the Loan Agreement, all as approved in the Sale Certificate. The Loan shall be placed in a private sale at par and shall have a maximum term of fifteen (15) years. The underwriter's discount for the Loan shall not exceed 2% of the par amount of the Loan.

Section 6. Approval of Loan Agreement. The form of the Loan Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan Agreement with such changes, insertions and omissions as are consistent with this Ordinance and as may be approved by such individual Authorized Officers, and the City Clerk is hereby authorized to affix the seal of the Governmental Unit on the Loan Agreement and attest the same. The execution of the Loan Agreement by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Special Limited Obligation. The Loan Agreement shall be secured by the pledge of the Net Revenues as set forth in the Loan Agreement and this Ordinance and shall be payable solely from the Net Revenues. The Loan Agreement, together with interest thereon and other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Net Revenues as provided in this Ordinance and the Loan Agreement and shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Ordinance or in the Loan Agreement, or any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Net Revenues), as incurring a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an

indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit legally available therefor to payments required by the Loan Agreement, in its sole and absolute discretion.

Section 8. Disposition of Proceeds: Completion of the Refunding Project.

A. Program Account, Finance Authority Debt Service Account and Loan Agreement Reserve Account. The Governmental Unit hereby consents to creation of the (i) Finance Authority Debt Service Account to be held and maintained by the Finance Authority, (ii) Program Account to be held by the Trustee pursuant to the Indenture, and (iii) Loan Agreement Reserve Account to be held by the Trustee, each in connection with the Loan. The Governmental Unit hereby approves: (i) of the deposit of the portion of the proceeds of the Loan Agreement in the Program Account, the Loan Agreement Reserve Account, and the Finance Authority Debt Service Account, and (ii) for payment of the Expenses.

The proceeds derived from the execution and delivery of the Loan Agreement shall be deposited promptly upon the receipt thereof in the Program Account, Finance Authority Debt Service Account and Loan Agreement Reserve Account, all as provided in the Loan Agreement and the Indenture.

The money in the Program Account shall be used and paid out solely for the purpose of completing the Refunding Project in compliance with applicable law and the provisions of the Loan Agreement and the Indenture.

The Governmental Unit will complete the Refunding Project with all due diligence.

B. Completion of the Refunding Project. Upon completion of the Refunding Project, any balance remaining in the Program Account shall be transferred and deposited into the Finance Authority Debt Service Account, as provided in the Loan Agreement and the Indenture.

C. Finance Authority and Trustee Not Responsible. The Finance Authority and the Trustee shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

Section 9. Deposit of Net Revenues, Distributions of the Net Revenues and Flow of Funds.

A. Deposit of Net Revenues. Net Revenues shall be paid directly by the Governmental Unit to the Finance Authority for deposit in the Finance Authority Debt Service Account and remittance to the Trustee in an amount sufficient to pay principal, interest, premium, if any, and other amounts due under the Loan Agreement, including sufficient Net Revenues in the Loan Agreement Reserve Account to maintain the Loan Agreement Reserve Requirement.

B. Termination on Deposits to Maturity. No payment shall be made into the Finance Authority Debt Service Account if the amounts in the Finance Authority Debt Service Account and Loan Agreement Reserve Account total a sum at least equal to the entire aggregate amount to become due as to principal and interest on, and any other amounts due under, the Loan Agreement in which case moneys in such accounts in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided below.

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

Section 10. Lien on Net Revenues. Pursuant to this Ordinance and the Loan Agreement, the Net Revenues are hereby authorized to be pledged to, and are hereby pledged, and the Governmental Unit grants a security interest therein for, the payment of the principal, interest, and any other amounts due under the Loan Agreement subject to the uses thereof permitted by and the priorities set forth in this Ordinance. The Loan Agreement constitutes an irrevocable and first lien, but not necessarily an exclusive first lien, on the Net Revenues with the lien thereon of the Parity Obligations as set forth herein and in the Loan Agreement. The Governmental Unit shall not create a lien on the Net Revenues superior to that of the Loan Agreement.

Section 11. Authorized Officers; Delegation. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan Agreement, and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Ordinance and the Loan Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance and the Loan Agreement, including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan Agreement, and the publication of the summary of this Ordinance set out in Section 17 of this Ordinance (with such changes, additions and deletions as may be necessary).

Pursuant to the Supplemental Public Securities Act, Section 6-14-8 et seq., NMSA 1978, the Mayor and City Manager are each hereby delegated authority to accept and to determine any or all of the final terms of the Loan Agreement and to execute the Sale Certificate, subject to the parameters and conditions contained in this Ordinance. The Mayor or the City Manager shall present the Sale Certificate and the final terms of the Loan Agreement to the Governing Body in a timely manner, before or after execution and delivery of the Loan Agreement, at a regularly scheduled public meeting of the Governing Body.

Section 12. Amendment of Ordinance. This Ordinance may be amended by ordinance of the Governing Body without receipt by the Governmental Unit of any additional consideration, but

only with the prior written consent of the Finance Authority. This Ordinance will be supplemented by the terms set forth in the Sale Certificate.

Section 13. Ordinance Irrepealable. After the Loan Agreement has been executed and delivered, this Ordinance shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully paid, canceled and discharged, as provided therein.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Mayor and the City Clerk of the Governmental Unit, and the title and general summary of the subject matter contained in this Ordinance (set out in Section 17 below) shall be published in a newspaper which is of general circulation in the Governmental Unit, or posted in accordance with law, and such Ordinance shall be in full force and effect thereafter, in accordance with law.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

(Form of Summary of Ordinance for Publication)

City of Roswell, 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 Ordinance No. _____ duly adopted and approved by the Governing Body of the City of Roswell, New Mexico, on July 9, 2026. A complete copy of the Ordinance is available for public inspection during the normal and regular business hours of the City Clerk, 425 N. Richardson, Roswell, New Mexico.

CITY OF ROSWELL, NEW MEXICO
ORDINANCE NO. _____

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE CITY OF ROSWELL, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY (THE "FINANCE AUTHORITY"), EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED $11,750,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF (1) REFINANCING, PAYING AND DISCHARGING THE

GOVERNMENTAL UNIT'S OUTSTANDING JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS, SUBORDINATE SERIES 2017 ISSUED ON FEBRUARY 21, 2017, (2) FUNDING A LOAN AGREEMENT RESERVE ACCOUNT; AND (3) PAYING EXPENSES; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE LOAN AGREEMENT SOLELY FROM THE NET REVENUES FROM THE GOVERNMENTAL UNIT'S JOINT WATER AND SEWER UTILIITY SYSTEM; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE LOAN AGREEMENT PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; RATIFYING ACTIONS HERETOFORE TAKEN; APPROVING THE FORMS OF THE LOAN AGREEMENT AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT

A general summary of the subject matter of the Ordinance is contained in its title. This notice constitutes compliance with Section 6-14-6, NMSA 1978.

(End of Form of Summary for Publication)

PASSED, APPROVED AND ADOPTED THIS 9th DAY OF JULY, 2026.

CITY OF ROSWELL, NEW MEXICO

ATTEST:

_____
Mayor

_____
City Clerk

Councilor _____ then moved adoption of the foregoing Ordinance, duly seconded by Councilor _____.

The motion to adopt said Ordinance, upon being put to a vote, was passed and adopted on the following recorded vote:

Those Voting Aye: _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Those Voting Nay: _____

Those Absent: _____

_____ (__) members of the Governing Body having voted in favor of said motion, the Mayor declared said motion carried and said Ordinance adopted, whereupon the Mayor and the Clerk signed the Ordinance upon the records of the minutes of the Governing Body.

After consideration of matters not relating to the Ordinance, the meeting on the motion duly made, seconded and unanimously carried, was adjourned.

CITY OF ROSWELL, NEW MEXICO

By _____
Mayor

[SEAL]

ATTEST:

By_____
Clerk

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.
CITY OF ROSWELL)

The City Council (the "Council") of the City of Roswell (the "City"), in the State of New Mexico, met in open regular session in full conformity with law and the ordinances and rules of the City, in the Chaves County Administrative Center, Council Chambers, #1 St. Mary's Place, Roswell, New Mexico, being the regular meeting place of the Council, at 6:00 p.m., on Thursday, July 9, 2026, at which time there were present and answering the roll call the following members:

Mayor: _____

Councilors: _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Absent: _____

_____

There was officially filed with the City Clerk, the Mayor and each Councilor, a copy of an ordinance in final form, which is as follows:

CITY OF ROSWELL, NEW MEXICO
ORDINANCE NO. _____

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND INTERCEPT AGREEMENT BY AND BETWEEN THE CITY OF ROSWELL, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED $25,100,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF DEFRAYING THE COST TO (I) ACQUIRE, CONSTRUCT, PURCHASE, EQUIP, FURNISH, MAKE ADDITIONS TO, RENOVATE, REHABILITATE, BEAUTIFY, OR OTHERWISE IMPROVE THE CITY'S FLOOD RECOVERY PROJECTS, (II) FUND A LOAN AGREEMENT RESERVE ACCOUNT, AND (III) PAY EXPENSES; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE PRINCIPAL AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE REVENUES OF THE 0.375% MUNICIPAL FLOOD RECOVERY GROSS RECEIPTS TAX IMPOSED PURSUANT TO GOVERNMENTAL UNIT ORDINANCE NO. _____, ADOPTED _____, 2025, AND SECTION 7-19(D)-19, NMSA 1978, AS AMENDED; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE LOAN AGREEMENT PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; PROVIDING FOR THE DISTRIBUTION OF MUNICIPAL FLOOD RECOVERY GROSS RECEIPTS TAX REVENUES TO BE REDIRECTED BY THE STATE TAXATION AND REVENUE DEPARTMENT TO THE NEW MEXICO FINANCE AUTHORITY OR ITS ASSIGNS FOR THE PAYMENT OF PRINCIPAL AND INTEREST DUE ON THE LOAN AGREEMENT PURSUANT TO AN INTERCEPT AGREEMENT; APPROVING THE FORM AND TERMS OF, AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT AND INTERCEPT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT AND INTERCEPT AGREEMENT.

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

WHEREAS, the Governmental Unit is a legally and regularly created, established, organized and existing municipality under the general laws of the State; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interests of the Governmental Unit and its residents that the Loan Agreement and Intercept Agreement be executed and delivered and that the financing of the Project take place by executing and delivering the Loan Agreement; and

WHEREAS, the Governing Body has determined pursuant to the Act that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan Agreement; and

WHEREAS, other than as described in the Term Sheet, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; and

WHEREAS, the Loan Agreement shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues and shall not constitute a general obligation of the Governmental Unit, or a debt or pledge of the faith and credit of the Governmental Unit or the State; and

WHEREAS, the Governmental Unit desires to provide that distributions of the Pledged Revenues may be redirected to the Finance Authority or its assigns pursuant to an Intercept Agreement between the Governmental Unit and the Finance Authority (the "Intercept Agreement") for the payment of amounts due under the Loan Agreement; and

WHEREAS, other than the Pledged Revenues, no revenues collected by the Governmental Unit shall be pledged to the Loan Agreement; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the City Clerk this Ordinance and the forms of the Loan Agreement and Intercept Agreement, which are incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that the improvements financed with the proceeds of the Loan Agreement are to be used for governmental purposes of the Governmental Unit and will not be used for purposes which would cause the Loan Agreement to be deemed a "private activity bond" as defined by the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Governing Body intends by this Ordinance to authorize the execution and delivery of the Loan Agreement in the amount and for the purposes set forth herein with the final interest rates and principal amount set forth in the Sale Certificate; and

WHEREAS, pursuant to Sections 6-14-8 through 6-14-11 NMSA 1978, as amended (the "Supplemental Public Securities Act"), the Council is authorized to adopt an ordinance delegating to one or more of its members, City officers, or City employees the authority to sign a contract for the purchase or sale of public securities or to accept a binding bid for public securities and to determine the sale for public securities to be issued so long as such sale is within the parameters established by an authorizing ordinance adopted in conformity with the Supplemental Public Securities Act; and

WHEREAS, in order to, among other things, allow the City flexibility in setting the pricing date of the Loan and optimize interest rates for the City, the Council desires to grant to the Mayor and City Manager, or any other employee of the City when designated by a certificate signed by the Mayor (collectively, the "Designated Officers"), the authority (a) to determine the terms of the Loan within the parameters set forth herein; and (b) to make any changes with respect thereto from those terms which were before the Council at the time of adoption of this Ordinance, provided such terms do not exceed the parameters set forth for such terms in this Ordinance; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Pledged Revenues to the Finance Authority (or its assigns) for the payment of the amounts due under the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the Project, and (iii) the authorization, execution, and delivery of the Loan Agreement and Intercept Agreement which are required to have been obtained by the date of this Ordinance, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF ROSWELL:

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

"Act" means the general laws of the State, including Sections 3-31-1 through 3-31-12, 6-14-8 through 6-14-12, NMSA 1978, and 7-19(D)-19, NMSA 1978, as amended, and enactments of the Governing Body relating to the Loan Agreement and the Intercept Agreement, including this Ordinance.

"Aggregate Annual Debt Service Requirement" means the total principal and interest payments due and payable pursuant to the Loan Agreement and on all Parity Obligations secured by a pledge of any of the Pledged Revenues for any one Fiscal Year.

"Authorized Officers" means, in the case of the Governmental Unit, the Mayor, Manager, Finance Director, and Clerk, and in the case of the Finance Authority the Chairman, Vice-Chairman and Secretary of the Board of Directors and the Chief Executive Officer or any other officer or employee of the Finance Authority designated in writing by an Authorized Officer.

"Bonds" means public project revolving fund revenue bonds, if any, issued hereafter by the Finance Authority and specifically related to the Loan Agreement and the Loan Agreement Payments.

"Closing Date" means the date of execution, delivery and funding of the Loan Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Distributing State Agency" means the department or agency of the State, as described on the Term Sheet, authorized to distribute the Pledged Revenues on behalf of the Governmental Unit.

"Expense Fund" means the expense fund created pursuant to the Indenture to be held and administered by the Trustee to pay Expenses.

"Expenses" means the cost of execution of the Loan Agreement and costs of issuance of the Bonds, if any, and the periodic and regular fees and expenses incurred by the Finance Authority in administering the Loan Agreement, including legal fees.

"Finance Authority" means the New Mexico Finance Authority.

"Finance Authority Debt Service Account" means the debt service account in the name of the Governmental Unit and held by the Finance Authority to pay principal and interest on the Loan Agreement as the same become due.

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

"Governing Body" means the City Council of the Governmental Unit, or any future successor governing body of the Governmental Unit.

"Governmental Unit" means the City of Roswell, New Mexico.

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

"Income Fund" means the "City of Roswell, New Mexico Municipal Flood Recovery Gross Receipts Tax Income Fund" created by the Governmental Unit and to be maintained by the Governmental Unit to which all Pledged Revenues are credited.

"Indenture" means the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Finance Authority and the Trustee, or the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, by and between Finance Authority and the Trustee, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture (as defined in the Indenture).

"Intercept Agreement" means the Intercept Agreement between the Governmental Unit and the Finance Authority providing for the direct payment by the Distributing State Agency to the Finance Authority of Pledged Revenues in amounts sufficient to pay Loan Agreement Payments, and any amendments or supplements to the Intercept Agreement.

"Interest Component" means the portion of each Loan Agreement Payment paid as interest on the Loan Agreement as shown on Exhibit "B" thereto.

"Loan" means the funds to be loaned to the Governmental Unit by the Finance Authority pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated the Closing Date between the Finance Authority and the Governmental Unit which provides for the financing of the Project and requires payments by or on behalf of the Governmental Unit to the Finance Authority and/or the Trustee and any amendments or supplements thereto, and including the exhibits attached to the Loan Agreement.

"Loan Agreement Payment" means, collectively, the Principal Component and the Interest Component to be paid by the Governmental Unit as payment of the Loan Agreement as shown on Exhibit "B" thereto.

"Loan Agreement Payment Date" means each date a payment is due on the Loan Agreement as shown on Exhibit "B" thereto.

"Loan Agreement Principal Amount" means the original principal amount of the Loan Agreement as shown on the Term Sheet.

"Loan Agreement Reserve Account" means the loan agreement reserve account established in the name of the Governmental Unit funded from the proceeds of this Loan Agreement and administered by the Trustee pursuant to the Indenture.

"NMSA" means the New Mexico Statutes Annotated, 1978 compilation, as amended and supplemented.

"Ordinance" means this Ordinance adopted by the Governing Body on July 9, 2026 approving the Loan Agreement and the Intercept Agreement and pledging the Pledged Revenues, as amended from time to time.

"Parity Obligations" mean the Loan Agreement and any other obligations now or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on parity with the Loan Agreement, including those obligations described on the Term Sheet.

"Pledged Revenues" means the revenues derived from the Governmental Unit's 0.375% municipal flood recovery gross receipts tax imposed pursuant to Governmental Unit Ordinance No. _____, adopted _____, 2025, and section 7-19(D)-19, NMSA

1978, as amended, imposed on all persons engaging in business in the Governmental Unit, which tax equals, subject to the exemptions specified in Section 7-19(D)-9 NMSA 1978, three-eighths of one percent of the gross receipts of all persons engaging in business in the Governmental Unit for the month in which the tax is distributed to the Governmental Unit (provided that the Governmental Unit is not pledging and the term "Pledged Revenues" does not include the state-shared gross receipts tax or any other local option gross receipts tax income received by the City).

"Principal Component" means the portion of each Loan Agreement Payment paid as principal on the Loan Agreement as shown on Exhibit "B" thereto.

"Program Account" means the account in the name of the Governmental Unit established under the Indenture and held by the Trustee for deposit of the net proceeds of the Loan Agreement for disbursal to the Governmental Unit for payment of the costs of the Project.

"Project" means the (i) acquisition, construction, purchase, equipping, furnishing, making additions to, renovating, rehabilitating, beautifying or otherwise improving the Governmental Unit's flood recovery projects, (ii) funding of a Loan Agreement Reserve Account, and (iii) paying Expenses.

"Sale Certificate" means one or more certificates executed by the Mayor or City Manager, dated on or before the date of execution of the Loan Agreement, setting forth the final terms of the Loan Agreement.

"State" means the State of New Mexico.

"Term Sheet" means Exhibit "A" to the Loan Agreement.

"Trustee" means BOKF, NA, or any successor trustee company, national or state banking association or financial institution at the time appointed Trustee by the Finance Authority.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Governing Body and officers of the Governmental Unit directed toward the completion of the Project and the execution and delivery of the Loan Agreement and the Intercept Agreement, be, and the same hereby are, ratified, approved and confirmed.

Section 3. Authorization of the Project, the Loan Agreement, and the Intercept Agreement. The Project and the method of financing the Project through the pledge of the Pledged Revenues and the execution and delivery of the Loan Agreement and the Intercept Agreement are hereby authorized and ordered. The Project is for the benefit of the Governmental Unit and its residents.

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

A. The Project is needed to meet the needs of the Governmental Unit and its residents and the issuance, execution and delivery of the Loan Agreement is necessary or advisable.

B. Moneys available and on hand for the Project from all sources other than the Loan are not sufficient to defray the cost of the Project.

C. The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

D. It is economically feasible to defray, in whole or in part, the costs of the Project by the execution and delivery of the Loan Agreement.

E. The Project and the execution and delivery of the Loan Agreement and the Intercept Agreement pursuant to the Act to provide funds for the financing of the Project are necessary and in the interest of the public health, safety and welfare of the residents of the Governmental Unit.

F. The Governmental Unit will complete the Project, in whole or in part, with the net proceeds of the Loan.

G. Other than as described in the Term Sheet, the Governmental Unit does not have any outstanding obligations payable from the Pledged Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement and the Intercept Agreement.

H. The net effective interest rate on the Loan will not exceed twelve percent (12.0%) per annum, which is the maximum rate permitted by State law, with the final interest rate approved in the Sale Certificate.

Section 5. Loan Agreement and Intercept Agreement - Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of a three-quarters majority of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, protecting the general welfare and prosperity of the residents of the Governmental Unit and completing the Project, it is hereby declared necessary that the Governmental Unit, pursuant to the Act, pledge the Pledged Revenues and execute and deliver the Loan Agreement and the Intercept Agreement evidencing a special, limited obligation of the Governmental Unit to pay the principal amount not to exceed $25,100,000, and the pledge of the Pledged Revenues and the execution and delivery of the Loan Agreement and the Intercept Agreement are hereby authorized, subject to final approval of the

principal amount and interest rates in a subsequent Sale Certificate. The Governmental Unit shall use the proceeds of the Loan to finance the completion of the Project, fund the Loan Agreement Reserve Account, and to pay Expenses.

B. Detail. The Loan Agreement and Intercept Agreement shall be in substantially the forms of the Loan Agreement and Intercept Agreement presented at the meeting of the Governing Body at which this Ordinance was adopted. The Loan shall be in an original aggregate principal amount not to exceed $25,100,000, shall be payable in installments of principal due on June 1 of the years designated in Exhibit "B" to the Loan Agreement and bear interest payable on June 1 and December 1 of each year, commencing on December 1, 2026, at the rates designated in Exhibit "B" to the Loan Agreement, and shall mature no later than June 1, 2046, as approved in the Sale Certificate.

Section 6. Approval of Loan Agreement and Intercept Agreement. The forms of the Loan Agreement and the Intercept Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted are hereby approved, subject to final terms as set forth in the Sale Certificate. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan Agreement and the Intercept Agreement with such changes, insertions and omissions as may be approved by such individual Authorized Officers and as provided in the Sale Certificate, and the Clerk is hereby authorized to affix the seal of the Governmental Unit on the Loan Agreement and the Intercept Agreement and attest the same. The execution of the Loan Agreement and the Intercept Agreement by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Special Limited Obligation. The Loan Agreement shall be secured by the pledge of the Pledged Revenues as set forth in the Loan Agreement and shall be payable solely from the Pledged Revenues. The Loan Agreement, together with other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as provided in this Ordinance, Sale Certificate, and the Loan Agreement and shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Ordinance, the Sale Certificate, nor in the Loan Agreement, nor any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Pledged Revenues), as incurring a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Sale Certificate, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit

legally available therefor to payments required by the Loan Agreement, in its sole and absolute discretion.

Section 8. Disposition of Proceeds: Completion of the Project.

A. Program Account, Finance Authority Debt Service Account and Loan Agreement Reserve Account. The Governmental Unit hereby consents to creation of the (i) Finance Authority Debt Service Account to be held and maintained by the Finance Authority, (ii) Program Account to be held by the Trustee pursuant to the Indenture, and (iii) Loan Agreement Reserve Account to be held by the Trustee, each in connection with the Loan. The Governmental Unit hereby approves: (i) of the deposit of the portion of the proceeds of the Loan Agreement in the Program Account, the Loan Agreement Reserve Account, and the Finance Authority Debt Service Account, and (ii) for payment of the Expenses.

The proceeds derived from the execution and delivery of the Loan Agreement shall be deposited promptly upon the receipt thereof in the Program Account, the Loan Agreement Reserve Account, and the Finance Authority Debt Service Account, as provided in the Loan Agreement and the Indenture.

The money in the Program Account shall be used and paid out solely for the purpose of completing the Project in compliance with applicable law and the provisions of the Loan Agreement and the Indenture.

The Governmental Unit will complete the Project with all due diligence.

B. Completion of the Project. Upon completion of the Project, any balance remaining in the Program Account shall be transferred and deposited into the Finance Authority Debt Service Account, as provided in the Loan Agreement and the Indenture.

C. Finance Authority and Trustee Not Responsible. The Finance Authority and the Trustee shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

Section 9. Deposit of Pledged Revenues, Distributions of the Pledged Revenues and Flow of Funds.

A. Deposit of Pledged Revenues. Pledged Revenues shall be paid to the Finance Authority for deposit in the Finance Authority Debt Service Account and remittance to the Trustee in an amount sufficient to pay principal, interest and other amounts due under the Loan Agreement.

B. Termination on Deposits to Maturity. No payment shall be made into the Finance Authority Debt Service Account if the amounts in the Finance Authority

Debt Service Account and Loan Agreement Reserve Account total a sum at least equal to the entire aggregate amount to become due as to principal and interest on, and any other amounts due under, the Loan Agreement in which case moneys in such accounts in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided below.

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

Section 10. Lien on Pledged Revenues. Pursuant to the Loan Agreement, the Pledged Revenues are hereby authorized to be pledged to, and are hereby pledged, and the Governmental Unit grants a security interest therein for, the payment of the principal, interest, and any other amounts due under the Loan Agreement, subject to the uses thereof permitted by and the priorities set forth in this Ordinance. The Loan Agreement constitutes an irrevocable lien and a first lien, but not necessarily an exclusive first lien, on the Pledged Revenues with the lien thereon of the Parity Obligations as set forth herein and therein. The Governmental Unit shall not create a lien on the Pledged Revenues superior to that of the Loan Agreement.

Section 11. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan Agreement, the Intercept Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Ordinance, the Loan Agreement, and the Intercept Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance, the Loan Agreement, and the Intercept Agreement, including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan Agreement and the publication of the summary of this Ordinance set out in Section 17 of this Ordinance (with such changes, additions and deletions as may be necessary).

Pursuant to the Supplemental Public Securities Act, Section 6-14-8 et seq., NMSA 1978, the Mayor or City Manager is hereby delegated authority to execute the Sale Certificate and to determine any or all of the final terms of the Loan Agreement, subject to the parameters and conditions contained in this Ordinance. The Manager shall present the Sale Certificate to the Governing Body in a timely manner, before or after the

execution and delivery of the Loan Agreement, at a regularly scheduled public meeting of the Governing Body.

Section 12. Amendment of Ordinance. This Ordinance may be amended by ordinance of the Governing Body without receipt by the Governmental Unit of any additional consideration, but only with the prior written consent of the Finance Authority. This Ordinance will be supplemented by the terms set forth in the Sale Certificate.

Section 13. Ordinance Irrepealable. After the Loan Agreement and Intercept Agreement have been executed and delivered, this Ordinance shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully paid, canceled and discharged, as herein provided.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Mayor and Clerk of the Governmental Unit, and the title and general summary of the subject matter contained in this Ordinance (set out in Section 17 below) shall be published in a newspaper which maintains an office and is of general circulation in the Governmental Unit, or posted in accordance with law, and said Ordinance shall be in full force and effect thereafter, in accordance with law.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

(Form of Summary of Ordinance for Publication)

City of Roswell, 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 Ordinance No. _____ duly adopted and approved by the Governing Body of the City of Roswell, New Mexico, on July 9, 2026. A complete copy of the Ordinance is available for public inspection during the normal and regular business hours of the City Clerk, 425 N. Richardson, Roswell, New Mexico.

The title of the Ordinance is:

CITY OF ROSWELL, NEW MEXICO
ORDINANCE NO. _____

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND INTERCEPT AGREEMENT BY AND BETWEEN THE CITY OF ROSWELL, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED $25,100,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF DEFRAYING THE COST TO (I) ACQUIRE, CONSTRUCT, PURCHASE, EQUIP, FURNISH, MAKE ADDITIONS TO, RENOVATE, REHABILITATE, BEAUTIFY, OR OTHERWISE IMPROVE THE CITY'S FLOOD RECOVERY PROJECTS, (II) FUND A LOAN AGREEMENT RESERVE ACCOUNT, AND (III) PAY EXPENSES; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE PRINCIPAL AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE REVENUES OF THE 0.375% MUNICIPAL FLOOD RECOVERY GROSS RECEIPTS TAX IMPOSED PURSUANT TO GOVERNMENTAL UNIT ORDINANCE NO. _____, ADOPTED _____, 2025, AND SECTION 7-19(D)-19, NMSA 1978, AS AMENDED; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE LOAN AGREEMENT PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; PROVIDING FOR THE DISTRIBUTION OF MUNICIPAL FLOOD RECOVERY GROSS RECEIPTS TAX REVENUES TO BE REDIRECTED BY THE STATE TAXATION AND REVENUE DEPARTMENT TO THE NEW MEXICO FINANCE AUTHORITY OR ITS ASSIGNS FOR THE PAYMENT OF PRINCIPAL AND INTEREST DUE ON THE LOAN AGREEMENT PURSUANT TO AN INTERCEPT AGREEMENT; APPROVING THE FORM AND TERMS OF, AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT AND INTERCEPT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT AND INTERCEPT AGREEMENT.

A general summary of the subject matter of the Ordinance is contained in its title. This notice constitutes compliance with Section 6-14-6, NMSA 1978.

(End of Form of Summary for Publication)

PASSED, APPROVED AND ADOPTED THIS 9th DAY OF JULY, 2026.

CITY OF ROSWELL, NEW MEXICO

By_____
Mayor

[SEAL]

ATTEST:

By _____
Clerk

Councilor _____ then moved adoption of the foregoing Ordinance, duly seconded by Councilor _____.

The motion to adopt said Ordinance, upon being put to a vote, was passed and adopted on the following recorded vote:

Those Voting Aye: _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Those Voting Nay: _____

Those Absent: _____

_____ (__) members of the Governing Body having voted in favor of said motion, the Mayor declared said motion carried and said Ordinance adopted, whereupon the Mayor and the Clerk signed the Ordinance upon the records of the minutes of the Governing Body.

After consideration of matters not relating to the Ordinance, the meeting on the motion duly made, seconded and unanimously carried, was adjourned.

CITY OF ROSWELL, NEW MEXICO

By _____
Mayor

[SEAL]

ATTEST:

By_____
Clerk

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:
Consider recommending approval of Resolution 26-XX: The redemption of Outstanding Joint Water and Sewer Improvement Revenue Bonds (Rogers)

BACKGROUND:
Initiated by: Mac Rogers

Requesting the approval and authorization of the redemption of Outstanding Joint Water and Sewer Improvement Revenue Bonds. This action would allow the City to proceed with the redemption of Bonds issued on February 21, 2017 pursuant to Ordinance No. 16-22 adopted on January 12, 2017 in an amount not to exceed $11,7500,000.

FINANCIAL CONSIDERATION:
Allows for the City pay a principal amount not to exceed $11,750,000

LEGAL REVIEW:
Legally Sufficient

BOARD AND COMMITTEE ACTION:
This is the first Council consideration of this item

STAFF RECOMMENDATION:
Proceed as presented.

Attachments
Resolution 26-xx

RESOLUTION 26-XX

AUTHORIZING AND APPROVING THE REDEMPTION OF OUTSTANDING JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS

WHEREAS, the City of Roswell ("Governmental Unit") is a qualified entity under the New Mexico Finance Authority Act, Sections 6-21-1 through 6-21-31, NMSA 1978 ("Act"), and the City of Roswell ("Governing Body") is authorized to borrow funds and/or issue bonds for financing of public projects for benefit of the Governmental Unit; and

WHEREAS, the New Mexico Finance Authority ("Authority") has instituted a program for financing of projects from the public project revolving fund created under the Act and has developed an application procedure whereby the Governing Body may submit an application ("Application") for financial assistance from the Authority for public projects; and

WHEREAS, the Governing Body has determined and hereby determines that the Refunding Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and its residents that the Loan Agreement be executed and delivered and that the financing of the Refunding Project take place by executing and delivering the Loan Agreement; and

WHEREAS, The Governmental Unit now owns, operates and maintains water and sewer facilities, which the Governmental Unit hereby declares shall be continued to be operated as a joint public utility; and

WHEREAS, the Governing Body intends to redeem of the City's outstanding Joint Water and Sewer Improvement Revenue Bonds, Subordinate Series 2017, issued on February 21, 2017 pursuant to Ordinance No. 16-22 adopted on January 12, 2017;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS THE GOVERNING BODY OF THE CITY OF ROSWELL, NEW MEXICO, that:

1. That all action (not consistent with the provision hereof) heretofore taken by the Governing body and the officers and employees thereof directed toward the Application and the Bond redemption, be and the same is hereby ratified, approved and confirmed.

2. That the completed Agreement and Application submitted to the Governing Body, be and the same is hereby approved and confirmed.

3. That the officers and employees of the Governing Body are hereby directed and requested to submit the completed Application to the Authority for its review, and are further authorized to take such other action as may be requested by the Authority in its consideration and review of the Application and to further proceed with arrangements for financing the Project.

DRAFT

4. All acts and resolutions in conflict with this resolution are hereby rescinded, annulled and repealed.

5. This resolution shall take effect immediately upon its adoption.

PASSED, ADOPTED, SIGNED and APPROVED

CITY SEAL

_____
Timothy Z. Jennings, Mayor

ATTEST

_____
Amalia Martinez, City Clerk

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:
Consider recommending approval to advertise for a public hearing for Ordinance 26-XX;: An Ordinance to refund the Series 2017 Joint Water & Sewer Improvement Bonds. (Rogers)

BACKGROUND:
Initiated by: Hessel Yntema IV

This proposed ordinance would authorize the City of Roswell to refinance, pay, and discharge the outstanding Joint Water and Sewer Improvement Bond issued in 2017. It would also provide a mechanism to fund a loan agreement reserve account and provide for the payment of the principal and interest solely from the net revenues of the Joint Water and Sewer Utility System.

FINANCIAL CONSIDERATION:
See Fiscal Impact below.

It is anticipated that by refinancing this bond, the City would likely save approximately $750,000.00.

LEGAL REVIEW:
The proposed ordinance is legally sufficient.

BOARD AND COMMITTEE ACTION:
The May, 28, 2026 Legal Committee will be the first consideration of this item.

STAFF RECOMMENDATION:
Proceed as presented.

Attachments
COR NMFA Application
Updated Time Scheduled Flood Recovery
Updated Time Schedule JU GRT
COR Joint Utility Refunding NMFA Application
Loan Approving Ordinance for Smart Meter

NEW MEXICO FINANCE AUTHORITY

NMFA Use Only:	
App. #:	-PP
FA assigned:	
Legislative Authorization	

PUBLIC PROJECT REVOLVING FUND BUILDING APPLICATION

I. GENERAL INFORMATION

A. APPLICANT /ENTITY

Application Date:	1/9/2026

Applicant/Entity:	City of Roswell, New Mexico				
Address:	425 N Richardson Roswell, NM 88201				
County	Chaves	**Census Tract:**			
Federal Employer Identification Number (EIN) as issued by the IRS:					
Legislative District:	**Senate:**		**House:**		
Phone: 575-624-6700	**Fax:**		**Email Address:**	h.yntema@roswell-nm.gov	
Individual Completing Application:	Carissa Stone				
Address:	6301 Uptown Blvd. NE Suite 110, Albuquerque NM 87110				
Phone: 505-872-5999	**Fax:**		**Email Address:**	carissa.stone@rbccm.com	

B. CONSULTING PROFESSIONALS (Bond/Legal Counsel, Architect, Engineer, etc.), if available:

Firm:	Modrall Law Firm				
Contact:	Chris Muirhead				
Address:	500th St. NW Ste 1000, Albuquerque, NM 87102				
Phone: 505-848-1800	**Fax:**		**Email Address:**	cmuirhead@modrall.com	

C. PRIMARY CONTACT PERSON:

Name:	Hessel Yntema				
Contact:	City Manager, City of Roswell				
Address:	425 N Richardson Roswell, NM 88201				
Phone:	575-624-6700	**Fax:**		**Email Address:**	h.yntema@roswell-nm.gov

II. PROJECT SUMMARY

A. Project Description. Complete the following information in the provided space below. Include any additional documents that may be useful in reviewing this project, i.e. architectural designs, feasibility studies, business plan, etc.

1. Description of the project.

Various city wide renovation, repair and improvement projects related to municipal floo

2. Proposed Project Start Date: September 2026 Proposed Project Completion Date: September 2029

When do you need NMFA funds available? September 2026

3. How will the ongoing maintenance, operation, and replacement of this project be funded?

City general fund

4. Provide a detailed drawdown schedule for project payments. The schedule may reflect monthly or quarterly payments.

B. Total Project Cost & Sources of Funds Detail.

Construction Activities	NMFA Funds Requested	Other Public Funds*	Private Funds	Total
Planning and Design	$	$	$	$
Construction	$25,000,000	$	$	$
Equipment	$	$	$	$
Infrastructure Activities				
Facility Acquisition	$	$	$	$
Land Acquisition	$	$	$	$
Utilities (Electric, Gas, Water, etc.)	$	$	$	$
Engineering and Architectural	$	$	$	$
Contingencies	$	$	$	$
Project Administration/Legal Fees	$	$	$	$
Other Issuance Costs	$75,000	$	$	$
Total Cost:	$25,075,000	$	$	$

*Specify any other public funds, and amounts and terms of these funds, i.e. FmHA, CDBG, EPA, etc.

Source	Amount	Terms / # of Years
	$	
	$	
	$	
Total:	$	

Attach a letter verifying that each non-NMFA funding source has been approved, or is in the process of being approved for this project. Explain any exceptions.

C. Will this project require right-of –way acquisition? Yes ☐ No ■

If yes, specify any right-of-way needs, and whether acquisition may or may not delay beginning of project.

D. Who will hold title to the land where the project is to be located?

City of Roswell

If this is land owned by the Bureau of Land Management, State Land Office, or Tribal Land, please attach lease agreements. (If there is no clear title, attach an explanation of ownership arrangements)

E. Does this project require a Joint Powers Agreement (JPA)? Yes ☐ No ■

If yes, provide a copy of the JPA, which should include a list of the current membership.

III. FINANCING

A. 1. Specify the revenue to be pledged as security for the NMFA loan (a revenue source must be pledged for this type of project).

- ■ Municipal Local Option GRT – please specify: Municipal Flood Recovery Gross Receipts Tax
- ☐ County Option GRT – please specify: _____
- ☐ Other Tax-Based Revenue: _____
- ☐ State-Shared GRT
- ☐ Law Enforcement Funds
- ☐ Fire Protection Funds
- ☐ Net System Revenues: _____
- ☐ Other Revenue: _____

2. Is there an alternative revenue source available to pledge to pay debt service in the event that the primary pledged revenue is unavailable or insufficient? Yes ☐ No ■ If yes, specify:

3. Preferred financing term: 30 years.

B. Is any debt being repaid from the revenue source(s) referenced in A (1)? Yes ☐ No ■

If yes, provide bond or loan documents and payment schedule for any existing debt service being paid from the same revenues that would be used to repay a NMFA loan.

IV. READINESS TO PROCEED ITEMS

A. The following items must accompany this application in order for this application to be considered complete:

- ☐ Equipment cost breakdown (if applicable)
- ☐ Three most recently completed fiscal year audit reports
- ☐ Current unaudited financials
- ☐ Current fiscal year budget
- ☐ Verification of ownership of land where project will be located
- ☐ Documentation that each non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)

- ☐ Joint Powers Agreement (if applicable)

B. In addition, complete the following information in the provided space below. **These items will be required prior to disbursement of NMFA proceeds:**

- ☐ Provide a detailed drawdown schedule for project payments
- ☐ Final technical information for the project, stamped and approved by a registered engineer
- ☐ Cost breakdown of the project, certifiable by either an engineer or architect
- ☐ Area map, site map, and floor map (if applicable)
- ☐ Verification of ownership of land where project will be located
- ☐ Documentation that each Non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)
- ☐ Documentation showing status of right-of-way acquisition (if applicable)
- ☐ Explanation of land ownership arrangements (if applicable)
- ☐ List all required permits and licenses necessary to complete this project. Detail the status of each item, a plan of action, and time frame for completing incomplete permits and licenses. Also provide a copy of all permits and licenses.
- ☐ Is there litigation pending which would have a bearing on this project or applicant?
  Yes ☐ No ☐
  If yes, provide a complete summary of all circumstances relating to such litigation.

- ☐ Indicate the regular meeting dates for your authorizing body: _____

V. CERTIFICATION

I certify that:

We have the authority to request and incur the debt described in this application and, upon award, will enter into a contract for the repayment of any NMFA loans and/or bonds.

We will comply with all applicable state and federal regulations and requirements.

To the best of my knowledge all information contained in this application is valid and accurate and the submission of this application has been authorized by the governing body of the undersigned jurisdiction.

Signature: _____ **Title:** _____

(highest elected official)

Jurisdiction: _____

Print Name: _____ **Date:** _____

Signature: _____ **Date:** _____

Finance Officer/Director: _____

Project #		City of Roswell FEMA Validated Flood Damage	FEMA Status	Version #	FEMA Gross Cost
951184	G	Roswell Pks&Rec-DeBremond Stadium Damages v.0	Obligated	0	$ 2,677,248.00
951173	G	Roswell Pub Wks-Pks&Rec-Asstd Walking&Bike Trails	Obligated	0	$ 2,029,711.00
806261	E	City of Roswell, Convention & Civic Center Damages V.1 (Repair to Pre-Disaster Condition)	Obligated	1	$ 6,554,823.22
951175	G	Roswell-Spring River Golf Course Damages	Obligated	0	$ 550,133.00
950958	G	Roswell PubWks-Railing&Fence Damages	Obligated	0	$ 208,805.62
950953	G	Roswell Pks&Rec-RiverFencingDamages	Obligated	0	$ 896,780.77
950941	C	Roswell Zoo Pedestrian Bridges Damaged	Obligated	0	$ 713,497.00
950936	C	Roswell PubWks-Special Electronics Ligts and Signal Repairs	Obligated	0	$ 79,962.06
806259	E	City of Roswell, Boy Scout Building Damages V.1 50% Rule Replacement)	Obligated	1	$ 939,017.53
806257	E	City of Roswell, Roswell Museum & Art Center Building Damages V.0 (A&E only)	Obligated	0	$ 672,030.00
806263	E	City of Roswell, Parks & Recreation Tennis Pro Shop "The Rock" Building Damages V.0 (A&E only)	Obligated	0	$ 67,281.00
806258	E	City of Roswell, Adult Center 50% Rule Replacement	Obligated	1	$ 9,742,173.02
951069	E	Roswell Police Station Damages	Obligated	0	$ 1,582,231.16
806262	E	City of Roswell, Parks & Recreation Office / IT Building Damages V.1 (50% Rule Replacement)	Obligated	1	$ 1,472,673.13
950946	D	Roswell PubWks-Spring&HondoRivers-RiverBankSlopeRepairs	EHP Review	0	$ 11,219,874.00
				Total	**39,406,240.51**

CITY OF ROSWELL, NEW MEXICO
Joint Utility Refunding and Flood Recovery GRT Financing Time Schedule
New Mexico Finance Authority

Date	Action	Responsibility
Friday, May 01	Submit Draft Applications to NMFA for June Board Approval	CITY, FA, NMFA
Thursday, June 04	Finance Committee meeting Finance Plan Update and Review of Bond Ordinances	CITY, FA, BC
Thursday, June 11	City Commission Meeting - First Reading of Bond Ordinances and approval of NMFA Application Resolutions	CITY, FA, BC
Friday, June 12	Submit Final Signed NMFA Applications	MA
Thursday, July 02	Finance Committee meeting Bond Ordinance	CITY, FA, BC
Thursday, July 09	City Commission Meeting - Approval of Bond Ordinance	CITY, FA, BC
Monday, July 13	Notice of Adoption published in paper of local circulation	
Thursday, June 25	NMFA Board meeting to Approve Loan	CITY, FA, BC, NMFA
Thursday, July 23	NMFA Board Authorization of Simultaneous Marketing	CITY, FA, BC, NMFA
Wednesday, August 12	Thirty day limitation of action period expires	
Thursday, August 27	Bond Pricing - NMFA Simultaneous Pricing	CITY, FA, BC, NMFA
Thursday, September 03	Closing Documents Circulated	CITY, FA, BC
Thursday, September 10	City Council Presentation of Bond Sale Results	CITY, FA, BC
Thursday, September 17	Bond Closing	SD, RBC, BC, NMFA

Working Group Key

Code	Participant	Role
CITY	City of Roswell	Issuer
FA	RBC Capital Markets	Municipal Advisor
BC	Modrall Law Firm	Bond Counsel
NMFA	New Mexico Finance Authority	Purchaser

Note 1: Finance Committee meeting first Thursday of the month

Note 2: City Council meeting second Thursday of the month

CITY OF ROSWELL, NEW MEXICO
Joint Utility Refunding and Flood Recovery GRT Financing Time Schedule
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Note 1: Finance Committee meeting first Thursday of the month

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NEW MEXICO FINANCE AUTHORITY

NMFA Use Only:	
App. #:	-PP
FA assigned:	
Legislative Authorization	

PUBLIC PROJECT REVOLVING FUND BUILDING APPLICATION

I. GENERAL INFORMATION

A. APPLICANT /ENTITY

Application Date:	1/9/2026

Applicant/Entity:	City of Roswell, New Mexico				
Address:	425 N Richardson Roswell, NM 88201				
County	Chaves	**Census Tract:**			
Federal Employer Identification Number (EIN) as issued by the IRS:					
Legislative District:	**Senate:**		**House:**		
Phone: 575-624-6700	**Fax:**		**Email Address:**	h.yntema@roswell-nm.gov	
Individual Completing Application:	Carissa Stone				
Address:	6301 Uptown Blvd. NE Suite 110, Albuquerque NM 87110				
Phone: 505-872-5999	**Fax:**		**Email Address:**	carissa.stone@rbccm.com	

B. CONSULTING PROFESSIONALS (Bond/Legal Counsel, Architect, Engineer, etc.), if available:

Firm:	Modrall Law Firm				
Contact:	Chris Muirhead				
Address:	500th St. NW Ste 1000, Albuquerque, NM 87102				
Phone: 505-848-1800	**Fax:**		**Email Address:**	cmuirhead@modrall.com	

C. PRIMARY CONTACT PERSON:

Name:	Hessel Yntema				
Contact:	City Manager, City of Roswell				
Address:	425 N Richardson Roswell, NM 88201				
Phone:	575-624-6700	**Fax:**		**Email Address:**	h.yntema@roswell-nm.gov

II. PROJECT SUMMARY

A. Project Description. Complete the following information in the provided space below. Include any additional documents that may be useful in reviewing this project, i.e. architectural designs, feasibility studies, business plan, etc.

1. Description of the project.

Refunding of the Series 2017 Joint Water & Sewer Improvement Bonds

2. Proposed Project Start Date: September 2026 Proposed Project Completion Date: September 2026

When do you need NMFA funds available? September 2026

3. How will the ongoing maintenance, operation, and replacement of this project be funded?

Not applicable as it is a refunding.

4. Provide a detailed drawdown schedule for project payments. The schedule may reflect monthly or quarterly payments.

B. Total Project Cost & Sources of Funds Detail.

Construction Activities	NMFA Funds Requested	Other Public Funds*	Private Funds	Total
Planning and Design	$	$	$	$
Construction	$	$	$	$
Equipment	$	$	$	$
Infrastructure Activities				
Facility Acquisition	$	$	$	$
Land Acquisition	$	$	$	$
Utilities (Electric, Gas, Water, etc.)	$11,500,000	$	$	$
Engineering and Architectural	$	$	$	$
Contingencies	$	$	$	$
Project Administration/Legal Fees	$	$	$	$
Other Cost of Issuance	$100,000	$	$	$
Total Cost:	$	$	$	$

*Specify any other public funds, and amounts and terms of these funds, i.e. FmHA, CDBG, EPA, etc.

Source	Amount	Terms / # of Years
	$	
	$	
	$	
Total:	$	

Attach a letter verifying that each non-NMFA funding source has been approved, or is in the process of being approved for this project. Explain any exceptions.

C. Will this project require right-of –way acquisition? Yes ☐ No ■

If yes, specify any right-of-way needs, and whether acquisition may or may not delay beginning of project.

D. Who will hold title to the land where the project is to be located?

Not applicable

If this is land owned by the Bureau of Land Management, State Land Office, or Tribal Land, please attach lease agreements. (If there is no clear title, attach an explanation of ownership arrangements)

E. Does this project require a Joint Powers Agreement (JPA)? Yes ☐ No ■

If yes, provide a copy of the JPA, which should include a list of the current membership.

III. FINANCING

A. 1. Specify the revenue to be pledged as security for the NMFA loan (a revenue source must be pledged for this type of project).

- ☐ Municipal Local Option GRT – please specify: _____
- ☐ County Option GRT – please specify: _____
- ☐ Other Tax-Based Revenue: _____
- ☐ State-Shared GRT
- ☐ Law Enforcement Funds
- ☐ Fire Protection Funds
- ■ Net System Revenues: Joint Utility
- ☐ Other Revenue: _____

2. Is there an alternative revenue source available to pledge to pay debt service in the event that the primary pledged revenue is unavailable or insufficient? Yes ☐ No ■ If yes, specify:

3. Preferred financing term: 11 years.

B. Is any debt being repaid from the revenue source(s) referenced in A (1)? Yes ☐ No ■

If yes, provide bond or loan documents and payment schedule for any existing debt service being paid from the same revenues that would be used to repay a NMFA loan.

IV. READINESS TO PROCEED ITEMS

A. The following items must accompany this application in order for this application to be considered complete:

- ☐ Equipment cost breakdown (if applicable)
- ☐ Three most recently completed fiscal year audit reports
- ☐ Current unaudited financials
- ☐ Current fiscal year budget
- ☐ Verification of ownership of land where project will be located
- ☐ Documentation that each non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)

- ☐ Joint Powers Agreement (if applicable)

B. In addition, complete the following information in the provided space below. **These items will be required prior to disbursement of NMFA proceeds:**

- ☐ Provide a detailed drawdown schedule for project payments
- ☐ Final technical information for the project, stamped and approved by a registered engineer
- ☐ Cost breakdown of the project, certifiable by either an engineer or architect
- ☐ Area map, site map, and floor map (if applicable)
- ☐ Verification of ownership of land where project will be located
- ☐ Documentation that each Non-NMFA project funding source has been approved, or is in the process of being approved (if applicable)
- ☐ Documentation showing status of right-of-way acquisition (if applicable)
- ☐ Explanation of land ownership arrangements (if applicable)
- ☐ List all required permits and licenses necessary to complete this project. Detail the status of each item, a plan of action, and time frame for completing incomplete permits and licenses. Also provide a copy of all permits and licenses.
- ☐ Is there litigation pending which would have a bearing on this project or applicant?
  Yes ☐ No ☐
  If yes, provide a complete summary of all circumstances relating to such litigation.

- ☐ Indicate the regular meeting dates for your authorizing body: _____

V. CERTIFICATION

I certify that:

We have the authority to request and incur the debt described in this application and, upon award, will enter into a contract for the repayment of any NMFA loans and/or bonds.

We will comply with all applicable state and federal regulations and requirements.

To the best of my knowledge all information contained in this application is valid and accurate and the submission of this application has been authorized by the governing body of the undersigned jurisdiction.

Signature: _____ **Title:** _____

(highest elected official)

Jurisdiction: _____

Print Name: _____ **Date:** _____

Signature: _____ **Date:** _____

Finance Officer/Director: _____

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.
CITY OF ROSWELL)

The City Council (the "Council") of the City of Roswell (the "City"), in the State of New Mexico, met in open regular session in full conformity with law and the ordinances and rules of the City, in the Chaves County Administrative Center, Council Chambers, #1 St. Mary's Place, Roswell, New Mexico, being the regular meeting place of the Council, at 6:00 p.m., on Thursday, July 9, 2026, at which time there were present and answering the roll call the following members:

Mayor: _____

Councilors: _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Absent: _____

_____

There was officially filed with the City Clerk, the Mayor and each Councilor, a copy of an ordinance in final form, which is as follows:

CITY OF ROSWELL, NEW MEXICO
ORDINANCE NO. _____

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE CITY OF ROSWELL, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY (THE "FINANCE AUTHORITY"), EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED $11,750,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF (1) REFINANCING, PAYING AND DISCHARGING THE GOVERNMENTAL UNIT'S OUTSTANDING JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS, SUBORDINATE SERIES 2017 ISSUED ON FEBRUARY 21, 2017, (2) FUNDING A LOAN AGREEMENT RESERVE ACCOUNT; AND (3) PAYING EXPENSES; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE LOAN AGREEMENT SOLELY FROM THE NET REVENUES FROM THE GOVERNMENTAL UNIT'S JOINT WATER AND SEWER UTILIITY SYSTEM; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE LOAN AGREEMENT PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; RATIFYING ACTIONS HERETOFORE TAKEN; APPROVING THE FORMS OF THE LOAN AGREEMENT AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT

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

WHEREAS, the Governmental Unit is a legally and regularly created, established, organized and existing municipality under the general laws of the State; and

WHEREAS, the Governing Body has determined and hereby determines that the Refunding Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and its residents that the Loan Agreement be executed and delivered and that the financing of the Refunding Project take place by executing and delivering the Loan Agreement; and

WHEREAS, the Governmental Unit may use the Net Revenues to finance the Refunding Project and the Refunding Project will provide for the public health, peace and safety of the Governmental Unit and its residents; and

WHEREAS, The Governmental Unit now owns, operates and maintains water and sewer facilities, which the Governmental Unit hereby declares shall be continued to be operated as a joint public utility; and

WHEREAS, the Governmental Unit has heretofore provided for the imposition of rates and charges against users of the System; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Net Revenues for the payment of amounts due under the Loan Agreement; and

WHEREAS, except as described in the Term Sheet, the Net Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; and

WHEREAS, the Loan Agreement shall be a special, limited obligation of the Governmental Unit, payable solely from the Net Revenues and shall not constitute a general obligation of the Governmental Unit, or a debt or pledge of the faith and credit of the Governmental Unit or the State; and

WHEREAS, the Loan Agreement shall be executed and delivered pursuant to the Act, and with an irrevocable first lien, but not necessarily an exclusive first lien, on the Net Revenues; and

WHEREAS, the Governing Body intends by this Ordinance to authorize the execution and delivery of the Loan Agreement in the amount and for the purposes set forth herein; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the City Clerk this Ordinance and the form of the Loan Agreement, which are incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that the Refunding Project to be financed with the Loan is to be used for governmental purposes of the Governmental Unit and will not be used for purposes which would cause the Loan Agreement to be deemed a "private activity bond" as defined by the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Governmental Unit previously issued its Joint Water and Sewer Improvement Revenue Bonds, Subordinate Series 2017 on February 21, 2017 pursuant to Ordinance No. 16-22 adopted on January 12, 2017, as supplemented by Resolution No. 17-04 adopted on January 24, 2017, in the original aggregate principal amount of $18,230,000, of which there is presently outstanding a principal amount of $11,270,000; and

WHEREAS, the payments due on the Series 2017 Bonds are subject to redemption at the option of the Governmental Unit at 100% of the principal amount then outstanding, plus accrued interest to the date of redemption; and

WHEREAS, the Governmental Unit hereby determines that the execution and delivery of the Loan Agreement, under current market conditions, for the purpose of the Refunding Project will result in an over-all reduction of debt service payments to be made by the Governmental Unit from Net Revenues to the benefit of the Governmental Unit, and consequently will provide for the public health, safety and welfare of the Governmental Unit and its residents; and

WHEREAS, pursuant to Sections 6-14-8 through 6-14-12 NMSA 1978, as amended (the "Supplemental Public Securities Act"), the Governing Body is authorized to adopt a Ordinance

delegating to one or more of its members, officers, or employees the authority to sign a Sale Certificate setting forth the terms of the Loan so long as such terms are within the parameters established by an authorizing ordinance or Ordinance adopted in conformity with the Supplemental Public Securities Act; and

WHEREAS, in order to allow the Governmental Unit flexibility, the Governing Body desires to grant to the Mayor and the City Manager or any other employee of the Governmental Unit when designated by a certificate signed by the Mayor (collectively, the "Designated Officers"), the authority (a) to determine any or all of the following terms of the Loan: (i) the interest and principal payment dates, (ii) the principal amounts, denominations, and maturity dates, (iii) the sale prices, (iv) the interest rates, (v) the interest payment periods, and (vi) the amount of underwriting discount, if any; and (b) to make any changes with respect thereto from those terms which were before the Governing Body at the time of adoption of this Ordinance, provided such terms do not exceed the parameters set forth for such terms in this Ordinance; and

WHEREAS, the Governmental Unit will approve the specific terms of the Loan and authorize execution of the Loan Agreement in a certification of the Designated Officers pursuant to the terms of this Ordinance as set forth in the Sale Certificate; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Net Revenues to the Finance Authority (or its assigns) for the payment of amounts due under the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the Refunding Project, and (iii) the authorization, execution and delivery of the Loan Agreement which are required to have been obtained by the date of this Ordinance, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF ROSWELL:

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

"Act" means the general laws of the State, including Sections 3-31-1 through 3-31-12 and 6-14-8 through 6-14-12, NMSA 1978, as amended, and enactments of the Governing Body relating to the Loan Agreement, including this Ordinance.

"Aggregate Annual Debt Service Requirement" means the total principal and interest payments due and payable pursuant to the Loan Agreement and on all Parity Obligations secured by a pledge of any of the Net Revenues for any one Fiscal Year.

"Authorized Officers" means, in the case of the Governmental Unit, the Mayor, Manager, Finance Director, and Clerk, and in the case of the Finance Authority the Chairman, Vice-Chairman and Secretary of the Board of Directors and the Chief Executive Officer or any other officer or employee of the Finance Authority designated in writing by an Authorized Officer.

"Bonds" means public project revolving fund revenue bonds, if any, issued hereafter by the Finance Authority and specifically related to the Loan Agreement and the Loan Agreement Payments.

"Closing Date" means the date of execution, delivery and funding of the Loan Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Completion Date" means the date of final payment of the cost of the Refunding Project.

"Expenses" means the cost of execution of the Loan Agreement and costs of issuance of the Bonds, if any, and the periodic and regular fees and expenses incurred by the Finance Authority in administering the Loan Agreement, including legal fees.

"Finance Authority" means the New Mexico Finance Authority.

"Finance Authority Debt Service Account" means the debt service account in the name of the Governmental Unit within the Debt Service Fund as defined in the Indenture held and administered by the Finance Authority to pay principal and interest on the Loan Agreement as the same become due.

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

"Governing Body" means the City Council of the Governmental Unit, and any future successor governing body of the Governmental Unit.

"Governmental Unit" means the City of Roswell, New Mexico.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to the entire Ordinance and not solely to the particular section or paragraph of the Ordinance in which such word is used.

"Indenture" means the General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented, by and between the Finance Authority and the Trustee, as successor trustee, or the Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as supplemented, by and between the Finance Authority and the Trustee, as successor trustee, as determined by the Finance Authority pursuant to a Pledge Notification or Supplemental Indenture (as defined in the Indenture).

"Interest Component" means the portion of each Loan Agreement Payment paid as interest on the Loan Agreement as shown on Exhibit "B" thereto.

"Joint Water and Sewer System," "Joint System," "System," or "Utility" means the municipally owned public utility designated as the Governmental Unit's water system and sanitary sewer system (continued as a joint system) consisting of all properties, real, personal, mixed or

otherwise, now owned or hereafter acquired by the Governmental Unity through purchase, construction or otherwise, and used in connection with said water system and sanitary sewer system of the Governmental Unit and in any way appertaining thereto, whether situated within or without the limits of the Governmental Unit.

"Loan" means the funds in the Loan Agreement Principal Amount to be loaned to the Governmental Unit by the Finance Authority pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated the Closing Date between the Finance Authority and the Governmental Unit which provides for the financing of the Refunding Project and requires payments by or on behalf of the Governmental Unit to the Finance Authority and/or the Trustee and any amendments or supplements thereto, and including the exhibits attached to the Loan Agreement.

"Loan Agreement Payment" means, collectively, the Principal Component and the Interest Component to be paid by the Governmental Unit as payment of the Loan Agreement as shown on Exhibit "B" thereto.

"Loan Agreement Principal Amount" means the original principal amount of the Loan Agreement as shown on the Term Sheet and approved in the Sale Certificate.

"Loan Agreement Reserve Account" means the loan agreement reserve account in the name of the Governmental Unit established under the Indenture, funded from the proceeds of the Loan Agreement, and administered by the Trustee pursuant to the Indenture.

"Loan Agreement Reserve Requirement" means, with respect to the Loan, the amount shown as the Loan Agreement Reserve Account Deposit on the Term Sheet, which amount shall not to exceed the least of (i) ten percent (10%) of the Loan Agreement Principal Amount, (ii) 125% of the average annual principal and interest requirements under the Loan Agreement, or (iii) the maximum annual principal and interest requirements under the Loan Agreement.

"Net Revenues" means the revenues of the System after deducting Operation and Maintenance Expenses of the System that are pledged to payment of the Loan Agreement Payments pursuant to the Ordinance and described on the Term Sheet.

"NMSA 1978" means the New Mexico Statutes Annotated, 1978 compilation, as amended and supplemented.

"Operation and Maintenance Expenses" (or a phrase of similar import) means all reasonable and necessary current expenses of the Governmental Unit, paid or accrued, of operating, maintaining and repairing the System, and shall include, without limiting the generality of the foregoing, legal and overhead expense of the various Governmental Unit departments directly related and reasonably allocable to the administration of the System, insurance premiums, the reasonable charges of depositary banks and paying agents, contractual services, professional services required by this ordinance, salaries and administrative expenses, labor, the cost of materials and supplies used for current operation, but shall not include any allowance for depreciation, liabilities incurred by the Governmental Unit as the result of its negligence in the operation of the System, extensions, enlargements or betterments, or any charges for the accumulation of reserves for capital replacements.

"Ordinance" means this Ordinance as adopted by the Governing Body on July 9, 2026, approving the Loan Agreement and pledging the Net Revenues to the payment of the Loan Agreement, as amended from time to time.

"Parity Obligations" means the Loan Agreement and any other obligations, now outstanding or hereafter issued or incurred, payable from or secured by a lien or pledge of the Net Revenues and issued with a lien on the Net Revenues on parity with the Loan Agreement, including those obligations described on the Term Sheet, if any.

"Principal Component" means the portion of each Loan Agreement Payment paid as principal on the Loan Agreement as shown on Exhibit "B" thereto.

"Program Account" means the account in the name of the Governmental Unit established pursuant to the Indenture and held by the Trustee for the deposit of the net proceeds of the Loan Agreement for disbursal to the Governmental Unit for payment of the costs of the Refunding Project.

"Refunding Project" means refunding, paying and discharging the Governmental Unit's outstanding Series 2017 Bonds maturing on and after June 1, 2027, on the date of execution and delivery of the Loan Agreement.

"Revenues" or "gross revenues" from the System means all income and revenues derived by the Governmental Unit from the operation of the System, or any part thereof, whether resulting from extensions, enlargements or betterments to the System, or otherwise, and includes all revenues received by the Governmental Unit or any municipal corporation succeeding to the rights of the Governmental Unit from the System and from the sale and use of water, water service and facilities, sanitary sewer service and facilities, or any combination thereof to the inhabitants of the Governmental Unit (including all territorial annexations which may be made while the Loan Agreement is outstanding), or from the sale and use of water, water service and facilities, sanitary sewer service and sewer facilities, and facilities or any combination thereof, by means of the System owned and operated by the Governmental Unit as the same may at any time exist to serve customers outside the Governmental Unit limits as well as customers within the Governmental Unit limits, and also means income derived from the investment of any money in any of the funds established herein or contained herein (but excluding such income from investments in the Rebate Fund) even though such investment income is to be credited to the particular fund from which such investment is made.

"Sale Certificate" means one or more certificates executed by the Mayor or City Manager, pursuant to and as authorized by Section 6-14-10.2, NMSA 1978, setting forth the final terms of the Loan.

"Series 2017 Bonds" means the Governmental Unit's outstanding Joint Water and Sewer Improvement Revenue Bonds, Subordinate Series 2017, issued on February 21, 2017 pursuant to Ordinance No. 16-22 adopted on January 12, 2017, as supplemented by Resolution No. 17-04 adopted on January 24, 2017, in the original aggregate principal amount of $18,230,000, of which there is presently outstanding a principal amount of $11,270,000.

"State" means the State of New Mexico.

"Term Sheet" means Exhibit "A" to the Loan Agreement.

"Trustee" means BOKF, NA, Albuquerque, New Mexico, or any successor trust company, national or state banking association or financial institution at the time appointed the Trustee by the Finance Authority.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Governing Body and officers of the Governmental Unit directed toward the Refunding Project and the execution and delivery of the Loan Agreement be, and the same hereby are, ratified, approved and confirmed.

Section 3. Authorization of the Refunding Project and the Loan Agreement. The Refunding Project and the method of financing the Refunding Project through execution and delivery of the Loan Agreement are hereby authorized and ordered. The Refunding Project is for the benefit of the Governmental Unit.

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

A. The Refunding Project is needed to meet the needs of the Governmental Unit and its residents and the execution and delivery of the Loan Agreement is necessary and advisable.

B. Moneys available and on hand for the Refunding Project from all sources other than the Loan are not sufficient to defray the cost of the Refunding Project.

C. The Net Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

D. It is economically feasible to defray, in whole or in part, the costs of the Refunding Project by the execution and delivery of the Loan Agreement.

E. The Refunding Project and the execution and delivery of the Loan Agreement pursuant to the Act to provide funds for the financing of the Refunding Project are necessary and in the interest of the public health, safety, and welfare of the residents of the Governmental Unit.

F. The Governmental Unit will complete the Refunding Project, in whole or in part, with the net proceeds of the Loan.

G. Other than as described in the Term Sheet, the Governmental Unit does not have any outstanding obligations payable from Net Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement.

H. The net effective interest rate on the Loan shall not exceed twelve percent (12.0%) per annum, which is the maximum rate permitted by State law.

I. The Refunding Project will result in debt service savings for the Governmental Unit in the amount of at least 3% present value savings.

Section 5. Loan Agreement - Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of a majority of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, protecting the general welfare and prosperity of the residents of the Governmental Unit and completing the Refunding Project, it is hereby declared necessary that the Governmental Unit, pursuant to the Act, execute and deliver the Loan Agreement evidencing a special, limited obligation of the Governmental Unit to pay a principal amount not to exceed $11,750,000, plus interest, and the execution and delivery of the Loan Agreement are hereby authorized. The Governmental Unit shall use the proceeds of the Loan to (i) finance the Refunding Project, (ii) fund the Loan Agreement Reserve Account, and (iii) pay Expenses.

B. Detail. The Loan Agreement shall be in substantially the form presented at the meeting of the Governing Body at which this Ordinance was adopted. The Loan shall be in an aggregate principal amount not to exceed $11,750,000, shall be payable in installments of principal due on June 1 of the years designated in Exhibit "B" to the Loan Agreement and bear interest payable on June 1 and December 1 of each year, commencing on December 1, 2026 at the rates designated in Exhibit "B" to the Loan Agreement, all as approved in the Sale Certificate. The Loan shall be placed in a private sale at par and shall have a maximum term of fifteen (15) years. The underwriter's discount for the Loan shall not exceed 2% of the par amount of the Loan.

Section 6. Approval of Loan Agreement. The form of the Loan Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan Agreement with such changes, insertions and omissions as are consistent with this Ordinance and as may be approved by such individual Authorized Officers, and the City Clerk is hereby authorized to affix the seal of the Governmental Unit on the Loan Agreement and attest the same. The execution of the Loan Agreement by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Special Limited Obligation. The Loan Agreement shall be secured by the pledge of the Net Revenues as set forth in the Loan Agreement and this Ordinance and shall be payable solely from the Net Revenues. The Loan Agreement, together with interest thereon and other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Net Revenues as provided in this Ordinance and the Loan Agreement and shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Ordinance or in the Loan Agreement, or any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Net Revenues), as incurring a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an

indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit legally available therefor to payments required by the Loan Agreement, in its sole and absolute discretion.

Section 8. Disposition of Proceeds: Completion of the Refunding Project.

A. Program Account, Finance Authority Debt Service Account and Loan Agreement Reserve Account. The Governmental Unit hereby consents to creation of the (i) Finance Authority Debt Service Account to be held and maintained by the Finance Authority, (ii) Program Account to be held by the Trustee pursuant to the Indenture, and (iii) Loan Agreement Reserve Account to be held by the Trustee, each in connection with the Loan. The Governmental Unit hereby approves: (i) of the deposit of the portion of the proceeds of the Loan Agreement in the Program Account, the Loan Agreement Reserve Account, and the Finance Authority Debt Service Account, and (ii) for payment of the Expenses.

The proceeds derived from the execution and delivery of the Loan Agreement shall be deposited promptly upon the receipt thereof in the Program Account, Finance Authority Debt Service Account and Loan Agreement Reserve Account, all as provided in the Loan Agreement and the Indenture.

The money in the Program Account shall be used and paid out solely for the purpose of completing the Refunding Project in compliance with applicable law and the provisions of the Loan Agreement and the Indenture.

The Governmental Unit will complete the Refunding Project with all due diligence.

B. Completion of the Refunding Project. Upon completion of the Refunding Project, any balance remaining in the Program Account shall be transferred and deposited into the Finance Authority Debt Service Account, as provided in the Loan Agreement and the Indenture.

C. Finance Authority and Trustee Not Responsible. The Finance Authority and the Trustee shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

Section 9. Deposit of Net Revenues, Distributions of the Net Revenues and Flow of Funds.

A. Deposit of Net Revenues. Net Revenues shall be paid directly by the Governmental Unit to the Finance Authority for deposit in the Finance Authority Debt Service Account and remittance to the Trustee in an amount sufficient to pay principal, interest, premium, if any, and other amounts due under the Loan Agreement, including sufficient Net Revenues in the Loan Agreement Reserve Account to maintain the Loan Agreement Reserve Requirement.

B. Termination on Deposits to Maturity. No payment shall be made into the Finance Authority Debt Service Account if the amounts in the Finance Authority Debt Service Account and Loan Agreement Reserve Account total a sum at least equal to the entire aggregate amount to become due as to principal and interest on, and any other amounts due under, the Loan Agreement in which case moneys in such accounts in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided below.

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

Section 10. Lien on Net Revenues. Pursuant to this Ordinance and the Loan Agreement, the Net Revenues are hereby authorized to be pledged to, and are hereby pledged, and the Governmental Unit grants a security interest therein for, the payment of the principal, interest, and any other amounts due under the Loan Agreement subject to the uses thereof permitted by and the priorities set forth in this Ordinance. The Loan Agreement constitutes an irrevocable and first lien, but not necessarily an exclusive first lien, on the Net Revenues with the lien thereon of the Parity Obligations as set forth herein and in the Loan Agreement. The Governmental Unit shall not create a lien on the Net Revenues superior to that of the Loan Agreement.

Section 11. Authorized Officers; Delegation. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan Agreement, and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Ordinance and the Loan Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance and the Loan Agreement, including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan Agreement, and the publication of the summary of this Ordinance set out in Section 17 of this Ordinance (with such changes, additions and deletions as may be necessary).

Pursuant to the Supplemental Public Securities Act, Section 6-14-8 et seq., NMSA 1978, the Mayor and City Manager are each hereby delegated authority to accept and to determine any or all of the final terms of the Loan Agreement and to execute the Sale Certificate, subject to the parameters and conditions contained in this Ordinance. The Mayor or the City Manager shall present the Sale Certificate and the final terms of the Loan Agreement to the Governing Body in a timely manner, before or after execution and delivery of the Loan Agreement, at a regularly scheduled public meeting of the Governing Body.

Section 12. Amendment of Ordinance. This Ordinance may be amended by ordinance of the Governing Body without receipt by the Governmental Unit of any additional consideration, but

only with the prior written consent of the Finance Authority. This Ordinance will be supplemented by the terms set forth in the Sale Certificate.

Section 13. Ordinance Irrepealable. After the Loan Agreement has been executed and delivered, this Ordinance shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully paid, canceled and discharged, as provided therein.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Mayor and the City Clerk of the Governmental Unit, and the title and general summary of the subject matter contained in this Ordinance (set out in Section 17 below) shall be published in a newspaper which is of general circulation in the Governmental Unit, or posted in accordance with law, and such Ordinance shall be in full force and effect thereafter, in accordance with law.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

(Form of Summary of Ordinance for Publication)

City of Roswell, 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 Ordinance No. _____ duly adopted and approved by the Governing Body of the City of Roswell, New Mexico, on July 9, 2026. A complete copy of the Ordinance is available for public inspection during the normal and regular business hours of the City Clerk, 425 N. Richardson, Roswell, New Mexico.

CITY OF ROSWELL, NEW MEXICO
ORDINANCE NO. _____

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE CITY OF ROSWELL, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY (THE "FINANCE AUTHORITY"), EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED $11,750,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF (1) REFINANCING, PAYING AND DISCHARGING THE

GOVERNMENTAL UNIT'S OUTSTANDING JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS, SUBORDINATE SERIES 2017 ISSUED ON FEBRUARY 21, 2017, (2) FUNDING A LOAN AGREEMENT RESERVE ACCOUNT; AND (3) PAYING EXPENSES; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE LOAN AGREEMENT SOLELY FROM THE NET REVENUES FROM THE GOVERNMENTAL UNIT'S JOINT WATER AND SEWER UTILIITY SYSTEM; APPROVING THE DELEGATION OF AUTHORITY TO MAKE CERTAIN DETERMINATIONS REGARDING THE LOAN AGREEMENT PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; RATIFYING ACTIONS HERETOFORE TAKEN; APPROVING THE FORMS OF THE LOAN AGREEMENT AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT

A general summary of the subject matter of the Ordinance is contained in its title. This notice constitutes compliance with Section 6-14-6, NMSA 1978.

(End of Form of Summary for Publication)

PASSED, APPROVED AND ADOPTED THIS 9th DAY OF JULY, 2026.

CITY OF ROSWELL, NEW MEXICO

ATTEST:

_____
Mayor

_____
City Clerk

Councilor _____ then moved adoption of the foregoing Ordinance, duly seconded by Councilor _____.

The motion to adopt said Ordinance, upon being put to a vote, was passed and adopted on the following recorded vote:

Those Voting Aye: _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Those Voting Nay: _____

Those Absent: _____

_____ (__) members of the Governing Body having voted in favor of said motion, the Mayor declared said motion carried and said Ordinance adopted, whereupon the Mayor and the Clerk signed the Ordinance upon the records of the minutes of the Governing Body.

After consideration of matters not relating to the Ordinance, the meeting on the motion duly made, seconded and unanimously carried, was adjourned.

CITY OF ROSWELL, NEW MEXICO

By _____
Mayor

[SEAL]

ATTEST:

By_____
Clerk

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:

Consider recommending approval to advertise for a public hearing for Ordinance 26-XX: An Ordinance to amend fines and penalties throughout City of Roswell's Code of Ordinances. (Cavin)

BACKGROUND:

Initiated by: Will Cavin

From time to time, various issues arise that need to be changed within some City Ordinances. This Ordinance seeks to increase penalties for certain criminal or traffic infractions, align City Code with State Law provisions, and correct various errors and omissions that have inadvertently been included in previous versions of the Ordinances.
In part, the need for some of these changes to the penalty assessments is in response to HB 139, which eliminated court fees. The increase in these penalty assessments seeks to correct that unfunded mandate.

FINANCIAL CONSIDERATION:

See Fiscal Impact below.
Elimination of court fees caused revenue for the courts to drop and this would seek to restore some or all of that missing revenue.

LEGAL REVIEW:

The City Attorney drafted this Ordinance.

BOARD AND COMMITTEE ACTION:

Legal Committee will be the first to consider this item.

STAFF RECOMMENDATION:

Proceed as presented.

Attachments

ORDINANCE 26-XX (Penalty Assessment Chart) (Draft) CJNM

ORDINANCE 26-XX

AN ORDINANCE AMENDING CERTAIN SECTIONS OF CHAPTER 24 OF THE ROSWELL CITY CODE RELATING TO FINES AND PENALTIES ASSESSMENTS

WHEREAS, Chapter 24 of the Roswell City code governs traffic within City limits; and

WHEREAS, the City of Roswell's penalty assessments for traffic offenses were not amended following the State of New Mexico eliminating court fees throughout the state; and

WHEREAS, the City Council intends hereby to update and clarify certain sections of Chapter 24 relating to Uniform Traffic Ordinance as adopted in an effort to encourage responsible and safe driving within the City limits.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF ROSWELL, NEW MEXICO, that:

SECTION 1. **S**ection 24-2 of the Roswell Code is amended as follows:

Sec. 24-2. Same—Amendments to penalty assessments.

(a) *Penalty assessment established.*

(1) As used in the New Mexico Uniform Traffic Ordinance adopted by reference by The city, penalty assessment misdemeanors means violation of any of the following listed section of the New Mexico Uniform Traffic Ordinance, for which the listed penalty assessment is established:

Common Name of Offense	Section Violated	Penalty Assessment
Pedestrian Control Signals	12-5-7	$50.00
Flashing signals	12-5-8	$50.00
Display of unauthorized signs, signals or markings	12-5-10	$50.00
Speed regulations	12-6-1	
Up to and including ten miles an hour over speed limit		$50.00
From 11 up to and including 15 miles an hour over speed limit		$75.00
From 16 up to and including 20 miles an hour over speed limit		$100.00
From 21 up to and including 25 miles over speed limit		$250.00
From 26 up to and including 30 miles an hour over speed limit		$375.00
From 31 up to and including 35 miles over speed limit		$450.00
More than 36 miles per hour		$500.00
Minimum speed regulations	12-6-1.5	$35.00
Overtaking a vehicle on the left	12-6-2.3	$50.00
Limitations on overtaking on the left	12-6-2.4	$50.00

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No passing zones and restrictions on passing	12-6-2.7	$50.00
Following too closely	12-6-2.13	$75.00
Driving on divided streets	12-6-2.14	$50.00
Vehicle approaching or entering intersection	12-6-4.1	$50.00
Vehicles turning left at intersection	12-6-4.2	$50.00
Vehicle entering stop or yield intersection	12-6-4.3	$50.00
Limitations on turning around	12-6-5.5	$35.00
Starting parked vehicle	12-6-5.7	$35.00
Turning and stopping movements and required signals	12-6-5.8	$50.00
Stopping, standing and parking	12-6-6	$50.00
Special stops required	12-6-7	$75.00
Stopping for school bus	12-6-7.3	$250.00
Careless driving	12-6-12.4	$125.00
Operators and chauffeurs must be licensed	12-6-12.5	$150.00
Limitations on backing	12-6-12.9	$75.00
Restriction on use of video in motor vehicles	12-6-12.11	$75.00
Coasting Prohibited	12-6-12.12	$50.00
Animals on street	12-6-13.10	$75.00
Driving on mountain streets	12-6-13.11	$50.00
Child not in restraint device or safety belt	12-6-13.12	$125.00
Unfastened safety belt	12-6-13.13	$75.00
Possession or consumption of alcoholic beverages in open containers, first offense	12-6-13.14	$100.00
Destructive or injurious material on roadway	12-6-13.5	$125.00
Littering	12-6-13.15	$300.00
Pedestrian violation	12-6-14	$35.00
Pedestrian right of way in crosswalks	12-6-14.2	$50.00
Pedestrians to use right half of sidewalks	12-6-14.3	$35.00
Crossing at other than crosswalks	12-6-14.4	$50.00
Pedestrians on streets	12-6-14.5	$50.00
Drivers to exercise due care	12-6-14.8	$50.00
Prohibited acts	12-10-1.1	$50.00
When lighted lamps are required	12-10-1.3	$50.00
Headlamps on vehicles	12-10-1.5	$75.00
Dimming of lights	12-10-1.6	$50.00
Tail lamps	12-10-1.7	$50.00
Vehicles to be equipped with reflectors	12-10-1.8	$50.00
Mufflers, prevention of noise	12.1-1.1-	$75.00
Lamp or flag on projecting load	12-10-1.11	$75.00

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Display of current valid registration plate	12-10-4		$75.00
Evidence of registration to be signed and exhibited on demand		12-10-5	$50.00
Unlawful riding	12-6-13.2		$100.00
Boarding or alighting from vehicle	12-6-13.7		$50.00
School zone	12-6-1.2		$150.00
Plus $10.00 every mile over the limit; not to exceed			$500.00
Stop lamps, signal lamps, and signal devices	12-10-1.9		$75.00
Turning and stopping movements and required signals		12-6-5.8	$50.00
Windshield to be unobstructed	12-10-1.12		$75.00
Basic rule	12-6-1.1		$50.00
Emerging from alley, private	12-6-7.1		$50.00
Lights and their application vehicle red light	12-5-6c		$75.00
Window tint	12-10-1.12		$75.00
Permitting unauthorized person to drive	12-6-12.23		$150.00
Avoid traffic control device	12-5-3		$75.00
Racing on street/exhibition driving	12-6-12.19		$500.00
Driving on streets laned for traffic	12-6-2.12		$75.00

SECTION 2. Section 24-8 is hereby amended as follows:

Sec. 24-8. ~~Reserved~~ 12-6-12.3 Reckless Driving.

A. Nothing in the Uniform Traffic Ordinance withstanding, any person who drives any vehicle carelessly or heedlessly in willful or wanton disregard of the rights or safety of others and without due caution and circumspection and at a speed or in a manner so as to endanger or be likely to endanger any person or property is guilty of reckless driving.

B. Every person convicted of reckless driving shall be punished:

(1) Upon a first conviction by imprisonment for not less than five days nor more than or thirty days.

(2) On a second or subsequent conviction by imprisonment for not less than thirty days nor more than sixty days.

(3) In addition to any other penalties imposed pursuant to the provisions of this section, when a person is convicted pursuant to the provisions of this section, the motor vehicle the person was driving shall be immobilized by an immobilization device for thirty days, unless immobilization of the

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motor vehicle poses an imminent danger to the health, safety or employment of the convicted person's immediate family or the family of the owner of the motor vehicle. The convicted person shall bear the cost of immobilizing the motor vehicle.

SECTION 3. All ordinances or parts of ordinances in conflict or inconsistent herewith are hereby repealed to the extent of such inconsistency. This repealer shall not be construed to revive any ordinance or part of any ordinance heretofore repealed.

SECTION 4. If any section, paragraph, clause or provision of this ordinance for any reason shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any other part of this ordinance.

SECTION 5. This ordinance shall be effective after five (5) days following its publication as required by law.

PASSED, ADOPTED, SIGNED AND APPROVED _____, 2026.

_____
Timothy Z. Jennings, Mayor

CITY SEAL

ATTEST

_____
Amalia Martinez, City Clerk

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Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:

Consider recommending approval to advertise for a public hearing for Ordinance 26-XX: An Ordinance authorizing the issuance of Industrial Revenue bonds, and Execution Bond Purchase Agreement, of Identure, Lease, and Sublease. (Cavin)

BACKGROUND:

Initiated by: Hessel Yntema IV

Gallagher Solar LLC seeks to develop a 2.70-megawatt (AC) community solar energy facility on two parces of land (4-137-062-173-063-000000; 4-137-062-189-117-000000), also known as "Lots One and Two (1 & 2) of Gallagher Summary Replat," located at 1612 E 2nd St, Roswell, NM 88201 (The "Property"). The Project was granted a Conditional Use Permit under Zoning Case CUP-25-0046. The Applicant intends to develop all the property with a community solar energy facility. Community solar is a relatively new feather in New Mexico that allows local residents to receive a direct benefit by subscribing to receive credits, which lowers their electricity bills. The 2.70-megawatt system is sufficient to provide credits to approximately 600 homes in Xcel. This facility will produce an electric energy power generation facility under the "Community Solar Act," for use by the Company, which will constite an industrial development project. The County has already been contacted and is not opposed to the issuance of this IRB.

The Governing Body approved of the IRB's inducement resolution in March 2026.

FINANCIAL CONSIDERATION:

See Fiscal Impact below.

The City will see increased payments over the 15-year life of the project, as well as the schools.

LEGAL REVIEW:

Legally Sufficient.

BOARD AND COMMITTEE ACTION:

The Legal Committee was the first to consider this item. The Legal Committee recommended approval 5-0 at its meeting on February 26, 2026.

STAFF RECOMMENDATION:

City management believes that this is a project that will increase revenue for the City both in the short and long term.

Attachments

Ordinance 26-XX
Lease Agreement
Indenture
Bond Purchase Agreement
Sublease Agreement

CITY OF ROSWELL, NEW MEXICO
ROSWELL CITY COUNCIL
ORDINANCE NO. 2026-___

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF ROSWELL, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BONDS (GALLAGHER SOLAR LLC PROJECT), IN A MAXIMUM PRINCIPAL AMOUNT OF UP TO $4,800,000 IN ONE OR MORE SERIES TO PROVIDE FUNDS TO FINANCE THE EQUIPPING OF AN INDUSTRIAL REVENUE BOND PROJECT FOR USE BY GALLAGHER SOLAR LLC OR ITS SUCCESSORS OR ASSIGNS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A LEASE, A BOND PURCHASE AGREEMENT, THE BONDS AND OTHER DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF THE BONDS AND THE PROJECT; AUTHORIZING A PAYMENT IN LIEU OF TAXES TO THE CITY AND ROSWELL INDEPENDENT SCHOOL DISTRICT NO. 4 BY THE PROJECT COMPANIES; AND MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO THE BONDS AND THE PROJECT; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE.

WHEREAS, the City of Roswell (the "City") is a legally and regularly created, established, organized and existing municipality under the general laws of the State of New Mexico (the "State"); and

WHEREAS, pursuant to New Mexico Statutes Annotated, Sections 3-32-1 through 3-32-16 NMSA 1978, as amended (the "Act"), the City is authorized to acquire industrial revenue projects to be located within the City, to issue industrial revenue bonds and to use the proceeds of such bonds for the purpose of promoting industry and trade by inducing manufacturing, industrial and commercial enterprises to locate or expand in this state, promoting the use of the agricultural products and natural resources of this state and promoting a sound and proper balance in this state between agriculture, commerce and industry; and

WHEREAS, Gallagher Solar LLC (the "Company"), is a limited liability company organized under the laws of the State of Delaware and qualified to do business in the State; and

WHEREAS, the Company has presented to the Roswell City Council, (the "City Council") a proposal whereby the City would (a) issue its Taxable Industrial Revenue Bonds (Gallagher Solar LLC Project), Series 2026 (the "Bonds"), and (b) acquire solar energy generating equipment and facilities (the "Project Property"), to be located within the corporate boundaries of the City, to be used by the Company for the generation and storage of electrical power; and

WHEREAS, the Company has requested that the City issue industrial revenue bonds for the purpose of providing funds to finance the acquisition, construction, installation, and equipping, of a solar energy power generating facility (the "Project"). The City has been advised by the Company that, neither location approval nor a certificate of convenience and necessity are required

prior to commencing construction or operation of the facility pursuant to the laws of the State; and

WHEREAS, under the Company's proposal, the City would enter into an Indenture (the "Indenture") with a wholly owned subsidiary of the Company, specifically created to hold the Bond (the "Purchaser"), the Company and a Depositary acceptable to the City and the Purchaser pursuant to which, together with this ordinance (the "Bond Ordinance"), the City would issue the Bonds; and

WHEREAS, under the Company's proposal, the City and the Company would enter into a Lease (the "Lease"), pursuant to which the Company will lease the Project Property from the City and the Company will make payments sufficient to pay the principal of and interest on the Bonds and to pay all other obligations incurred pursuant to the provisions of the Lease and the Bond Ordinance; and

WHEREAS, the City is authorized to enter into, deliver and perform all of its obligations under the Bond Documents and to issue, execute and deliver the Bonds pursuant to the Act and the Bond Ordinance; and

WHEREAS, the City will not operate the Project as a business or in any manner except as lessor thereof; and

WHEREAS, the Bonds in a principal amount not to exceed $4,800,000 will be issued, sold and delivered by the City, in a private sale to the Purchaser, pursuant to a bond purchase agreement to be dated as of the initial date of delivery of the Bonds, among the City, the Purchaser and the Company (the "Bond Purchase Agreement"); and

WHEREAS, the proceeds of the Bonds shall be applied to pay the costs of the Project and to pay certain costs associated with the transaction, including all the costs of the City relating to the issuance of the Bonds and the transaction;

WHEREAS, the City Council has determined that it is in the best interest of the City to issue the Bonds and to execute and deliver the Bond Documents, defined below, and other documents related thereto; and

WHEREAS, the City will enter into the following documents in connection with the issuance of the Bond:

1. Lease
2. Indenture
3. Bond Purchase Agreement
4. Bonds
5. Sublease

The Lease, Indenture, Bond Purchase Agreement, the Sublease and Bonds are collectively referred to in this Bond Ordinance as the "Bond Documents"; and

WHEREAS, the City is authorized to issue the Bonds under the Act and after having considered the Company's proposal, has concluded that it is desirable at this time to authorize the issuance of the Bonds to finance the Project and that the City's issuance of the Bonds will constitute and be a valid public purpose; and

WHEREAS, the Bonds shall not be the general obligation of the City within the meaning of any provision of the constitution of New Mexico and shall never constitute an indebtedness of the City within the meaning of any state constitutional provision or statutory limitation, and shall never constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers; and

WHEREAS, the Company has agreed to make payments in lieu of taxes to both the City and Roswell Independent School District No. 4 with respect to the Project; and

WHEREAS, this City Council has been advised by Sutin, Thayer & Browne A Professional Corporation, as bond counsel ("Bond Counsel") that the disclosure provisions of Rule 15c2-12 of the Securities and Exchange Commission are not applicable to this transaction inasmuch as the Bonds are being sold in a private sale without participation of an underwriter; and

WHEREAS, there has been published in the *Roswell Daily Record*, a newspaper of general circulation in the City, public notice of the City Council's intention to adopt this Bond Ordinance, which notice contained certain information concerning the ownership, purpose, location and size of the Project and the amount of the Bonds to be issued to finance the Project, which notice was published at least fourteen (14) days prior to final action upon this Bond Ordinance; and

BE IT ORDAINED BY THE ROSWELL CITY COUNCIL, THE GOVERNING BODY OF THE CITY OF ROSWELL, NEW MEXICO:

Section 1. RATIFICATION. All actions not inconsistent with the provisions of this Bond Ordinance previously taken by the City Council and the officials of the City directed toward approval of the issuance and sale of the Bonds be approved and the same hereby are ratified, approved and confirmed.

Section 2. FINDINGS.

A. General. The City Council hereby declares that it has considered all relevant information presented to it relating to the Bonds and the Project and hereby finds and determines that the issuance of the Bonds pursuant to the Bond Ordinance to provide funds for the Project is necessary and advisable and in the interest of and will promote industry and trade by inducing manufacturing, industrial and commercial enterprises to locate or expand in this state, promoting the use of the agricultural products and natural resources of this state and promoting a sound and proper balance in this state between agriculture, commerce and industry;

B. The City Council finds that:

(1) The Bonds will be issued for the purpose of financing the Project.

(2) The aggregate face amount of obligations to be issued with respect to financing the Project is not to exceed $4,800,000.

(3) The developer of the Project Property is the Company.

(4) The Project Property is located within the corporate limits of the City.

(5) The Company has agreed to make certain payments in lieu of taxes owed with respect to the Project and the Project Property to the City and to Roswell Independent School District No. 4

Section 3. BONDS - APPROVAL, AUTHORIZATION AND DETAIL.

A. Approval and Sale. The issuance of the Bonds in a principal amount not to exceed $4,800,000 and the use of the proceeds of the Bonds to finance the cost of the Project including payment of transaction expenses related thereto are hereby approved and confirmed. The sale of the Bonds at par at a purchase price not to exceed $4,800,000 is approved.

B. Form and Terms. Subject to the limitations set forth in this Bond Ordinance, the Bonds shall (i) be in the form and denomination and shall be numbered and dated as set forth in the Indenture, (ii) be payable as to principal and interest and subject to optional and mandatory redemption and defeasance in the amounts, upon the conditions and at the times and prices set forth in the Indenture; and (iii) be issued in a principal amount not to exceed $4,800,000, bearing interest at the rate and maturing on the date set forth in the Indenture.

C. Execution. The Bonds shall be signed by the Mayor of the City.

D. Interest Rate. The interest rate on the Bonds shall be four and seven-tenths percent (4.7%).

Section 4. AUTHORIZATION OF OFFICERS; APPROVAL OF DOCUMENTS; ACTIONS TO BE TAKEN. The Bond Documents in the proposed form presented to the City Council are hereby approved. The Mayor is authorized to approve the final terms and provisions of the Bond Documents on behalf of the City Council, provided that such final terms and provisions are substantially similar to those in this Bond Ordinance and to execute and deliver in the name and on behalf of the City, and the City Clerk or Deputy City Clerk is hereby authorized to attest, as necessary, the Bond Documents.

The Mayor, the City Manager and other officers of the City shall take such action as is necessary to effectuate the provisions of the Indenture and shall take such action as is necessary in conformity with the Act to finance the costs of the Project and for carrying out other transactions as contemplated by this Ordinance, and the Bond Documents, including, without limitation, the

execution and delivery of any closing documents to be delivered in connection with the sale and delivery of the Bonds.

The Mayor and the City Clerk or the Deputy City Clerk are further authorized to execute, authenticate and deliver such certifications, instruments, documents, letters and other agreements, including leases, subleases, security agreements and subordination agreements and instruments as requested from time to time by the Company or any lender or lenders providing financing for the Project, and to do such other acts and things, either prior to or after the date of delivery of the Bonds, as are necessary or appropriate to consummate the transactions contemplated by the Bond Documents and as are not inconsistent with the terms of this Ordinance.

Section 5. DELIVERY OF BONDS. Upon the execution of the Bond Documents and the satisfaction of the conditions set forth in the Bond Documents, the Bonds shall be executed, authenticated and delivered to the Purchaser. The Bonds shall not be valid for any purpose until the Bonds have been properly authenticated as set forth in the Indenture.

Section 6. FUNDS AND ACCOUNTS. There is established in the Indenture, and on and after the date on which the Bonds are issued there shall be maintained, the funds and accounts as set forth in the Indenture. Other funds and accounts may be established as are necessary under the Indenture.

Section 7. FINDINGS REGARDING PAYMENT OF PRINCIPAL AND OTHER MATTERS. The following determinations are made:

A. The maximum amount necessary in each year to pay the principal of and interest on the Bonds, assuming issuance of the Bonds as of July 2026, in the maximum aggregate principal amount of $4,800,000 and bearing an interest rate of 4.7%, is as follows:

Year	Total Debt Service	Principal	Interest
2027	$225,600	$-0-	$225,600
2028	$225,600	$-0-	$225,600
2029	$225,600	$-0-	$225,600
2030	$225,600	$-0-	$225,600
2031	$225,600	$-0-	$225,600
2032	$225,600	$-0-	$225,600
2033	$225,600	$-0-	$225,600
2034	$225,600	$-0-	$225,600
2035	$225,600	$-0-	$225,600
2036	$225,600	$-0-	$225,600
2037	$225,600	$-0-	$225,600
2038	$225,600	$-0-	$225,600
2039	$225,600	$-0-	$225,600
2040	$225,600	$-0-	$225,600
2041	$5,025,600	$4,800,000	$225,600

B. The Bonds will bear interest at the rate of four and seven-tenths percent (4.7%).

C. The Bonds may be redeemed at any time without premium.

D. The Company shall pay, or cause to be paid, all costs incurred by the City in connection with the issuance of the Bonds including, without limitation, bond counsel fees and financial advisor fees.

E. It shall not be necessary to deposit any amount in a debt service reserve fund or a repair and replacement reserve fund for the maintenance of the Project Property.

E. The Lease requires that the Company maintain the Project Property in safe repair and in such operating condition as is needed for its operations and carry proper insurance with respect to the Project Property.

F. The Lease requires the Company to make lease payments in an amount sufficient to pay the principal of and interest on the Bonds as principal and interest become due and to pay all Related Costs (as defined in the Lease).

G. The Lease requires the Company to make payments in lieu of taxes with respect to the Project and Project Property to the City and to Roswell Independent School District No. 4.

Section 8. LIMITED OBLIGATIONS. The Bonds shall be a special limited obligation of the City, payable solely from the Basic Rent (as defined in the Lease) paid by the Company to the City as described in the Indenture and any other property or interest of the City specifically pledged under the Indenture and shall never constitute a debt or indebtedness of the City or the State or any political subdivision thereof within the meaning of any provision or limitation of the State Constitution or statutes, and shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing power. Nothing contained in the Bond Ordinance or in the Bond Documents or any other instrument shall be construed as obligating the City (except with respect to the Project Property and the application of the revenues therefrom and the proceeds of the Bonds, all as provided in the Bond Documents), nor as incurring a pecuniary liability or a charge upon the general credit of the City or against its taxing powers, nor shall the breach of any agreement contained in the Bond Ordinance, the Bond Documents, the Bonds or any other instrument be construed as obligating the City (except with respect to the Project Property and the application of the revenues therefrom and the proceeds of the Bonds, all as provided in the Bond Documents), nor as incurring a pecuniary liability or a charge upon the general credit of the City or against its taxing power, the City having no power to pay out of its general funds, or otherwise contribute any part of the costs of constructing or equipping the Project Property, nor power to operate the Project Property as a business or in any manner except as lessor of the Project Property.

Section 9. APPROVAL OF INDEMNIFICATION. The City Council specifically requires that the Lease contain provisions relating to indemnification which provide that the

Company shall indemnify and hold harmless the City and its City Council, officials, employees and agents against liability to the Company, or to any third parties, that may be asserted against the City or the City Council, officials, members, officers, employees or agents with respect to the City's ownership of the Project Property or the issuance of the Bonds and arising from the condition of the Project Property or the acquisition, construction and operation of the Project Property by the Company, except to the extent New Mexico Statutes Annotated Section 56-7-1, 1978 Compilation, would preclude such indemnity.

Section 10. BOND ORDINANCE IRREPEALABLE. After the Bonds are issued, the Bond Ordinance shall be and remain irrepealable until the Bonds, including interest, are fully paid, canceled and discharged or there has been defeasance of the Bonds in accordance with the Indenture.

Section 11. REPEALER. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent with this Bond Ordinance are repealed by this Bond Ordinance but only to the extent of that inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, previously repealed.

Section 12. SEVERABILITY. If any section, paragraph, clause or provision of the Bond Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of that section, paragraph, clause or provision shall not affect any of the remaining provisions of the Bond Ordinance.

Section 13. RECORDING; AUTHENTICATION; PUBLICATION; EFFECTIVE DATE. This Ordinance, immediately upon its final passage and approval, shall be authenticated by the signature of the Mayor, and by the signature of the City Clerk or any Deputy City Clerk, and shall be recorded in the Ordinance book of the City, kept for that purpose, and shall be in full force and effect thereafter in accordance with the laws of the State, and notice of adoption thereof shall be published once in a newspaper which maintains an office in, and is of general circulation in the City.

Done this 14th day of May, 2026.

ATTEST:

By:_____
Amalia Martinez, City Clerk

CITY OF ROSWELL, NEW MEXICO

By: _____
Timothy Z. Jennings, Mayor

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

_____
Josh Nairn-Mahan, City Attorney

CITY OF ROSWELL, NEW MEXICO

and

GALLAGHER SOLAR LLC

LEASE AGREEMENT

Dated as of July __, 2026

Up to $4,800,000
City of Roswell, New Mexico
Taxable Industrial Revenue Bonds
(Gallagher Solar LLC Project)
Series 2026

CITY OF ROSWELL, NEW MEXICO, a political subdivision of the State of New Mexico (together with its successors and assigns, the "Issuer"), as lessor, and GALLAGHER SOLAR LLC, a Delaware limited liability company (together with its successors and assigns, the "Company"), as lessee, agree:

ARTICLE I
RECITALS

Section 1.1. Recitals.

A. The Company has requested that the Issuer issue its Taxable Industrial Revenue Bonds (Gallagher Solar LLC Project), Series 2026 in the maximum principal amount of $4,800,000 (the "Bonds"). The proceeds of the Bonds will be used to finance the Project (defined below).

B. The Issuer is authorized under Section 3-32-1 to 3-32-16, New Mexico Statutes Annotated, 1978 Compilation (the "Act") to acquire certain projects and issue its industrial revenue bonds in payment therefore and has determined that it is desirable to acquire the Project (defined below) pursuant to Ordinance No. _____ (the "Bond Ordinance") and has in the Bond Ordinance authorized the issuance of the Bonds.

C. The Bonds are to be issued under an Indenture dated as of July __, 2026 (together with any and all amendments and supplements, the "Indenture") among the Issuer, Gallagher Solar Holdings, LLC (together with its successors and assignees, and transferees of the Bonds, the "Purchaser"), the Company and BOKF, NA, as Depositary (the "Depositary''). The Bonds will be a special limited obligation of the Issuer payable solely as therein provided and the Bonds will not constitute a debt or indebtedness or pledge of the credit of the Issuer, and the Purchaser or owners of the Bonds will have no right to have taxes levied by the Issuer or to require the Issuer to use any revenues for the payment of the Bonds, except for Basic Rent (as defined in this Agreement).

D. The proceeds of the Bonds will be used to finance the acquisition of the Project Property (defined below) leased to the Company under this Lease Agreement (together with all amendments and supplements, this "Agreement").

E. The Bonds are to be purchased under a Bond Purchase Agreement dated as of July __, 2026 (together with any and all amendments and supplements, the "Bond Purchase Agreement") among the Issuer, the Purchaser and the Company.

F. The Bonds will be secured by the Indenture which constitutes, among other things, a security agreement, lien, and collateral pledge of this Agreement.

In consideration of the promises and the mutual representations and agreements hereinafter contained, the Issuer and the Company agree as follows (provided that any obligation of the Issuer created by or arising out of this Agreement will never constitute an indebtedness of the Issuer or give rise to any pecuniary liability of the Issuer, or a change against its general credit or taxing powers but will be payable solely out of Basic Rent).

ARTICLE II
DEFINITIONS AND RULES OF CONSTRUCTION

Section 2.1. Definitions. All words and terms defined in the Indenture have the same meanings when used in this Agreement. In addition:

"Additional Payments" has the meaning assigned in Section 5.3(b).

"Applicable Environmental Law" means any applicable state, federal or local law, statute, ordinance, regulation, order or rule relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or materials or pertaining to health or the environment, including, without limitation, CERCLA and RCRA, as each is amended and in effect from time to time.

"Basic Rent" has the meaning assigned in Section 5.3(a).

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"Closing Date" means the date of execution and delivery of the Bonds.

"Company Financing" means a transaction or series of transactions involving credit agreements, loan documents, letters of credit, or other instruments evidencing financial obligations to which the Company or any subsidiary or affiliate of the Company is a party entered into or occurring at any time prior to the Closing Date (as defined in the Bond Purchase Agreement) or during the Term and after the date of initial delivery of the Bonds, for the use by the Company or any subsidiary or affiliate of the Company, together with any Company Financing Lien.

"Company Financing Lien" means any pledge, encumbrance or other lien on all or any portion of the Leased Property entered into in connection with a Company Financing

"Construction Completion Date" has the meaning assigned in Section 4.4.

"Issuer PILOT" means the payment in lieu of taxes to be made by the Company to the Issuer in the amounts and on the dates set forth in Section 6.4 hereof.

"Eminent Domain" means the taking of title to, or the temporary use of; all or any part of the Project Property pursuant to eminent domain or condemnation proceedings, or by any settlement or compromise of such proceedings, or any voluntary conveyance of all or any part of the Project Property during the pendency of, or as a result of a threat of, such proceedings.

"Event of Default" has the meaning assigned in Section 8.1.

"Facility" means a solar power generation facility to be operated by the Company on the Project Site located in the City of Roswell, New Mexico, and its related supporting equipment and all improvements thereon for the generation of electricity.

"Indemnitee" has the meaning assigned in Article VI.

"Institutional Investor" means, collectively, any natural person(s) or any entity(ies) who acquire a direct or indirect interest in the Company or in the Project as a part of a transaction to ensure that the Project is owned at least in part by a person or entity able to use the federal renewable electricity production tax credits or investment tax credits and tax depreciation benefits associated with holding an ownership interest in the Project (including any subsequent transferees of any such person(s) or entity(ies)).

"Proceeds," when used with respect to any insurance proceeds or any award resulting from, or other amount received in connection with, Eminent Domain, means the gross proceeds from the insurance or such award or other amount.

"Project" means the acquisition of the Project Property for use at the Facility.

"Project Property" means that equipment and other personal property as described in Exhibit A attached hereto.

"Project Site" means the real property currently owned by the City of Roswell, New Mexico and located within the boundaries of the City of Roswell, New Mexico described in Exhibit A and leased by the company pursuant to the Site Lease described on Exhibit A.

"RCRA" means the Resource Conservation and Recovery Act of 1976.

"Related Costs" means expenditures incurred or to be incurred with respect to the Project, including, without limitation, the acquisition, installation and construction of the Project Property.

"Rent" means Basic Rent and any Additional Payments under this Agreement.

"School District" means Roswell Independent School District No. 4.

"School District PILOT" means the payment in lieu of taxes to be made by the Company to the School District in the amount and on the dates set forth in section 6.5 hereof.

"State" means the state of New Mexico.

"Term" means the duration of the leasehold estate created by this Agreement pursuant to Section 5.1 hereof.

"TRD" means the New Mexico Taxation and Revenue Department.

Section 2.2. Rules of Construction.

(a) The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

(b) All references in this Agreement to particular articles, sections or exhibits are references to articles or sections of or exhibits to this Agreement unless some other reference is established.

(c) Any inconsistency between the provisions of this Agreement and the provisions of the Indenture will be resolved in favor of the provisions of this Agreement.

ARTICLE III
REPRESENTATIONS

Section 3.1. Issuer Representations. The Issuer represents that, as of the date of delivery of this Agreement:

(a) The Issuer is a political subdivision, organized and existing under the laws of the State.

(b) The Issuer has duly authorized by an ordinance of the governing body of the Issuer adopted at a meeting duly called and held by the affirmative vote of not less than a majority of its members, the execution, delivery and performance of the Bond Documents, the Bonds and the issuance of the Bonds, all for the purpose of financing the Project including the acquisition, construction and equipping of the Project Property and paying certain costs related to the issuance of the Bonds.

(c) To the knowledge of the Issuer, (i) the execution, delivery and performance by the Issuer of the Bond Documents will not conflict with or create a material breach of or material default under the Act or any other law, rule, regulation or ordinance applicable to the Issuer or any agreement or instrument to which the Issuer is a party or by which it is bound, and (ii) there is no action, suit, proceeding, inquiry or investigation by or before any court, public board or body, pending or threatened against the Issuer, which seeks to or does restrain or enjoin the issuance or delivery of the Bonds or the execution and delivery of any of the Bond Documents or in any manner questions the validity or enforceability of the Bonds or any of the Bond Documents.

Section 3.2. Company Representations. The Company represents that, as of the date of delivery of this Agreement:

(a) The Company is a limited liability company duly organized and validly existing under the laws of Delaware, is in good standing under the laws of Delaware, is a duly registered foreign limited liability company authorized to do business in New Mexico, and has duly authorized the execution, delivery and performance of this Agreement and the Bond Purchase Agreement.

(b) The Company has full legal right, power and authority to carry out and consummate the transactions contemplated by this Agreement and the Bond Purchase Agreement, all of which have been duly authorized by all necessary action on the part of the Company.

(c) The execution, delivery and performance by the Company of this Agreement and the Bond Purchase Agreement and the application by the Company of the proceeds

of the issuance and sale of the Bonds as provided in the Bond Documents do not and will not conflict with, contravene, violate or constitute a breach of or default under the articles of organization or operating agreement of the Company or any material agreement to which the Company is a party or by which the Company or its properties or the Project Property is bound or any law, rule, regulation, ordinance, order, consent, or decree, applicable to the Company, its properties or the Project Property if such conflict, contravention, violation, breach or default could materially affect the ability of the Company to perform its obligations under the Bond Documents.

(d) This Agreement and the Bond Purchase Agreement constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(e) No Default or Event of Default, or event or condition which, with notice or lapse of time or both, would constitute a Default or an Event of Default, with respect to the Company has occurred and is continuing.

(f) There is no action, suit, proceeding, inquiry or investigation by or before any court, public board or body pending or, to the best of the knowledge of the Company, threatened against the Company, which (i) seeks to or does restrain or enjoin the issuance or delivery of the Bonds or the execution and delivery of any of the Bond Documents, (ii) questions the validity or enforceability of the Bonds or any of the Bond Documents, (iii) questions the authority of the Company to own, lease or operate any of the Project Property, or (iv) if adversely determined, would have a material adverse effect on the Project Property or the Company's ability to perform its obligations under the Bond Documents.

(g) All necessary authorizations, approvals, consents and other orders of any governmental authority or agency for the execution and delivery by the Company of this Agreement and the Bond Purchase Agreement have been obtained and are in full force and effect.

(h) The Company acknowledges that the Issuer has made no warranty or representation, express or implied, that the amount in the Acquisition Fund, as defined in Section 701 of the Indenture, will be sufficient to pay the Related Costs or that the Project Property will be suitable for the Company's needs.

(i) The Company will not use or operate the Project, or permit the Project to be used or operated, in any way which would adversely affect the qualification of the Project as a "project" under the Act. None of the proceeds of the Bonds will be used to provide working capital.

(j) The acquisition, construction and installation of the Project Property by the Company and the operation thereof will comply in all material respects with applicable zoning, planning, building, environmental and other regulations of the governmental authorities having jurisdiction over the Facility, and all permits, licenses, consents and permissions necessary for the Facility have been or will be obtained in due course.

(k) The Project Property is located within the corporate boundaries of the City of Roswell, New Mexico and is or will be an electric generation facility which does not require location approval and a certificate of convenience and necessity prior to construction or operation of the facility pursuant to the New Mexico Public Utility Act, Sections 62-3-1, et seq., NMSA 1978.

(l) No representation made by the Company in this Agreement and no statement made by the Company in any written information, material or report furnished to the Issuer or the Purchaser in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the representation or statement, in light of the circumstances under which it is made, not misleading.

(m) The representations of the Company in this Section 3.2 and in any other instrument delivered by the Company in connection with the transactions contemplated by the Bond Documents will survive the execution and delivery of this Agreement, the issuance, sale and delivery of the Bonds for one year as representations of facts existing as of the date of execution and delivery of the Bond Documents or other instrument containing such representation.

ARTICLE IV
THE PROJECT AND THE COMPANY

Section 4.1. Acquisition, Equipping and Completion. The Company will acquire and install the Project Property as agent for the Issuer under the Act and applicable TRD regulations. To the extent necessary, after all proceeds of the issuance of the Bonds have been exhausted, the Company will finance the completion of the Project with other funds. The Project Property will at all times during the Term be located within the City of Roswell, New Mexico. The Issuer makes no warranty that the proceeds of the issuance and sale of the Bonds will be sufficient to pay all the Related Costs. The Company will obtain at the necessary time all licenses and permits required for the occupancy and operation of the Project Property.

Section 4.2. Plans and Specifications; Changes. The Company may make changes, supplements, amendments and additions, omissions or substitutions for components of the Project Property without the approval of the Issuer or the Purchaser. If the Company elects to make any such change, supplement, amendment, addition, omission or substitution which would make the description of the Project Property contained in Exhibit A materially inaccurate, the Company will revise the description of the Project Property set forth in Exhibit A, accordingly and will deliver a copy of such revised Exhibit A, certified by an Authorized Company Representative, to the Issuer and the Purchaser. The Issuer and Company will take such further actions as necessary to effect such change including executing, delivering, and recording a bill of sale, assignment and any amendments to the Bond Documents. Notwithstanding the foregoing, the Company will not make any changes, supplements, amendments, additions, omissions, or substitutions or otherwise change or operate the Project Property or permit the Project Property to be operated so as to cause the Project Property not to be a "project" within the meaning of the Act as in effect on the date of issuance of the Bonds, and the Company will not take or omit to take any action which will result in the Bond proceeds being applied in violation of the Bond Documents.

Section 4.3. No Warranty of Condition or Suitability by Issuer. THE COMPONENTS OF THE PROJECT PROPERTY HAVE BEEN DESIGNATED AND SELECTED BY THE COMPANY. THE ISSUER HAS NOT MADE AN INSPECTION OF ANY PORTION OF THE PROJECT PROPERTY. THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS, IMPLIED OR OTHERWISE, WITH RESPECT TO ANY PORTION OF THE PROJECT PROPERTY OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY OF THE SAME, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN THE SAME. ALL RISKS INCIDENT TO THE PROJECT PROPERTY ARE TO BE BORNE BY THE COMPANY. THE ISSUER WILL HAVE NO LIABILITY WITH REGARD TO OR ARISING OUT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN ANY PORTION OF THE PROJECT PROPERTY, WHETHER PATENT OR LATENT. THE PROVISIONS OF THIS SECTION 4.3 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY PORTION OF THE PROJECT PROPERTY, WHETHER ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

Section 4.4. Construction Completion Date. The Company will complete the Project as promptly as practicable and, in any event, within the five-year anniversary date of this Agreement. On the date the Project is complete and a certificate of occupancy has been obtained for the Facility (if such certificate is required to be obtained) (the "Construction Completion Date"), the Company will deliver to the Issuer and the Depositary a certificate signed by an Authorized Company Representative stating that, except for specified amounts remaining in the Acquisition Fund for any specified Related Costs incurred by the Company but not then due and payable, the Project is complete and all costs of labor, services, materials and supplies in connection with the Project have been paid for or provisions have been made for their payment. After the transfer of remaining moneys in the Acquisition Fund to the Company pursuant to Section 706 of the Indenture, the Company will have sole responsibility for the payment of any Related Costs in excess of the amount specified to be retained in the Acquisition Fund. Upon completion, the Project Property will comply in all material respects with all building codes, and other laws, ordinances, rules and regulations applicable to the Project Property or the Facility.

Section 4.5. Gross Receipts and Compensating Tax. The Company, either on its own behalf or as agent for the Issuer pursuant to Section 4.1 and this Section, will file returns for reporting and paying compensating tax which is due because of the Project and promptly will pay, as a Related Cost, any gross receipts or compensating tax due from the Issuer under any such returns. To the extent consistent with or required by State law, the Issuer will cooperate with the Company in the obtaining of Nontaxable Transaction Certificates from the TRD for delivery to suppliers with respect to the Project Property as may be applicable under the New Mexico Gross Receipts and Compensating Tax Act. The Company shall take delivery of all Project Property as agent of the Issuer and may specify such agency relationship on all purchasing and delivery documentation corresponding to the Project Property. It is the intention of the Issuer and the Company that the Company shall be deemed to be acting as agent for the Issuer with respect to all purchases of Project Property to the extent consistent with the terms set forth herein, even if certain purchasing and delivery documentation may not expressly disclose or identify such agency

relationship. The Company will pay any gross receipts or compensating tax plus applicable penalty and interest which is found by the TRD to be due from the Company or the Issuer because of the purchase or use of the Project Property or any component of the Project Property by the Company or the Issuer. The Company, at its sole expense, may request any rulings from the TRD which the Company determines might be necessary or desirable to clarify the New Mexico gross receipts and compensating tax results of transactions related to the Project and may dispute, at its sole expense, in any manner authorized by the New Mexico Tax Administration Act, any gross receipts or compensating tax liability imposed on the Company or the Issuer because of the Project. The Issuer will, at the sole expense of the Company, join in any reasonable modifications to this Agreement which are necessary or desirable to obtain Nontaxable Transaction Certificates or otherwise reduce the gross receipts and compensating tax imposed on the Company or the Issuer as a result of or in connection with the acquisition, construction and installation of the Project Property and will otherwise cooperate with the Company to address any reasonable request of the Company regarding issues raised by TRD with respect to Non-Taxable Transaction Certificates. The Company will employ Nontaxable Transaction Certificates solely to purchase Project Property and will not employ Nontaxable Transaction Certificates for purchases after the Construction Completion Date or for purchases in amounts greater than the proceeds of the Bonds.

Section 4.6. Compliance With Law. The Company will obtain or cause to be obtained all necessary permits and approvals, for the occupancy, operation and maintenance of the Project Property and will comply in all material respects with all Applicable Environmental Laws and all lawful requirements of any governmental body, agency or department regarding the use, condition or operation of the Project Property. The Company may in good faith contest the validity or the applicability of any such requirement. During the period of such contest and any related appeal, this Section 4.6 will be deemed satisfied with respect to the requirement so contested.

To the extent that the use which the Company makes or intends to make of the Project Property will result in the manufacturing, treatment, refining, transportation, generation, storage, disposal or other release or presence of any hazardous substance or solid waste on or to the Project Property, such use will be in accordance with all applicable law, including any applicable regulations. For purposes of this paragraph, the terms "hazardous substance" and "release" will have the meanings specified in CERCLA, and the term "disposal" (or "disposed") will have the meaning specified in RCRA; provided, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning will apply subsequent to the effective date of such amendment, and provided, further, to the extent that the laws of the State establish a meaning for "hazardous substance," "release," or "disposal" which is broader than that specified in either CERCLA or RCRA, such broader meaning will apply; provided, further, that the term "hazardous substance" will also include those listed in the U.S. Department of Transportation Table (49 C.P.R. 172.101) and amendments thereto from time to time.

The Company agrees to promptly notify the Purchaser and the Issuer of any violation of any Applicable Environmental Laws of which the Company becomes aware.

Company shall, at Company's sole cost and expense, remove or take remedial action with regard to any hazardous substance for which any removal or remedial action is required pursuant to any Applicable Environmental Laws. Company shall indemnify, defend, protect and hold the Issuer and the Issuer's councilors, employees and agents free and harmless from any liability

(including, without limitation, costs, reasonable attorneys and consulting fees, investigation, laboratory fees and litigation expenses) arising out of (a) a release of any hazardous substance in, on or under the Project Site or (b) the violation by Company or its employees, agents or contractors of any Applicable Environmental Laws. The indemnity obligations stated in this Section are in addition to the other indemnity obligations of Company hereunder and shall survive the termination of this Agreement.

Section 4.7. Nuisance Not Permitted. The Company will use reasonable care to not commit a nuisance in connection with its use or occupancy of the Project Property.

Section 4.8. Taxes and Utility Charges. The Company will pay or cause to be paid, as and when due, (i) all taxes, assessments, and governmental and other charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project Property, (ii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project Property and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by any lien on the Project Property. The Company may, in good faith, contest the amount or validity of any such levy, tax, assessment or other charge by appropriate legal proceedings. During the period of such contest and any related appeal, this Section 4.8 will be deemed satisfied with respect to any such levy, tax, assessment or other charge so contested.

Section 4.9. Maintenance. The Issuer will not be under any obligation to, and will not, operate, maintain or repair the Project Property. The Company will, at its own expense, keep the Project Property in safe repair and in such operating condition as is needed for its operations. The Company will use commercially reasonable efforts to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable, inappropriate or unnecessary equipment to the extent necessary to ensure the continued operation of the Project Property as a "Project" as defined under the Act for the Term of this Lease Agreement.

Section 4.10. Replacement and Removal of Project Property. The Company may replace or remove and/or sell, trade in, exchange or otherwise dispose of any machinery, equipment or fixtures constituting a part of the Project Property, without any responsibility or accountability to the Issuer, and thereby acquire title to such machinery, equipment or fixtures, provided that such replacement or removal will not change the nature of the Project as a qualified "project" as defined in and as contemplated by the Act. Upon request and at the expense of the Company, the Issuer will deliver to the Company appropriate instruments evidencing the acquisition by the Company of title to any machinery, equipment or fixtures permitted by this Section 4.10 to be so replaced or removed. The provisions of Article X govern the delivery and form of any such instruments. The removal from the Project of any portion of the equipment, if any, pursuant to the provisions of this Section will not entitle the Company to any abatement or diminution in amount of the Basic Rent, Additional Payments, School District PILOTs or Issuer PILOTs payable under this Agreement. The Company may acquire machinery, equipment or other property (other than fixtures) which does not constitute a part of the Project Property and title to any such property will not thereby be transferred to the Issuer.

Section 4.11. Eminent Domain; Damage; Destruction. The Company will give prompt notice to the Issuer and the Purchaser of any material damage to or destruction of the Project

Property. If either the Issuer or the Company receives notice of the proposed taking of all or any part of the Project Property by Eminent Domain, it will give prompt notice to the other and the Purchaser. Any such notice will describe generally the nature and extent of such damage, destruction, taking or proposed taking. The Proceeds resulting from the exercise of Eminent Domain with respect to or from any damage to or destruction of all or any portion of the Project Property shall at the option of the Purchaser, be applied to the prepayment of the Bond or paid to the Company.

Section 4.12. Access and Inspection. The Company authorizes the Issuer and the Purchaser and their duly authorized agents during regular business hours, upon two (2) days prior written notice, such rights of access to the Project Property as may be reasonably necessary to inspect the progress of the Project. Such rights of access and entry will not be terminated, curtailed or otherwise limited by any sale, assignment, lease or other transfer of the Project Property by the Company to any other Person.

Section 4.13. Assessment in the Company's Name. If this Agreement has not been terminated on or before the fifteenth anniversary of this Agreement, the Company will take all necessary action to have the Project Property assessed for property tax purposes in the name of the Company on or within thirty (30) days before the fifteenth anniversary of this Agreement, and the Company will pay all ad valorem taxes on the Project Property from and after such date. If the Project Property must be conveyed to the Company to accomplish such assessment, the Company will promptly notify the Issuer and the Issuer will convey the Project Property to the Company, and this Agreement will thereafter be construed to be an installment sale agreement and all terms and provisions of this Agreement will remain in full force and effect. The provisions of Article X govern the manner and form of any such conveyance. Notwithstanding the foregoing, if the Company fails to take all necessary action to have the Project Property assessed for property tax purposes in the name of the Company thirty (30) days before or on the tfifteenth anniversary of this Agreement, the Issuer may terminate this Agreement and execute, deliver and cause to be recorded, at the expense of the Company, a quitclaim deed, assignment of easements and a bill of sale with respect to the Project Property. In anticipation of the conveyance of the Project Property by the Issuer to the Company, the Issuer will, upon the request of the Company, deliver to an escrow agent agreed to by the Issuer and the Company appropriate documents, including, but not limited to, a quitclaim deed, an assignment of easements and other real property rights and a bill of sale, prepared by the Company at the Company's expense, conveying to the Company the Issuer's interest in the Project Property; such documents to be delivered to the Company at the time of purchase of the Project Property.

Section 4.14. Use of Project Property.

(a) The Company will use the Project Property or cause the Project Property to be used continuously during the Term as defined in Section 5.1(a) below, so as to constitute a "project" within the meaning of the Act as in effect on the date of issuance of the Bonds. As used in the first sentence of this Section 4.14(a), "continuously" means regularly and on a schedule consistent with that of similar facilities in the United States. Temporary cessation of operations shall not constitute a failure by the Company to comply with this Section 4.14(a) if such temporary cessation is (i) as a result of maintenance or retooling or for repair or replacement of facilities, or due to slack demand or other similar circumstances, in each case not exceeding fifteen (15)

consecutive days (unless the Issuer agrees in writing to a longer period) or (ii) as a result of acts of God or the public enemy, labor disputes or strikes or for any other reason beyond the reasonable control of the Company.

(b) If the Company fails to comply with the first sentence of subsection (a) of this Section 4.14, the Company shall pay to the Issuer an amount equal to all ad valorem, gross receipts and compensating taxes abated as a result of the Project being owned by the Issuer less all amounts paid by the Company pursuant to Sections 6.4 and 6.5.

Section 4.15. Existence. Unless its successor or the transferee of its assets, as the case may be, assumes in writing all of the obligations of the Company under the Bond Documents, the Company will maintain its existence as a limited liability company and will not dispose of all or substantially all of its assets, other than through execution of this Agreement. The Company shall have the right to change its organizational structure if such a change is necessary to permit the Company as restructured to remain eligible for any tax credit, benefit or incentive for alternative energy expenditure established by any local, state or federal government, provided such restructured organization assumes in writing all of the obligations of the Company under the Bond Documents. Original executed copies of such assumption will be delivered to each of the other Parties on or before the effective date of such succession or transfer. To the extent necessary under State law, the Company and its successors or transferees will become and remain authorized to transact business in the State and, if applicable, in good standing in the State.

Section 4.16 Insurance. The Company will keep the Project Property continuously insured against such risks and in such amounts, with such deductible provisions, as are customary in connection with the operation of facilities of the type, location and size comparable to the Project, as reasonably determined by the Company. Each policy of such insurance will show the Company as loss payee and the Issuer as an additional insured under such policies as the respective interests of such parties may appear. Such insurance may, to the extent permitted under applicable law, be provided by blanket policies maintained by the Company, by a captive insurance company controlled by the Company or through self-insurance. Such insurance will include extended coverage insurance and general liability insurance against liability for (i) claims for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition of the Project Property, and (ii) liability with respect to the Project Property under the workers' compensation laws of the State (unless the Company has complied with the requirements of the law of the State for self-insurance).

Section 4.17 Subleases; Granting and Release of Easements; Amending or Modifying Subleases and Easements. The Company may at any time or times cause to be granted subleases, easements, licenses, rights-of-way (temporary or perpetual and including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project and such grant will be free from the lien or security interests created by the Indenture or this Agreement, or the Company may cause to be amended, modified or released existing subleases, easements, licenses, rights-of-way and other rights or privileges in the nature of easements, held with respect to any property included in the Project Property with or without consideration, and the Issuer agrees that it will, at the expense of the Company, execute and deliver any instrument necessary or appropriate to confirm and grant, amend, modify or release any such sublease, easement, license, right-of-way or other right or privilege upon receipt of: (i) a

copy of the instrument of grant, amendment, modification or release, and (ii) a written application of the Company signed by an authorized representative of the Company requesting such instrument and stating (1) that such grant, amendment, modification or release is not detrimental to the proper conduct of the business of the Company, and (2) that such grant, amendment, modification or release will not impair the effective use or materially interfere with the operation of the Project Property; will not materially diminish or impair the security intended to be given by or under this Agreement or the Indenture and will not materially diminish or impair the obligations of the Company under this Agreement or the Indenture.

ARTICLE V
LEASE; TERM; POSSESSION; RENT

Section 5.1. Lease of the Project Property; Term.

(a) The Issuer hereby leases the Project Property to the Company pursuant to the terms of this Agreement. This Agreement shall become effective upon its execution and delivery, and the leasehold estate created hereby and the Term shall then begin, and subject to the provisions of this Agreement, the Term shall expire on the earlier of (i) July __, 2041 or (ii) on such earlier date as the payment or redemption and discharge of the whole amount of the principal and interest on the Bonds at the time outstanding shall have been made as provided in the Indenture, or on such earlier date as arrangements satisfactory to the Issuer and the Purchaser for such payment or redemption and discharge of the Bonds shall have been made. The parties acknowledge that the Company may pay, discharge and redeem the Bonds by offsetting amounts owed under the Bonds to the Purchaser against monies owed to the Company by the Purchaser, including but not limited to monies advanced by the Company to the Purchaser in anticipation of making Bond advances under the Indenture.

(b) Upon the termination of this Agreement, all right, title and interest of the Issuer and the Purchaser under this Agreement shall thereupon cease, terminate and become void, the Bonds shall cease to be entitled to any benefit under this Agreement, and, except as otherwise provided in Section 6.7, all covenants, agreements and obligations of the Company to the Purchaser, the Issuer (except for the provisions pertaining to Issuer indemnification), and with respect to the School District, the School District PILOTs, shall thereupon cease, terminate and become void.

Section 5.2. Quiet Enjoyment. So long as no Event of Default has occurred and is continuing, the Issuer will not take any action, other than pursuant to Section 4.11 or Article VIII, to prevent the Company from having quiet and peaceable possession and enjoyment of the Project Property during the Term (except as necessary with respect to Eminent Domain or condemnation for public projects and purposes) and will, at the request of the Company and at the Company's expense, including all expenses incident to any legal action, to the extent that the Issuer may lawfully do so, join in any legal action in which the Company asserts its right to such possession and enjoyment.

Section 5.3. Basic Rent and Additional Payments.

(a) The Company will pay to the Purchaser for the account of the Issuer such amounts at such times as are required to make all payments of principal of, interest on and redemption price of the Bonds in accordance with the terms of the Bonds and the Indenture as and when due (the "Basic Rent"), and the Company shall take all such actions relating to the withholding and reporting of interest as are required by the Internal Revenue Code of 1986, as amended. A copy of the anticipated payment schedule for the Bonds is attached hereto as Exhibit B. The parties acknowledge that the Company may pay, discharge and redeem the Bonds by offsetting amounts owed under the Bonds to the Purchaser against monies owed to the Company by the Purchaser, including but not limited to monies advanced by or on behalf of the Company to or on behalf of the Purchaser in anticipation of making Bonds advances under the Indenture.

(b) The Company will make payments (the "Additional Payments") to or on behalf of the Issuer and the School District for all actual costs, expenses and taxes (including, but not limited to costs attributable to work performed by in-house staff and the fees of its outside advisors including counsel and its financial advisor) paid or incurred by the Issuer or the School District in connection with (i) the discussion, review, negotiation, preparation, approval, execution and delivery of the Bonds, the Indenture, this Agreement, and the other documents and instruments related hereto and thereto through the Closing Date, all of which amounts shall be paid in full on or before the Closing Date, (ii) any amendments or modifications to any of the foregoing documents, instruments or agreements and the negotiation, preparation, approval, execution and delivery of any and all documents necessary to effect such amendments or modifications, (iii) the enforcement by the Issuer or the School District, during or after the Term of any of the rights or remedies of the Issuer or the School District under any of the foregoing documents, instruments or agreements including without limitation, costs and expenses of collection, whether or not suit is filed, (iv) the servicing and administration of the Bonds during the Term or thereafter, and (v) any requested subordination of the Issuer's interest in the Project Property to a Lender.

(c) Additional Payments that are not paid when due will bear interest at a rate equal to the prime rate as most recently published in the "Bonds, Rates and Yields" table of the Wall Street Journal, as in effect from time to time, plus 200 basis points until paid in full.

Section 5.4. Obligations Unconditional; Rights of Setoff.

(a) The obligation of the Company to pay Rent and to perform its other obligations under this Agreement is absolute and unconditional and, except as otherwise provided in 5.4(b) below, will not be subject to diminution by setoff, counterclaim, abatement or otherwise, whether as a result of Eminent Domain with respect to, damage to or destruction of or removal of all or any portion of the Project Property or any other event or condition. In the event the Issuer fails to perform its obligations under this Agreement, the Company may, subject to the limitations imposed by Section 11.3, institute such action against the Issuer as the Company may deem necessary to compel performance of those obligations of the Issuer set forth in Sections 4.5, 5.2, 7.1, 7.2, and Article X. The Company may also, at its own cost and expense and in its own name or, if necessary, in the name of the Issuer prosecute or defend any action or proceeding or take any other action involving third parties which the Company deems reasonably necessary in order to secure or protect its title to or its right of possession, occupancy and use of the Project Property. In such event, if no Event of Default has occurred and is continuing, the Issuer will cooperate with the Company, so long as it is not the adverse party, upon receipt of indemnity satisfactory to the

Issuer against any out-of-pocket cost, expense (including reasonable counsel fees and expenses) or liability the Issuer may incur or suffer as a result of or in connection with such cooperation.

(b) Notwithstanding the above paragraph, it is the intention of this Agreement that the Company shall make Basic Rent payments to the Purchaser for the account of the Issuer, in such amounts and at such times as are required to make payments of principal of, interest on and redemption price of the Bond in accordance with the terms of the Bond Documents as and when due, and the parties acknowledge that all such Basic Rent payments may be offset against any monies due and payable to the Company from the Purchaser in connection with any funds advanced by or on behalf of the Company to or on behalf of the Purchaser in anticipation of any Advances to the Acquisition Account (as defined in the Indenture) as provided for under Section 702 of the Indenture. The Purchaser will look only to the Company for payment of the Bonds and upon the security granted in the Indenture for the Company's obligations under this Agreement. As described in Section 7.1, the Issuer will assign and pledge to the Purchaser certain of its rights, title and interests in and to this Agreement including the right to receive payments of Basic Rent hereunder.

Section 5.5. Net Lease. This Agreement will be deemed and construed to be a "net lease," and the Company will pay Rent, absolutely net, and except as set forth in Section 5.4(b) hereof, free of any deductions and without abatement, diminution or setoff.

ARTICLE VI
SPECIAL COVENANTS

Section 6.1. Recording and Filing; Further Assurances. The Company will, at the expense of the Company, take all actions that at the time are and from time to time may be reasonably necessary to perfect, preserve, protect and secure the interests of the Issuer and the Purchaser in and to the Rent and in the Project Property, including, without limitation, the recordation of this Agreement and the Indenture, the filing of financing statements and continuation statements and the execution, acknowledgment, delivery, filing and recordation of such other instruments as may reasonably be required in carrying out the intention of or facilitating the performance of this Agreement.

Section 6.2. Claims; Liens. The Company will pay and discharge and will indemnify and hold harmless the Issuer from (a) any lien or charge upon payments by the Company to, or for the account of, the Issuer under this Agreement (other than the Indenture) and (b) any taxes, assessments, impositions and other charges in respect of the Project Property. If any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Issuer will give prompt notice to the Company of any such lien, taxes, assessments, impositions or other charges of which the Issuer has actual notice, and the Company will have the sole right and duty to assume the defense of the same and will have the power to litigate, compromise or settle the same.

Section 6.3. Release and Indemnification.

The Company releases the Issuer, its Councilors, officials, employees and agents (each an "Indemnitee") from, and will indemnify each Indemnitee against all liabilities, claims, costs and

expenses imposed upon, incurred or asserted against any Indemnitee on account of: (a) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the installation, maintenance, operation and use of the Project Property; (b) the inaccuracy of any representation by the Company (regardless of whether the Company was aware of such inaccuracy at the time the representation was made) or any breach or default on the part of the Company in the performance of any representation, covenant or agreement of the Company under this Agreement, or any related document, or arising from any acts or failure to act by the Company, or any of its agents, contractors, servants, employees or licensees; (c) the Company's failure to comply with any requirements of this Agreement; (d) suits, legal or administrative proceedings, demands, losses, liabilities, damages, claims, causes of action, costs and expenses resulting from or in any way connected with the presence, release or disposal in or under the Project Site of, any hazardous substances (as defined in CERCLA), hazardous wastes (as defined in RCRA), oils, radioactive materials, asbestos in any form or condition, any pollutant or contaminant or hazardous, dangerous or toxic chemicals, materials or substances within the meaning of any Applicable Environmental Law; (e) any liability, whether under federal or state securities laws or otherwise, that may arise as a result of inaccurate information supplied by the Company in connection with the issuance of the Bonds or any subsequent sale of the Bonds; (f) any other loss, claim, damage, penalty, liability, disbursement, litigation expenses and attorneys' fees or court costs arising out of or in any way relating to the execution or performance of this Agreement, actions taken under the Indenture, the issuance of the Bonds, the ownership or leasing of the Project Property or any other cause whatsoever pertaining to the Project Property; and (g) any claim, action or proceeding brought with respect to the matters set forth in clauses (a) through (f). The Issuer will not be liable to the Company, and the Company releases and discharges the Issuer from any liability for any and all losses, costs, expenses (including attorneys' fees), damages, judgments, claims and causes of action paid, incurred or sustained by the Issuer as a result of or relating to any action, or failure or refusal to act on the part of the Purchaser or the Depositary with respect to the Bonds, the Bond Documents or the transactions contemplated thereby, including without limitation the exercise by the Purchaser of any of its rights thereunder. This Section 6.3 is not intended in any way to detract from provisions of the Bond Documents to the effect that the Issuer is not to incur any pecuniary liability with respect to the transactions contemplated by the Bond Documents.

Notwithstanding the fact that it is the intention of the parties that the Issuer will not incur pecuniary liability by reason of this Agreement or the undertakings of the Issuer under this Agreement, by reason of the issuance of the Bonds, the execution of the Bond Documents, the performance of any act required of it by the Bond Documents, the performance of any act related to the Bond Documents or the Bonds requested of it by the Company or its position as owner or lessor of the Project Property, nevertheless if the Issuer incurs any such pecuniary liability or the same is claimed or sought, then in such event the Company will indemnify and hold harmless the Issuer against all claims by or on behalf of any person arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Company will defend the Issuer in any such action or proceeding.

In case any action or proceeding is brought against any Indemnitee in respect of which indemnity may be sought hereunder, such Indemnitee will give notice of the action or proceeding to the Company, and the Company, upon receipt of that notice, will have the obligation and the

right to assume the defense of the action or proceeding; provided that failure of an Indemnitee to provide such notice will not relieve the Company from any of its obligations under this Section unless that failure prejudices the defense of the action or proceeding by the Company, in which case the liability of the Company under this Section shall be reduced only by an amount equal to the amount of the loss sustained by the Company solely as a result of such failure to notify. The Company will have no obligation to indemnify any Indemnitee with respect to any settlement entered into by such Indemnitee without the prior consent of the Company (which consent will not be unreasonably withheld).

The provisions of this Section will be enforceable by the Issuer to the full extent permitted by law, but will not include the gross negligence or willful misconduct of the Indemnitees. The provisions of this Section will survive the payment of the Bonds and the termination of this Agreement.

Nothing in this Section 6.3 shall be deemed a waiver of or revision to the application of the provisions of the New Mexico Tort Claims Act, NMSA 1978 Section 41-4-1 *et seq*., as amended, as applicable to the Issuer.

Section 6.4. Payments to Issuer. The Issuer and the Company acknowledge that during the Term, the Project Property will be exempt from property taxation pursuant to Section 7-36-3 NMSA 1978. The total annual fixed payment in lieu of taxes to be paid by the Company is as set forth on Exhibit C (the "Total PILOT"), of which a portion shall be paid to and retained by the Issuer as the Issuer PILOT (as defined below) and a portion of which shall be paid to the School District as the School District PILOT (as defined below). For the purpose of Section 3-32-6.A(2)(b) NMSA 1978, the Total PILOT shall be deemed to be the amount "received" by the Issuer.

The Company shall make an annual fixed payment in lieu of taxes to the Issuer (the "Issuer PILOT") in the amount of set forth on Exhibit C on the first anniversary date of this Agreement and, thereafter, on each succeeding anniversary date of this Agreement (each such payment date, a "PILOT Payment Date") during the Term, such Issuer's PILOT amount representing the Issuer's respective portion of the Total PILOT.

Section 6.5. Payments to School District. The Company shall make an aggregate annual fixed payment in lieu of taxes to the School District in the amount of set forth on Exhibit C (the "School District PILOT") on each PILOT Payment Date during the Term, such School District PILOT representing the School District's respective portion of the Total PILOT. The School District PILOT as set forth herein has been calculated in accordance with the requirements of Section 3-32-6.A(2) NMSA 1978. For the purposes of establishing the minimum School District PILOTs as required under Section 3-32-6.A(2) NMSA 1978, the Company hereby represents that none of the Project Property was subject to New Mexico Property Taxes in the tax year immediately preceding the date of issuance of the Bonds (the "Prior Tax Year") and, accordingly, no New Mexico Property Taxes were due or payable to any of the School Districts with respect to the Project Property in the Prior Tax Year.

ARTICLE VII
ASSIGNMENT, LEASING AND SELLING

Section 7.1. Assignment of Rights by the Issuer. Concurrently with issuance of the Bonds, the Issuer will assign to the Purchaser certain of the Issuer's rights, title and interests in and to this Agreement, pursuant to the Indenture, as security for payment of the principal of, interest on and redemption price of the Bonds. Thereafter, the Purchaser will be vested with, and authorized to exercise, such rights of the Issuer and the Purchaser under this Agreement. The Company consents to such assignment.

Section 7.2. No Other Transfer by Issuer. Except for the assignment described in Section 7.1 and Article X hereof or transfer to the Company in accordance with Section 4.13 or 8.3, the Issuer will not sell, assign, transfer or convey its rights, title or interests in this Agreement or the Project Property, or its obligations under this Agreement. Except for liens created or permitted by the Company, the Issuer will not cause or create any liens on the Project Property and will cooperate with the Company to defend the Project Property and the Company from and against any claims of lien.

Section 7.3. Assignment, Lease, Mortgage and Sale by the Company. The rights of the Company under this Agreement may be assigned, and the rights of the Company in the Project Property may be assigned, subleased, mortgaged or sold as a whole or in part by the Company. The Company may, sublease, mortgage or sell the Project Property and assign its rights under this Agreement, in whole or in part and the Company shall provide the Issuer and the Purchaser with notice of such assignment within thirty (30) days after the effective date of such assignment. Notwithstanding the foregoing, any assignment, sublease, mortgage or sale of Project Property that purports to relieve the Company from liability for making payments of Rent and for the performance of all other obligations of the Company under this Agreement and its obligations for the Project Property, will require the assumption in writing by any assignee, sublessee or purchaser of the obligations of the Company under this Agreement, and, the prior written consent of the Issuer. Any mortgagee or assignee that does not directly hold an interest in the Project Property or whose interest is held solely for security purposes shall have no obligation or liability under this Agreement prior to the time the mortgagee or assignee directly holds an interest in this Agreement or the mortgagee or assignee directly succeeds to absolute title to the Company's interest. A mortgagee or the assignee shall be liable to perform obligations under this Agreement only for and during the period it directly holds such interest or absolute title; provided, however, that such liability shall not include any liability for claims of the Issuer against the Company arising from the Company's failure to perform during the period prior to such mortgagee's or assignee's succession to the Company's interest in and under this Agreement.

Section 7.4 Leasehold Security Deeds / Cooperation of Issuer. The Issuer acknowledges the right of the Company to mortgage and/or give security interests in this Agreement under one or more leasehold security deeds (as the same may be amended, modified, consolidated, extended or refinanced, collectively, the "Leasehold Security Deed") and assign this Agreement, or any part or parts thereof, as collateral security for the Leasehold Security Deed. The Issuer hereby agrees to and will, at the Company's option and at the Company's sole expense, join in the Leasehold Security Deed in order to subject its fee interest in the Project to the lien of such Leasehold Security Deed provided that such Leasehold Security Deed will be fully non-recourse

to the Issuer and the Issuer will, subject to obtaining all necessary approvals of the Issuer's City Council to the extent required under applicable state laws, deliver such resolutions, or other documents or instruments as the holder of the Leasehold Security Deed reasonably requires in connection therewith. If the Company gives a Leasehold Security Deed with respect to this Agreement, or any part or parts hereof, the holder of the Leasehold Security Deed (the "Leasehold Mortgagee") will provide the Issuer and the Purchaser (as assignee of the Issuer under the Indenture) with notice of the Leasehold Security Deed and the name and address of the Leasehold Mortgagee.

Section 7.5 Company Financing Liens. The Company may from time to time grant one or more Company Financing Liens. The Issuer shall reasonably cooperate, at the expense of the Company, in connection with any such grant. In addition, the Issuer will grant such Company Financing Liens on its interest in the Project Property as the Company may from time to time reasonably request, all at the Company's expense, and only so long as the such Company Financing Lien does not involve any pecuniary liability or obligation of the Issuer except with respect to the Project Property and the application of the revenues therefrom.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. Each of the following events is an "Event of Default":

(a) Failure by the Company to (i) make any Rent payment (excluding PILOT payments) or Additional Payments when due which continues unremedied for a period of thirty (30) days after the provision by the Issuer, the School District or the Purchaser of written notice of non-payment, or (ii) make any Issuer PILOT payment when due which continues unremedied for a period of fifteen (15) days after the provision by the Issuer, the School District or the Purchaser of written notice of non-payment.

(b) Any representation of the Company in any Bond Document or in any document or agreement delivered to any of the other Parties in connection with the transactions contemplated by any Bond Document proves to have been incorrect in any material respect when made and remains incorrect for a period of thirty (30) days after written notice specifying such error and requesting that it be remedied is given by the PILOT unless such error cannot be remedied within thirty (30) days and the Company has instituted corrective action within thirty (30) days after such notice and diligently pursues such action until such failure is remedied.

(c) The filing by the Company of any petition for a decree or order for relief in bankruptcy in any federal or state court, or a court of competent jurisdiction enters an order or decree in an involuntary case under any federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days, or the commencement by the Company of a voluntary case under such law, or the consent by the Company either to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or

for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the taking of action by the Company to authorize or effect any of the foregoing. Provided, however, neither the bankruptcy nor the insolvency of the Company shall be grounds for default as long as all Basic Rent payments, Issuer PILOT payments and Additional Payments, and all other monetary charges payable by the Company under this Agreement are paid in accordance with this Agreement.

(d) Failure by the Company to perform any of its obligations under this Agreement, other than the payment of Basic Rent, PILOT payments and Additional Payments for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Company by the Issuer or the Purchaser, unless such failure is of a type which cannot be reasonably remedied within thirty (30) days and the Company has instituted corrective action within thirty (30) days after such notice and diligently pursues such action until such failure is remedied.

Section 8.2. Remedies on Default. If an Event of Default occurs and is continuing, the Purchaser (or its assignee), as the assignee of the Issuer under the Indenture and on behalf of the Issuer, may, but is not required to, take any one or more of the following remedial steps:

(a) By written notice to the Company declare all amounts of Basic Rent payable for the remainder of the Term as are required to provide for the Payment of the Bond and all Additional Payments then owed to be immediately due and payable, whereupon the same will be immediately due and payable; or

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the Rent then due and thereafter to become due or to enforce the performance and observance of any obligation of the Company under this Agreement or the Indenture; or

(c) Exercise any remedies provided for in the Indenture; or

(d) Terminate this Agreement.

As the assignee of the Issuer, subject to Section 8.3, the Purchaser (or its assignee) has the sole right and responsibility for the exercise of any remedies if an Event of Default occurs and is continuing.

Section 8.3. Issuer Remedies. If:

(a) the Company fails to comply with its obligations set forth in Sections 4.4, 4.5, 4.6, 4.7, 4.8, 4.12, 4.13, 4.14, 4.15, 4.16, or 6.3, and such failure continues for thirty (30) days after the Issuer gives the Company written notice of such failure; or

(b) the Company fails to comply with its obligations under 5.3, 6.4, or 6.5, and such failure continues for ten (10) days after the Issuer or Purchaser or its assignee gives the Company written notice of such failure; or

(c) any representation of the Company in any Bond Document or any document or agreement delivered to any of the other Parties in connection with the transactions

contemplated by the Bond Documents proves to have been incorrect in any material respect when made;

then, subject to Section 8.6 hereof, the Issuer may, in addition to exercising any other remedy, take whatever action at law or in equity is necessary to enforce the performance of the obligations of the Company under Sections 4.5, 4.6, 4.7, 4.8, 4.12, 4.13, 4.14, 4.15, 4.16, 5.3(b), 6.3, 6.4, and 6.5, as applicable. The Issuer's rights to enforce the Company's obligations under Sections 4.5, 4.6, 4.7, 4.8, 4.12, 4.13, 4.14, 4.15, 4.16, 5.3(b), 6.3, 6.4, and 6.5 are not assigned to the Purchaser under the Indenture. In addition, the Issuer may also immediately take all steps necessary to have the Project Property immediately assessed for property tax purposes in the name of the Company and this Agreement will thereafter be deemed to be an installment sale agreement. Provided however if any conditions described in paragraphs 8.3(a) (b) or (c) cannot be cured within the time allotted for cure, if the Company initiates within ten (10) days of the Notice of Default and proceeds with due diligence to effect a cure, a default will not be deemed to have occurred provided that the Company cures the default.

Section 8.4. Notice of Default. The non-defaulting party will promptly give notice to the defaulting party of the occurrence of any Event of Default or an event or condition (of which it has actual knowledge) which, with the passage of time or the giving of notice, or both, and in the absence of any corrective action, would result in an Event of Default.

Section 8.5. Agreement to Pay Attorneys' Fees and Expenses. If an Event of Default, or an event which with the giving of notice or the passage of time, or both, would constitute an Event of Default, occurs, and the Issuer incurs expenses, including attorneys' fees, in connection with the enforcement or administration of this Agreement, the Company will reimburse the Issuer for the reasonable expenses so incurred, upon request. Such amounts are deemed to be Additional Payments under Section 5.3.

Section 8.6. Right to Cure Defaults.

(a) To prevent termination of this Agreement, the Purchaser, any Institutional Investor and any mortgagee or assignee of the Company that holds an interest in the Project Property as security shall have a right, but not the obligation, at any time to perform any act necessary to cure any default and to prevent the termination of this Agreement. The Issuer will not terminate or suspend its performance under this Agreement until it first gives written notice of such default to the Purchaser, and allows the Purchaser, any Institutional Investor and such mortgagee or assignee the opportunity to cure such default within the applicable cure period under this Agreement. In addition, if the Purchaser, any Institutional Investor or such mortgagee or assignee gives the Issuer written notice prior to the expiration of the applicable cure period of the Purchaser's, any Institutional Investor's or such mortgagee's or assignee's intention to cure such default (which notice shall include a reasonable description of the time during which it anticipates to cure such default) and is diligently proceeding to cure such default, notwithstanding the applicable cure period under this Agreement the Purchaser, any Institutional Investor or the mortgagee or assignee shall have a period of sixty (60) days (or if such default is for failure by the Company to pay an amount to the Issuer which is due and payable under this Agreement, thirty (30) days) from the Purchaser's, any Institutional Investor's or the mortgagee's or assignee's receipt of the notice of such default from the Issuer to cure such default.

(b) If any default by the Company under this Agreement cannot be cured without obtaining possession of all or part of the Project Property, then any such default shall be deemed remedied if the Purchaser, any Institutional Investor, a mortgagee or assignee (a) in the time period provided in Section 8.3(a) and 8.3(b) and 8.6(a) (including the aggregate cure period provided under Section 8.6(a)) begins appropriate judicial or non-judicial proceedings to obtain the same; (b) diligently prosecutes any such proceedings to completion; and (c) after gaining possession of all or part of the Project Property, diligently proceeds to cure and perform all other obligations as and when the same are due in accordance with the terms of this Agreement. If the Purchaser, any Institutional Investor, a mortgagee or assignee is prohibited by any Court or by operation of any bankruptcy or insolvency laws from commencing or prosecuting the proceedings described above, the period specified above for commencing proceedings shall be extended for the period of such prohibition.

(c) If the Purchaser, any Institutional Investor, mortgagee or assignee (or a receiver requested by a mortgagee) succeeds to the interest of the Company in the Project Property, such successor party shall pay or cause to be paid the Basic Rent, PILOT payments, Additional Payments and all other monetary charges payable by the Company under this Agreement from the date in which the Purchaser, Institutional Investor, mortgagee or assignee (or a receiver requested by a mortgagee) succeeds to such interest and those which accrue thereafter during the term of this Agreement.

Section 8.7. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Issuer shall have proceeded to enforce any right under this Agreement and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Issuer, then and in every such case, unless otherwise determined in such proceeding or agreed by the Issuer and the Company, the Issuer and the Company will be restored to their former positions and rights under this Agreement with respect to the Project Property and all rights, remedies, and powers of the Issuer will continue as if no such proceedings had been taken.

Section 8.8. Proofs of Claim. In the case of any insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the Company, the Issuer will, to the extent permitted by law, be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Issuer allowed in such proceedings for the entire amount due and payable by the Company to the Issuer under this Agreement, as the case may be, at the date of the institution of such proceedings and for any additional amounts which may become due and payable after such date.

ARTICLE IX
PREPAYMENTS

The Company may at any time (including after the occurrence and during the continuance of an Event of Default) and for any reason cause all or any portion of the Bond to be redeemed in accordance with the provisions of the Indenture by giving notice of such redemption to the Issuer, the Purchaser and, if there are monies on deposit in the Acquisition Account (as defined in the Indenture), to the Depositary not less than forty-five (45) days before the redemption date. Such notice will specify the redemption date and the principal amount of the Bonds to be redeemed. On

the redemption date the Company will prepay the Rent in an amount equal to such principal amount plus accrued interest on such principal amount to the redemption date by payment of such amounts to the Purchaser, will pay all Additional Payments, plus interest, if any, owed to the Issuer, will pay all PILOT payments, if any, owed to the Issuer and the School District, and will pay all payments due under Sections 6.4 and 6.5. The parties acknowledge that the Company may prepay, pay, discharge and redeem the Bonds by offsetting amounts owed under the Bonds to the Purchaser against monies owed to the Company by the Purchaser, including but not limited to monies advanced by the Company to the Purchaser in anticipation of making Bond advances under the Indenture.

ARTICLE X
PURCHASE OF PROJECT PROPERTY

The Company will purchase and the Issuer will sell the Project Property for $1.00 at the expiration or sooner termination of the Term pursuant to the provisions of this Agreement. The Company will give written notice to the Issuer and to the Purchaser, if the Bonds are then unpaid or provision for their payment has not been made, and will specify therein the date of termination and closing such purchase which date shall be the same date and which date will be not less than fifteen (15) nor more than ninety (90) days from the date such notice is mailed. At the closing of such purchase, the Issuer will, upon receipt of the purchase price, deliver to the Company or its nominee appropriate documents, including, but not limited to, a bill of sale, prepared by the Company at the Company's expense, conveying to the Company without representation or warranty the Issuer's interest in the Project Property, as it exists at the time of such purchase, subject only to: (i) those liens and encumbrances, if any, to which the Project Property was subject when conveyed to the Issuer; (ii) those liens and encumbrances created by the Company and/or to the creation or suffering of which the Company consented; (iii) those liens and encumbrances resulting from the failure of the Company to perform any of its obligations under this Agreement; and (iv) any other lien arising as a matter of law. The Company may exercise its rights under this Article X, only to the extent the Company is not in Default or an Event of Default has occurred and is continuing, so long as all Additional Payments and PILOT payments due to the Issuer and the School District are paid on or before the date of closing of such purchase. If the Company fails to take all necessary action to have the Project Property assessed for tax purposes in the name of the Company at the expiration of the Term, the Issuer may execute, deliver and cause to be recorded, at the expense of the Company a bill of sale with respect to the Project Property and other appropriate documents reflecting the termination of this Agreement.

If at the time of closing the Indenture has not been satisfied in full and released of record, a release by the Purchaser of the Indenture will also be delivered to the Company (or its designee).

The right to prepay granted to the Company in this Agreement is and will remain prior and superior to the Indenture.

ARTICLE XI
MISCELLANEOUS

Section 11.1. Remedies. No right or remedy conferred on any Party in this Agreement is intended to be exclusive of any other right or remedy conferred on such Party in this Agreement. Except as provided in Section 11.3, each such right or remedy is in addition to every other right or remedy provided in any of the Bond Documents or by law; provided, that the remedies of Purchaser and/or Issuer in respect of an Event of Default or other breach of any Bond Document by the Company shall be limited in all cases to those expressly provided in Article VIII hereof. No delay or omission of any Party to exercise any such right or remedy will impair any such right or remedy or be construed to be a waiver. Every such right or remedy may be exercised from time to time and as often as the relevant Party may deem expedient. No waiver by any Party of any right or remedy with respect to any Default or Event of Default will extend to or affect any other existing or subsequent Default or Event of Default.

Section 11.2. Beneficiaries. Nothing in this Agreement expressed or implied is intended or is to be construed to confer upon any Person other than the Parties and their successors and assigns (and, in the cases of Section 6.3 of this Agreement, the Indemnitees, and Section 6.4, the School District) any right, remedy or claim, legal or equitable.

Section 11.3. Limitation of Issuer's Liability. No agreements or provisions contained in the Bond Documents nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with any property of the Company financed, directly or indirectly, out of Bond proceeds or the issuance, sale and delivery of the Bonds will give rise to any pecuniary liability of the Issuer, its officials, employees, agents or members of its governing body or constitute a charge against the Issuer's general credit, or obligate the Issuer financially in any way, except with respect to the revenues available under this Agreement or under the Indenture provided by the Company and pledged to the payment of the Bonds, and their application as provided under the Indenture. No failure of the Issuer to comply with any terms, covenants or agreements in this Agreement or in any document executed by the Issuer in connection with the Bonds will subject the Issuer, its officials, employees, agents and members of its governing body to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the revenues available under this Agreement or under the Indenture provided by the Company and pledged to the payment of the Bonds. Nothing in this Agreement will preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein or in the Indenture; provided, that no costs, expenses or other monetary relief will be recoverable from the Issuer except as may be payable from the funds available under this Agreement or under the Indenture provided by the Company and pledged to the payment of the Bonds.

Notwithstanding any other provisions of this Agreement, none of the provisions of this Agreement shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder unless it shall have first been adequately indemnified to its satisfaction against the cost, expense and liability which may be incurred thereby.

Section 11.4. No Violation of Public Policies Regarding Indemnity. To the extent, if at all, a court of competent jurisdiction determines that Section 56-7-1 NMSA 1978 applies to any indemnification provisions in this Agreement, including certain types of insurance coverage as set forth in Section 56-7-1 NMSA 1978, such provisions shall not apply to or extend to liability, claims, damages, losses or expenses, including attorney fees, arising out of bodily injury to persons or damage to property caused by or resulting from, in whole or in part, the negligence, act or omission of the indemnitee or additional insured, as the case may be, its officers, employees or agents and shall further be limited, if required, by the provisions of Section 56-7-2 NMSA 1978.

Section 11.5. Notices. Any notice, demand, direction, request, consent, approval, report or other instrument authorized or required by this Agreement or the Bond Ordinance to be executed, given or filed will be in writing and will be deemed to have been sufficiently given or filed for all purposes of this Agreement when delivered by hand delivery or by overnight courier or on the third business day following the day on which the same has been mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Issuer: City of Roswell, New Mexico
425 N. Richardson Ave.
Roswell, New Mexico 88201

If to the Purchaser: Gallagher Solar Holdings, LLC
c/o Gallagher Solar LLC
[Address]

If to the Company: Gallagher Solar LLC
[Address]

Any Party may, by notice to the other Parties, designate any further or different addresses to which subsequent notices, certificates or other communications are to be sent.

Section 11.6. Severability. In case any one or more of the provisions of this Agreement is for any reason held to be illegal or invalid, such illegality or invalidity will not affect any other provision of this Agreement, but this Agreement will be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement of the Issuer or the Company contained in this Agreement is for any reason held to be in violation of law, then such covenant, stipulation, obligation or agreement will be deemed to be the covenant, stipulation, obligation or agreement of the Issuer or the Company to the full extent permitted by law.

Section 11.7. Successors. Wherever the Issuer is referred to in this Agreement, it will be deemed to include its successors and all covenants and agreements in this Agreement will bind and inure to the benefit of the Issuer's successors. Wherever the Company is referred to in this Agreement, it will be deemed to include its successors in interest to the Project Property and all covenants and agreements in this Agreement will bind and inure to the benefit of such successors.

Section 11.8. Title, Headings. The title and headings of the articles, section and subdivisions of this Agreement have been used for convenience only and do not modify or restrict any of the terms or provisions of this Agreement.

Section 11.9. Execution in Counterparts. This Agreement may be executed in multiple counterparts, all of which taken together will constitute one instrument.

Section 11.10. Applicable Law. The validity, construction and effect of this Agreement will be governed by the law of the State of New Mexico applicable to agreements made and to be performed in the State of New Mexico and the proper venue shall be Chaves County.

Section 11.11. Obligations of Issuer Not Obligations of Officials Individually. No obligation under any of the Bond Documents or the Bonds will be deemed to be an obligation of any present or future officer (including, without limitation, City Councilors) or employee of the Issuer in his or her individual capacity, and no officer of the Issuer who executes the Bonds will be personally liable on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 11.12. Payments Due on Days That Are Not Business Days. If the date for any payment due hereunder is not a Business Day, as defined in the Indenture, then such payment will be made on the next Business Day and no interest on such payment will accrue for such period.

Section 11.13. Federal Income Tax Treatment of Lease. The Issuer and the Company acknowledge that this Agreement constitutes a financing for federal income tax purposes and not a lease of the Project Property, to the extent permitted by law. The Issuer and the Company further acknowledge that the Company shall, to the extent permitted by law, be entitled to all federal income tax attributes attributable to ownership of the Project Property, including the right to claim depreciation or cost recovery deductions and the right to claim any federal tax credits (or federal grants in lieu thereof) arising from ownership of the Project Property. Each of the Issuer and the Company agree not to file tax returns inconsistent with this Section 11.13.

Section 11.14. Amendments. This Agreement may be amended only by an instrument executed by the Issuer and the Company and consented to by the Purchaser.

Section 11.15. Further Assurances and Corrective Instruments. The Issuer and the Company agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments to this Agreement and such further instruments as may reasonably be required for carrying out the intention or facilitating the performance of this Agreement.

The Company may cause a memorandum of this Agreement, in form and substance satisfactory to the Company and the Issuer, in the Issuer's reasonable judgment, to be kept, recorded and filed in such manner and in such places as may be required by law to fully evidence, preserve and protect the leasehold estate of the Company.

[SIGNATURE PAGES FOLLOW]

DATED AS OF _____, 2026.

(SEAL) CITY OF ROSWELL, NEW MEXICO

Attest:

By:_____ By: _____
Amalia Martinez, City Clerk Timothy Z. Jennings, Mayor

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

This instrument was acknowledged before me on _____, 2026, by Timothy Z. Jennings, as Mayor of the City of Roswell, New Mexico.

_____
Notary Public

My commission expires:
_____

(Signature Page for Lease Agreement)

GALLAGHER SOLAR LLC
as Company

By: _____
Name: _____
Its: _____

STATE OF)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2026, by _____, as _____ of Gallagher Solar LLC.

_____
Notary Public

My commission expires: _____

(Signature Page for Lease Agreement)

EXHIBIT A

PROJECT PROPERTY AND PROJECT SITE

Project Property:

Power Generation Property. All solar generation equipment including solar tracking hardware and software, photovoltaic panels and inverters, support structures, and associated electrical generation equipment used to generate electricity from solar energy and related equipment including transformers, circuit breakers and switching and metering equipment used to connect the solar electrical generation plant to the electric grid and all other equipment and personal property which is now or hereafter acquired with Bond Proceeds and located at the Project Site.

Project Site Lease:
[NTD: Project Site Description]

The Site Lease covers the real property described below:

LEGAL DESCRIPTION:

EXHIBIT B

PAYMENT SCHEDULE
CITY OF ROSWELL, NEW MEXICO
TAXABLE INDUSTRIAL REVENUE BOND
(GALLAGHER SOLAR LLC PROJECT)
SERIES 2026 – $4,800,000

Year	Total Debt Service	Principal	Interest
1	$225,600	$-0-	$225,600
2	$225,600	$-0-	$225,600
3	$225,600	$-0-	$225,600
4	$225,600	$-0-	$225,600
5	$225,600	$-0-	$225,600
6	$225,600	$-0-	$225,600
7	$225,600	$-0-	$225,600
8	$225,600	$-0-	$225,600
9	$225,600	$-0-	$225,600
10	$225,600	$-0-	$225,600
11	$225,600	$-0-	$225,600
12	$225,600	$-0-	$225,600
13	$225,600	$-0-	$225,600
14	$225,600	$-0-	$225,600
15	$5,025,600	$4,800,000	$225,600

EXHIBIT C

PILOT PAYMENTS

Year	Total PILOT	City PILOT	Roswell * School District PILOT
1	$7,839.20	$-	$-
2	$5,599.43	$-	$-
3	$3,359.66	$-	$-
4	$2,239.77	$-	$-
5	$2,239.77	$-	$-
6	$2,239.77	$-	$-
7	$2,239.77	$-	$-
8	$2,239.77	$-	$-
9	$2,239.77	$-	$-
10	$2,239.77	$-	$-
11	$2,239.77	$-	$-
12	$2,239.77	$-	$-
13	$2,239.77	$-	$-
14	$2,239.77	$-	$-
15	$2,239.77	$-	$-

CITY OF ROSWELL, NEW MEXICO,

GALLAGHER SOLAR HOLDINGS, LLC,
as Purchaser,

GALLAGHER SOLAR LLC,

and

BOKF, NA,
as Depositary

INDENTURE

Dated as of July __, 2026

Securing

Up to $4,800,000
City of Roswell, New Mexico
Taxable Industrial Revenue Bonds
(Gallagher Solar LLC Project)
Series 2026

CITY OF ROSWELL, NEW MEXICO, a political subdivision existing under the laws of the State of New Mexico (together with its successors and assigns, the "Issuer") and GALLAGHER SOLAR HOLDINGS, LLC, a Delaware limited liability company (together with its successors and assigns, and transferees of the Bonds (defined below), the "Purchaser"), GALLAGHER SOLAR LLC, a Delaware limited liability company authorized to do business in New Mexico (the "Company") and BOKF, NA (together with its successors and assigns, the "Depositary"), agree:

ARTICLE I - RECITALS

Section 101. The Act. Pursuant to Sections 3-32-1 through 3-32-16, New Mexico Statutes Annotated, 1978 Compilation, as amended (collectively, the "Act"), the Issuer is authorized to acquire, construct and equip certain industrial or commercial projects and to issue industrial revenue bonds to finance such projects and certain related costs. Such bonds are payable by the Issuer solely out of revenue of the leasing of such projects. Such bonds may be further secured by, among other things, a mortgage and lien upon the properties acquired, constructed and equipped as part of the project. Under the Act, a project may include land, buildings, machinery, equipment and other property deemed necessary in connection with such project.

Section 102. Government Proceeding. The Company has presented to the Roswell City Council a proposal relating to the issuance of taxable industrial revenue bonds and the acquisition, construction, installation, and equipping of a solar power generation facility which will constitute an industrial development project. The Issuer, by City Council Ordinance No. _____ adopted on May 14, 2026 (the "Ordinance"), authorized, among other matters, (i) the issuance of its City of Roswell, New Mexico, Taxable Industrial Revenue Bonds (Gallagher Solar LLC Project), Series 2026 (the "Bonds"), in the principal amount not to exceed $4,800,000 and substantially in the form of Exhibit A and (ii) the execution and delivery of this Indenture.

Section 103. Indenture; Lien; Collateral Pledge. The Bonds are to be issued under this Indenture (together with any and all amendments and supplements, (this "Indenture"), which constitutes a collateral pledge of the Agreement (defined below).

Section 104. The Agreement. The Issuer has entered into a Lease Agreement (together with any and all amendments and supplements, the "Agreement"), dated as of the date of this Indenture, with the Company under which the Issuer has leased the Project Property to the Company, and the Company has agreed to make rental payments in amounts sufficient to pay the principal of, interest on and redemption price of the Bonds. For the purpose of providing security for the payment of the principal of, interest on and redemption price of the Bonds, the Issuer wishes to assign to the Purchaser certain of its interests in the Agreement but reserving its rights under the Agreement to certain payments, reimbursement for certain costs and expenses, and to give consents and to be indemnified.

ARTICLE II - DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 201. Meanings of Words and Terms. All capitalized words and terms defined in the Agreement have the same meanings when used in this Indenture if not also defined in this Indenture. Defined terms in all Bond Documents have consistent meanings unless otherwise expressed. In addition:

"Acquisition Fund" has the meaning assigned in Section 701.

"Act" has the meaning assigned in Section 101.

"Agreement" has the meaning assigned in Section 104.

"Authorized Company Representative" means any one of the persons at the time designated to act on behalf of the Company in a certificate furnished to the Issuer and the Depositary containing the specimen signatures of such persons and signed on behalf of the Company by an officer of the Company.

"Bonds" have the meaning assigned in Section 102.

"Bond Documents" means this Indenture, the Agreement and the Bond Purchase Agreement.

"Bond Fund" has the meaning assigned in Section 602.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated the date of the execution and delivery of this Indenture among the Purchaser, the Issuer and the Company.

"Business Day'' means any day that is not a Saturday or Sunday or a day on which banking institutions in the State or in the City in which payment is to be made are authorized or required to close.

"Company" has the meaning assigned in the first paragraph of this Indenture.

"Certificate of Qualified Investor'' means the certificate attached hereto as Exhibit D.

"Completion Certificate" means a certificate by the Company certifying that the Project is complete and all costs have been paid for or provisions have been made for their payment, in the form attached hereto as Exhibit C.

"Depositary'' has the meaning assigned in the first paragraph of this Indenture.

"Event of Default" has the meaning assigned in Section 901.

"Final Maturity Date" means _____, 2041.

"Indenture" has the meaning assigned in Section 103.

"Issue Date" means the date of issuance and delivery of the Bond to the Purchaser.

"Issuer" has the meaning assigned in the first paragraph of this Indenture.

"Ordinance" has the meaning assigned in Section 102.

"Parties" means the Company, the Issuer, the Purchaser and the Depositary.

"Party" means any one of the Parties.

"Payment Date" means _____ of each year, commencing on July __, 2027.

"Payment of the Bonds" means payment in full of the principal of, interest on and redemption price of the Bonds in accordance with their terms and the provisions of this Indenture and payment of all fees and expenses of the Issuer, the Purchaser and the Depositary payable by the Company under this Indenture, the Agreement, or the Bond Purchase Agreement.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision.

"Record Date" means each ____ 15 while the Bonds are outstanding.

"Related Costs" means expenditures incurred or to be incurred by the Company with respect to the Project, including, without limitation, the acquisition, installation, construction, equipping and commissioning of the Project Property.

"State" means the State of New Mexico.

Section 202. Rules of Construction.

(a) The captions and headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

(b) All references in this Indenture to particular articles, sections or exhibits are references to articles or sections of or exhibits to this Indenture unless some other reference is established.

(c) Any inconsistency between the provisions of the Agreement and the provisions of this Indenture will be resolved in favor of the provisions of the Agreement.

Section 203. Bond Not General Obligations of Issuer. Neither the full faith and credit nor the taxing power of the State or of any of its political subdivisions, including the Issuer, is pledged to the payment of the principal of, interest on or redemption price of the Bonds. The Bonds will be payable by the Issuer solely out of the Basic Rent, proceeds and receipts and other security pledged hereby. The principal of, interest on and redemption price of the Bonds will never constitute a debt or indebtedness or general obligation of the Issuer within the meaning of any State constitutional provision or statutory limitation. The Bonds will never constitute or give rise to a pecuniary liability of the Issuer or be a charge against its general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

ARTICLE III- GRANT

Section 301. Assignment and Pledge. In consideration of the purchase of the Bonds by the Purchaser, and in order to secure the payment of the principal of (including, without limitation, all sums advanced by the Purchaser, with interest thereon, in accordance with the terms of this Indenture and the other Bond Documents (all references in this Indenture to the payment of principal of the Bonds shall include such sums)), interest on and redemption price of the Bonds, and in order to secure the performance by the Issuer of its obligations under this Indenture and the Bonds, the Issuer assigns and pledges to the Purchaser and grants a security interest to the Purchaser in (i) all the Issuer's right, title and interest in and to the Agreement and any other easement, lease, sublease, license, concession or other grant of a possessory or use interest in the Project Property to the extent the Issuer has any interest therein but reserving its rights under the Agreement to payments under Sections 4.14, 5.3(b), 6.2, 6.3, 6.4, and 6.5 of the Agreement, to reimbursement for certain costs and expenses, to receive notices, to give consents and to be indemnified; (ii) the moneys and investments in the Acquisition Fund and the Bond Fund and all reserves payable to the Issuer pursuant to the Agreement or this Indenture (including, without limitation, insurance and eminent domain proceeds) with respect to the Project Property; (iii) all lease rentals, revenues, profits, and receipts receivable by or on behalf of the Issuer from the Project Property and (iv) the Project Property.

Section 302. Release. If (i) the principal of and interest on the Bonds are paid by the Issuer in full to the Bond Fund, as provided for herein, (ii) the Purchaser has received all sums due it under the Bond Documents, and (iii) the Issuer keeps, performs and observes all agreements, covenants and provisions under this Indenture, then all obligations of the Issuer as to the Bonds under this Indenture will terminate, and the Purchaser will cancel and discharge the lien of this Indenture and execute and deliver to the Issuer and the Company such instruments in writing as may be required to evidence such discharge. The Clerk and/or the City Manager of the Issuer are authorized to accept a certificate of the Purchaser, that all principal and interest due on the Bonds has been paid as evidence of the satisfaction of this Indenture.

ARTICLE IV- AUTHORIZATION, FORM, EXECUTION AND DELIVERY OF BONDS

Section 401. Authorization; Authorized Amount of the Bonds. The Bonds are hereby authorized to be issued under this Indenture and secured by this Indenture. The Bonds will be issued as a single fully registered bond without coupons, in the maximum principal amount not to exceed $4,800,000. The Bonds will be numbered consecutively beginning with R-1. The Bonds may not be issued under this Indenture except in accordance with this Article.

Section 402. Form of Bond. The Bonds will be in substantially the form of Exhibit A. The Bonds will be dated the date of the execution and delivery of this Indenture and will bear interest on Advances made pursuant to Section 702 at the rate of four and seven-tenths percent (4.7%). All interest on the Bonds will be calculated from the date of advance for all periods on the basis of a 360-day year of twelve thirty-day months. Accrued interest shall be payable on the Payment Date, with the outstanding principal amount of the Bonds plus all interest thereon due and payable in full on the Final Maturity Date. Principal and interest, as applicable, will be payable by the Issuer from the Basic Rent received from the Company to the owner of the Bonds on the immediately preceding Record Date upon presentation of the Bonds for cancellation at the offices of the Issuer. All payments will be made in lawful money of the United States.

Section 403. Execution and Delivery; Payment. The Bonds will be signed by the Mayor of the Issuer and delivered to the Purchaser on the date of the execution and delivery of this Indenture. Subject to the terms and conditions of the Bond Purchase Agreement, the Purchaser will purchase the Bonds and will pay the purchase price of the Bonds to the Issuer as set forth in Section 701.

Section 404. Registration and Transfer of the Bond. The Company on behalf of the Issuer will cause to be kept at its office a book for the registration and transfer of the Bonds. The registration book will be open to inspection by the Issuer upon advance notice during the Company's normal business hours.

The Bonds, together with the obligation to fund advances thereunder, may be transferred by the Purchaser in whole, but not in part, in person or by duly authorized attorney, in the registration book upon (i) surrender of the Bonds, (ii) delivery of a written transfer instrument, and (iii) compliance with Securities Act of 1933, as amended (the "Federal Securities Act"), and applicable state securities laws as established to the satisfaction of the Issuer, and delivery to the Issuer and the Company of (A) an opinion, in form and substance satisfactory to the Issuer, from legal counsel experienced in securities laws matters, which counsel must be satisfactory to the Issuer, to the effect the transfer complies with the Federal Securities Act and applicable state securities laws and (B) written representations from the transferee, in form and substance satisfactory to the Issuer (including, but not limited to the form of Certificate of Qualified Investor), necessary to establish such compliance all as further set forth in the Bonds form attached as Exhibit A. Such Issuer approval shall be in writing. In the case of a transfer under this Section 404, the Issuer agrees that it will cooperate in delivering a new Bond, registered in the name of the transferee. The

person requesting the transfer will pay any tax or fee or other charge imposed on the transfer and will pay the Issuer's expenses in connection therewith. The Issuer may deem and treat the person in whose name the Bond is registered as the absolute owner thereof for the purpose of receiving payment and for all other purposes, and all such payments made to any such registered owner or upon its written order will be valid and effectual to satisfy and discharge the liability upon the Bond, to the extent of the sum or sums paid; and the Issuer will not be affected by any notice to the contrary.

The Issuer acknowledges that the Purchaser may assign its rights to receive payments of principal, interest and any amounts due under the Bonds to any party without the consent of the Issuer.

Section 405. Lost, Stolen, Destroyed and Mutilated Bond. If the Issuer receives satisfactory evidence that any Bonds have been lost, stolen, destroyed or mutilated and receives satisfactory indemnity, and the mutilated Bonds are surrendered and cancelled, then the Issuer will execute and deliver new Bonds. The applicant for new Bonds will pay any charges and expenses in connection with the issuance of the new Bonds. New Bonds issued under this Section will be an original contractual obligation of the Issuer and will be entitled to all of the benefits of this Indenture. The provisions of this Section with respect to the replacement of the lost, stolen, destroyed or mutilated bonds are exclusive.

Section 406. Cancellation and Destruction of the Bonds by Issuer. If the Bonds are delivered to the Issuer for cancellation, the Bonds will be cancelled immediately and destroyed by the Issuer.

Section 407. Application of Payments for Bonds. All payments received by the Issuer under the Agreement with respect to the Bonds will be applied first to accrued interest on the Bonds on the next date for the payment of such interest and, second, to the unpaid principal of the Bonds. If such payments exceed accrued interest on and the unpaid principal of the Bonds, and any other amounts owed, the excess will be paid to the Company. The parties acknowledge that the Company may pay, discharge and redeem the Bonds by offsetting amounts owed under the Bonds to the Purchaser against monies owed to the Company by the Purchaser, including but not limited to monies advanced by or on behalf of the Company to or on behalf of the Purchaser in anticipation of making Bond advances under this Indenture.

ARTICLE V- REDEMPTION

Section 501. Redemption. If the Company gives notice to the Issuer, the Depositary and the Purchaser pursuant to Article IX of the Agreement that the Company has elected to cause redemption of the Bonds in full or in part and the Company pays the redemption price, all or such portion of the Bonds will be deemed redeemed by the Issuer on the date indicated in such notice at a redemption price equal to the principal amount to be redeemed plus accrued interest on such principal amount to the redemption date. If the Company redeems the Bonds in full before the Completion Date, any monies held in the Acquisition Account shall be returned to the Company.

ARTICLE VI- BOND REVENUES AND FUNDS

Section 601. Source of Payment of the Bonds. The Bonds and all payments by the Issuer under this Indenture are not general obligations of the Issuer, and shall never constitute indebtedness of the Issuer, but are the limited, special obligations of the Issuer payable solely from revenues and receipts derived from the leasing of the Project Property under the Agreement and other security pledged to payment of the Bonds under this Indenture. The Project Property has been leased under the Agreement and the Basic Rent is to be remitted by the Company directly to the Purchaser on or before the Payment Date, subject to the rights of offset set forth in Section 5.4(b) of the Agreement. The portion of the Basic Rent necessary to pay amounts owing on the Bonds is to be deposited in the Bond Fund (except for any payments which are satisfied pursuant to the exercise of the right of offset as set forth in Section 5.4(b) of the Agreement). The Basic

Rent is sufficient in amount to ensure the prompt payment of the principal and accrued interest on the Bonds and the entire amount of the Basic Rent is pledged to the payment of principal and accrued interest on the Bonds.

Section 602. Creation of the Bond Fund, Payments. A fund shall be created for the benefit of Issuer by the Company and designated "Gallagher Solar LLC Project Series 2026 Bond Fund" (the "Bond Fund"). Except to the extent that any payments of principal, interest or redemption price are to be made pursuant to the right of offset set forth in Section 5.4(b) of the Agreement, there will be deposited into the Bond Fund, as and when received (i) the Basic Rent (except to the extent offset pursuant to Section 5.4(b) of the Agreement), and (ii) all other moneys required to be deposited into the Bond Fund pursuant to this Indenture and the Agreement. The interest and other income received on investments of the Bond Fund moneys as provided in Section 708 will be retained in the Bond Fund. The Company covenants that so long as the Bonds are outstanding, it will deposit or cause to be deposited solely from the sources stated in Section 601, into the Bond Fund for Issuer's account, sufficient sums from revenues and receipts from the Project Property promptly to meet and pay the installments of interest, or of principal and interest, as applicable, on the Bond (except to the extent that any payments of principal, interest or redemption price are to be made pursuant to the right of offset set forth in Section 5.4(b) of the Agreement). The Parties acknowledge that Section 3-32-4 NMSA and Section 3-32-6(C) provides that it is not intended that any municipality itself be authorized to operate any manufacturing, industrial or commercial enterprise under the Act and, accordingly, the Issuer has no intention of taking possession of or operating the Project Property.

Section 603. Use and Custody of the Bond Fund. The moneys in the Bond Fund will be used solely for payment of principal of and interest on the Bonds, except as provided in Sections 604 and 905. The Bond Fund will be in the custody of the Company, and the Company will withdraw sufficient funds from the Bond Fund to pay the installments of principal and interest on the Bonds as due (except to the extent that any payments of principal, interest or redemption price are to be made pursuant to the right of offset set forth in Section 5.4(b) of the Agreement).

Section 604. Repayment to the Company from the Bond Fund. Any amounts remaining in the Bond Fund after actual payment in full of the Bonds, the fees, charges and expenses of the Issuer and the Purchaser, administrative expenses and other amounts required to be paid by the Company under the Agreement will be paid to the Company upon expiration of the Agreement.

Section 605. Investments. Moneys on deposit in the Bond Fund may be invested and reinvested by the Company. Such investments will be deemed at all times to be a part of the Bond Fund. Any interest received on any such investment and any profit realized from such investment will be credited to the Bond Fund. Any loss resulting from any such investment will be charged to the Bond Fund. The Company will use all reasonable efforts to sell at the best price obtainable or present for redemption any such investment when necessary in order to provide cash to meet any payment or transfer from the Bond Fund.

Section 606. Non-presentment of the Bond. If the Bonds are not presented for payment when the final payment of principal and interest is due, and if there are funds sufficient to make such final payment deposited with the Company, all liability of the Issuer for payment of the Bonds will cease. Interest shall not accrue after the Final Maturity Date. The Purchaser will be restricted to such funds for any claim against the Issuer relating to the Bonds.

Section 607. No Liability. Issuer will not be liable or responsible for any misapplication of funds, loss, liability or expense (or failure to realize profits) with respect to the Bond Fund and the Company

shall indemnify and hold Issuer harmless from and against all claims, liabilities of whatsoever nature arising from or relating to the Bond Fund or the Company's management of the Bond Fund.

ARTICLE VII- ACQUISITION FUND

Section 701. Creation of the Acquisition Fund; Deposits. A fund is hereby created with the Depositary and designated "Gallagher Solar LLC Project Series 2026 Acquisition Fund." Subject to the terms of the Bond Purchase Agreement, the Purchaser will purchase the Bonds on the date of execution and delivery of the Indenture and will pay the purchase price of the Bonds through the Advances described in Section 702. The proceeds of the sale of the Bonds, the interest and other income received on investments of the Acquisition Fund moneys as provided in Section 708 will be retained in the Acquisition Fund. The moneys in the Acquisition Fund will be held by the Depositary and will be applied to the payment of Related Costs and, pending such application, will be subject to a lien in favor of the Purchaser or its assignee to secure payment of principal and accrued interest on the Bonds. The Acquisition Fund will be in the custody of the Depositary, and the Depositary is authorized and directed to wire from or issue checks on the Acquisition Fund for the payment of Related Costs pursuant to Section 702.

Section 702. Disbursements. At any time on or after the date hereof, the Company may request Advances at any time from time to time to finance the Project (each, an "Advance") by delivery of a Requisition Notice to the Purchaser and the Depositary in the form attached hereto as Exhibit B (the "Requisition Notice"). On or before the fifth business day following receipt of the Requisition Notice from the Company requesting an Advance, so long as no Event of Default has occurred and is continuing, the Purchaser will pay or cause to be paid the amount of the Advance requested in such Requisition Notice to the Depositary for deposit in the Acquisition Fund, provided, however, that the aggregate amount of such Advances shall not exceed $4,800,000. The Depositary will make payments of Related Costs from the Acquisition Fund not later than the business day following the date of receipt of payment of the amount of the Advance from Purchaser, provided that immediately available funds are on deposit therein. The records of the Depositary will be conclusive as to the aggregate amount of advances requested and made, absent manifest error. The Purchaser is authorized to endorse on the schedule attached to the Bonds the date and amount of each such advance. Failure to make any such endorsement or any error in such endorsement will not affect the rights or obligations of any of the Parties on or with respect to the Bonds. The Requisition Notice signed by an Authorized Company Representative shall state to whom the payment is to be made, the general purpose for which the obligation to be paid was incurred, and that:

(a) obligations in the stated amounts were incurred for Related Costs and are due and payable (or, if the Company is indicated as the payee, were duly paid by the Company) and that each item is a proper charge against the Acquisition Fund and has not been the subject of a previous withdrawal from the Acquisition Fund; and

(b) to the best knowledge of such Authorized Company Representative there has not been filed with or served upon the Issuer or the Company notice of any lien, right or attachment upon, or claim, other than such lien, right, attachment or claim as are filed or made in the ordinary course of constructing and operating the Project, affecting the right of any such payees to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation; and

(c) with respect to any item for payment for labor or to contractors, builders or materialmen, (i) the obligations stated have been properly incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, and (iii) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition.

Section 703. Records. The Depositary will keep and maintain all Requisition Notices and adequate records pertaining to the Acquisition Fund, and payments made therefrom, which will be open to inspection by the Issuer, the Purchaser, the Company, or their agents, upon advance notice, during normal business hours.

Section 704. Depositary May Rely on Requisitions. All writings, requisitions and certificates received by the Depositary as conditions of payment from the Acquisition Fund, and which are proper and complete on their face, may be conclusively relied upon by the Depositary and will be retained by the Depositary, subject at all reasonable times, upon advance notice, to examination by the other Parties and their respective agents and representatives.

Section 705. Status Reports. At least annually, the Depositary will make a written report covering all receipts and moneys then on deposit in the Acquisition Fund, and will report any investments of such moneys and all transfers and disbursements of such moneys as of and for the preceding year. The reports will be prepared in conformity with the provisions of this Indenture, and copies of each report will be filed with the Purchaser, the Company, and, if requested by the Issuer, with the Issuer, not later than the fifteenth day of the month following the year covered by the report.

Section 706. Completion Date. Upon receipt of a certificate substantially in the form of Exhibit C signed by an Authorized Company Representative establishing the Construction Completion Date, as established in Section 4.4 of the Agreement, the Depositary will set aside in the Acquisition Fund the moneys necessary for the payment of the Related Costs incurred by the Company but not then due or payable as set forth in such certificate, and then will transfer any other moneys remaining in the Acquisition Fund to the Company or its assignee.

Section 707. Payment on Acceleration. If the Purchaser declares the unpaid principal of and accrued interest on the Bond to be immediately due and payable pursuant to Section 902(a), the Depositary will promptly, upon receipt of notice of such declaration from the Purchaser or its assignee, return all moneys then held for the credit of the Acquisition Fund in accordance with Section 905 to the Purchaser or its assignee for application to the unpaid principal of and accrued interest on the Bonds.

Section 708. Investments. Moneys on deposit in the Acquisition Fund may be invested and reinvested by the Depositary, at the written direction of an Authorized Company Representative. Such investments will be deemed at all times to be a part of the Acquisition Fund. Any interest received on any such investment and any profit realized from such investment will be credited to the Acquisition Fund. Any loss resulting from any such investment will be charged to the Acquisition Fund. The Depositary will use all reasonable efforts to sell at the best price obtainable or present for redemption any such investment when necessary in order to provide cash to meet any payment or transfer from the Acquisition Fund. Neither the Depositary nor the Issuer will be responsible for any loss, liability or expense (or failure to realize profits) resulting from any such investment. The Depositary may make any such investment through its own or its affiliated bond or investment department, unless otherwise directed in writing by an Authorized Company Representative.

Section 709. No Liability. Issuer will not be liable or responsible for any misapplication of funds, loss, liability or expense (or failure to realize profits) with respect to the Acquisition Fund and the Company shall indemnify and hold Issuer harmless from and against all claims, liabilities of whatsoever nature arising from or relating to the Acquisition Fund or the Company's management of the Acquisition Fund.

ARTICLE VIII- PARTICULAR COVENANTS AND PROVISIONS

Section 801. Extent of Covenants; Disclaimer of Liability. It is expressly made a condition of this Indenture that any covenants, stipulations, obligations, representations or agreements herein contained or contained in the Bonds or this Indenture do not and will never give rise to a personal or pecuniary liability of any present or future officer, employee or agent of the Issuer, or be a charge against the general credit or taxing powers of the Issuer, and in the event of a breach of such covenant; stipulation, obligation, representation or agreement, no personal or pecuniary liability of any present or future officer, employee or agent of the Issuer, or charge payable by the Issuer directly or indirectly from the revenues of the Issuer, other than the Basic Rent, will arise therefrom. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE ISSUER, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, INTEREST ON OR REDEMPTION PRICE OF THE BONDS. THE PRINCIPAL OF, INTEREST ON AND REDEMPTION PRICE OF THE BONDS WILL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE CONSTITUTION OR STATUTES OF THE STATE. THE BONDS OR THIS INDENTURE WILL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE, ANY OF ITS POLITICAL SUBDIVISIONS OR OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS. NONE OF THE PROVISIONS OF THIS INDENTURE SHALL REQUIRE THE ISSUER TO EXPEND OR RISK ITS OWN FUNDS OR TO OTHERWISE INCUR FINANCIAL LIABILITY IN THE PERFORMANCE OF ANY OF ITS DUTIES OR IN THE EXERCISE OF ANY OF ITS RIGHTS OR POWERS HEREUNDER.

Section 802. Performance; Authority. The Issuer covenants that it will faithfully perform all covenants and provisions contained in this Indenture and in the Bonds. The Issuer represents that it is duly authorized under the Constitution and laws of the State of New Mexico, including the Act, to issue the Bonds, to execute and deliver this Indenture, to grant a security interest in the property described in this Indenture, to pledge the rentals and other revenues described in this Indenture and that it has, to its knowledge, taken all actions required on its part for the issuance of the Bond, and for the execution and delivery of this Indenture and the Agreement.

Section 803. Obligations Under the Agreement. The Issuer: (i) will perform all of its obligations under the Agreement; (ii) will not execute or agree to any change, amendment or modification of or supplement to the Agreement except in accordance with the provisions thereof and Section 1101 of this Indenture; and (iii) will not agree to any abatement, reduction or diminution of the Basic Rent without the written approval of the Purchaser. The parties acknowledge that the Issuer has no obligation to enforce the Agreement but any actions taken by the Issuer to enforce the Agreement shall be at the expense of the Company.

Section 804. Use and Possession by the Company. So long as not otherwise provided in this Indenture or the Agreement, the Company will be permitted to possess, use and enjoy the Project Property so as to carry out its obligations under the Agreement.

Section 805. Instruments of Further Assurance. The Issuer will, at the expense of the Company or the Purchaser, execute, acknowledge, deliver and perform such supplemental indentures or such further acts, instruments, documents and transfers as the Depositary or the Purchaser may reasonably require for better assuring, transferring, mortgaging and pledging unto the Depositary or the Purchaser all the property and revenues and receipts pledged to the payment of the Bond under this Indenture.

Section 806. Recording of Indenture. Supplemental Indentures and Other Documents. The Company will cause this Indenture, the Agreement, and all supplements to this Indenture and the Agreement, as well as all security instruments, financing statements, continuation statements and any other

instruments as may be required, to be recorded or filed in such manner and places as required to fully preserve and protect the security of the Purchaser and the rights of the Depositary, including recording in the real estate records of Chaves County, New Mexico. The Depositary will have no responsibility to make any such filings except for filings as the Company may from time to time request, and the Issuer will have no responsibility to make any such filings.

ARTICLE IX- EVENTS OF DEFAULT AND REMEDIES

Section 901. Events of Default. Each of the following events is an "Event of Default:"

(a) Failure to pay any installment of principal or interest due under the Bonds when due and such failure continues unremedied for a period of 30 days after the provision by the Issuer or the Purchaser of written notice of non-payment;

(b) An Event of Default under the Agreement or any other Bond Document (other than this Indenture) occurs and is continuing;

(c) The Company fails to perform any covenant contained in this Indenture or the Bond Documents, other than as specified in subsections (a) and (b) above, and such failure is not cured within 30 days after receipt by the Company of the written notice of such failure unless the Purchaser shall agree in writing to the extension of such time prior to its expiration.

Section 902. Remedies on Events of Default. Upon the occurrence of an Event of Default, the Purchaser will have the following rights and remedies:

(a) Acceleration. The Purchaser or its assignee may, by written notice given to the other Parties, declare the principal amount of the Bond outstanding to be immediately due and payable and principal and interest thereon will become immediately due and payable; provided, however, that the Purchaser or its assignee, by written notice to the other Parties, may annul such declaration and destroy its effects and waive any such default: (i) if all covenants, conditions and agreements with respect to which such default shall have been made shall be fully performed, (ii) all arrears shall have been paid on any installment of interest and principal which has been theretofore due, plus (to the extent permitted by law) interest thereon from the due dates, and (iii) all reasonable charges and expenses of the Issuer, the Purchaser, the Depositary and their agents and counsel shall have been paid or provided for. Any such declaration that the Bond is due and payable will be deemed to be a redemption of the Bond; and

(b) Suit for Judgment on the Bonds. The Purchaser will be entitled to sue either for the specific enforcement of any covenant or agreement contained herein, or in any of the Bond Documents, or in and of the execution of any power herein granted and/or for and recover judgment, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture or for the enforcement of any of its rights, but any such judgment against the Issuer will be enforceable only against the funds and accounts related to and held under this Indenture for the Bonds. There will not be authorized any deficiency judgment against the Issuer. No recovery of any judgment by the Purchaser will in any manner or to any extent affect the lien of this Indenture or any rights, powers or remedies of the Purchaser hereunder, but such lien, rights, powers and remedies of the Purchaser will continue unimpaired; and

(c) Enforcement of Rights Under Agreement. The Purchaser or its assignee may, as assignee of specified interests of the Issuer in the Agreement, enforce any remedy available to the Issuer under the Agreement (except the remedies of the Issuer pursuant to Section 8.3 of the Agreement) and under any other lease, sublease, license or other grant of a possessory or use interest in the Project Property.

No right or remedy confirmed on any Party hereunder is intended to be exclusive of any other right or remedy confirmed on such Party hereunder, but each and every such right or remedy will be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute; provided, that the remedy of Purchaser in respect of an Event of Default or other breach hereunder or any other Bond Document shall be limited in all cases to those expressly provided in Section 902.

Section 903. Rights and Remedies of Purchaser. The Purchaser will not have the right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust related thereto or for the appointment of a receiver or any other remedy hereunder, unless an Event of Default has occurred and is continuing of which the Company has been notified, it being understood and intended that the Purchaser will not have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its actions or to enforce any right hereunder except in the manner herein provided. Nothing in this Indenture will, however, affect or impair the right of the Purchaser to enforce the payment of the principal of and interest on the Bond, when due or at and after the maturity thereof, or the obligation of the Issuer to pay the principal and interest on the Bonds at the time and place and from the revenues provided in this Indenture or in the Bonds.

Section 904. Issuer and Depositary Not Responsible. Neither the Issuer nor the Depositary has any responsibility or right to act on behalf of the Purchaser with respect to any Event of Default. All rights and remedies arising from or related to any Event of Default are solely the rights and remedies of the Purchaser; provided that, upon request and at the expense of the Purchaser, the Issuer will cooperate with the Purchaser in the lawful enforcement of such rights and remedies upon receipt of indemnity satisfactory to the Issuer in the Issuer's sole discretion against any out-of-pocket costs and expenses incurred by the Issuer in its sole discretion (including any counsel fees and expenses) or liability the Issuer may incur or suffer as a result of or in connection with such cooperation.

Section 905. Application of Moneys. All moneys received by the Issuer or the Purchaser pursuant to any right given or action taken under the provisions of this Article will, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and expenses incurred or made by the Issuer and the Purchaser, will be applied first to pay the fees and expenses of the Issuer and the Depositary; then to the payment of charges due the Purchaser pursuant to the Bond Documents, and then to the payment of interest and principal due and unpaid on the Bonds. Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys will be applied at such times, and from time to time, as the Issuer will determine.

Whenever the Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of and payments due to the Purchaser, the Issuer and the Depositary (and their respective counsel and agents) under this Indenture and the Agreement have been paid, any balance remaining will be paid to the Company or its assignee as provided in Section 604.

Section 906. Purchaser to File Proofs of Claim. In the case of any insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the Project Property or the Company, the Purchaser and the Issuer will, to the extent permitted by law, be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Purchaser or the Issuer, respectively, allowed in such proceedings for the entire amount due and payable by the Issuer, or by the Company, as the case may be, under the Indenture or the Agreement, at the date of the institution of such proceedings and for any additional amounts which may become due and payable after such date.

Section 907. Delay or Omission; No Waiver. No delay or omission of the Purchaser to exercise any right or power accruing upon any Event of Default will exhaust or impair any such right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein; and every power and remedy given by this Indenture to the Purchaser may be exercised from time to time and as often as may be deemed expedient by the Purchaser.

Section 908. No Waiver of One Default to Affect Another. No waiver of any Event of Default by the Purchaser will extend to or affect any subsequent or any other then existing Event of Default or shall impair any rights or remedies consequent thereon.

Section 909. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Purchaser shall have proceeded to enforce any right under this Indenture by foreclosure, entry, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Purchaser, then and in every such case the Issuer and Purchaser will be restored to their former positions and rights under this Indenture with respect to the Project Property and all rights, remedies, and powers of the Purchaser will continue as if no such proceedings had been taken.

Section 910. Waivers of Events of Default. The Purchaser may, in its discretion, waive any Event of Default and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds. In case of any such waiver or rescission, or in case any proceeding taken by the Purchaser on account of any such Event of Default shall have been discontinued or abandoned or determined adversely to the Purchaser, then in every such case the Issuer and the Purchaser shall be restored to their former respective positions and rights hereunder, and the Event of Default which was waived will be considered to be cured, but no waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

ARTICLE X-THE DEPOSITARY

Section 1001. Acceptance of Duties. The Depositary accepts the duties imposed on it by this Indenture, but only on the following express terms and conditions:

(a) The Depositary undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations will be read into this Indenture against the Depositary.

(b) In the absence of negligence or willful misconduct on its part, the Depositary may conclusively rely on certificates or notices furnished to the Depositary and conforming to the requirements of this Indenture or the Agreement, as the case may be; but if any such certificates or notices are specifically required to be furnished to the Depositary under this Indenture or the Agreement, the Depositary will examine the same to determine whether they conform to the requirements of this Indenture or the Agreement, as the case may be.

(c) The Company hereby indemnifies and holds harmless the Depositary from and against any and all loss, liability, cost, damage and expense, including, without limitation, reasonable counsel fees, which the Depositary may suffer or incur by reason of any action, claim or proceeding brought against the Depositary arising out of or relating in any way to this Indenture or any transaction to which the Indenture relates unless such action, claim or proceeding is the result of the negligence or willful misconduct of the Depositary. The indemnification shall survive the resignation, removal and termination of the Depositary. No provision of this Indenture will be construed to relieve the Depositary from liability for its own negligence or willful misconduct.

(d) The Depositary may consult with counsel and other professionals and the advice of such counsel and other professionals shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Depositary hereunder in good faith and in reliance thereon.

(e) The Depositary shall be under no obligation to take any action or exercise any right or power under the Indenture unless the Company shall first have provided to the Depositary, its directors, officers, agents and employees, security or indemnity satisfactory to the Depositary against the costs (including without limitation reasonable fees of attorneys), expenses and liabilities that might be incurred by the Depositary in connection herewith.

Section 1002. Compensation. The Company will pay directly to the Depositary its reasonable fees and charges and all of its reasonable expenses (including reasonable counsel fees and expenses).

Section 1003. Qualification. The Depositary must be an association or a corporation organized and doing business under the laws of the United States of America or of any state and be subject to supervision or examination by federal or state banking authorities. If at any time the Depositary ceases to be eligible in accordance with the provisions of this Section 1003, it will resign immediately in the manner and with the effect specified in Section 1004.

Section 1004. Resignation and Removal.

(a) No resignation or removal of the Depositary and no appointment of a successor Depositary will become effective until the acceptance of appointment by the successor Depositary under Section 1005.

(b) The Depositary may resign at any time upon 10 business days' written notice to the other Parties. If an instrument of acceptance by a successor Depositary has not been delivered to the retiring Depositary within 30 days after the giving of such notice of resignation, the retiring Depositary may petition any court of competent jurisdiction for the appointment of a successor Depositary.

(c) The Depositary may be removed at any time by the Company upon 10 business days' written notice to the other Parties.

(d) The Depositary will be automatically removed on the occurrence of the Completion Date of the Project and the application of all moneys on deposit in the Acquisition Fund as provided in Section 706. No successor Depositary will thereafter be appointed and each reference to the Depositary in this Indenture and the Agreement will thereafter be ineffective.

(e) If the Depositary resigns or is removed (except as provided in subsection (d) of this Section 1004), the Company will promptly appoint a successor Depositary and give written notice of such appointment to the Issuer, the Purchaser and the retiring or removed Depositary.

Section 1005. Successor Depositary.

(a) Every successor Depositary appointed under this Indenture will execute, acknowledge and deliver to its predecessor and the other Parties an instrument accepting such appointment, and thereupon such successor Depositary, without any further act, will become fully vested with all the rights, and be subject to all the obligations, of its predecessor; but such predecessor will, nevertheless, on the request of its successor, the Issuer, the Company or the Purchaser execute and deliver an instrument transferring to such successor Depositary all the rights of such predecessor under this Indenture. Every predecessor will deliver all property, including all records relating hereto, and moneys held by it under this

Indenture to its successor. The Issuer and the Purchaser will execute, acknowledge and deliver any instrument, satisfactory to each of them, required by any successor Depositary to more fully and certainly vest in such Depositary the rights vested in the predecessor Depositary by this Indenture.

(b) Notwithstanding any of the foregoing provisions of this Article, any Person qualified to act as Depositary under this Indenture with or into which the Person acting as Depositary may be merged or consolidated, or to which the assets and business of such Person may be sold, will automatically become the successor Depositary.

ARTICLE XI-SUPPLEMENTS AND AMENDMENTS TO INDENTURE

Section 1101. Other Supplemental Indentures. This Indenture may be supplemented or amended only by one or more instruments executed by the Issuer, the Purchaser and the Depositary.

Section 1102. Consent of the Company. Any supplemental indenture affecting the rights of the Company will not be effective unless and until the Company shall have consented in writing to the execution and delivery of such supplemental indenture.

ARTICLE XII- MISCELLANEOUS PROVISIONS

Section 1201. Notices. Any notice, demand, direction, request, consent, report or other instrument authorized or required by any of the Bond Documents to be executed, given or filed (excluding Uniform Commercial Code filings, recordings and other governmental filings) will be in writing and will be deemed to have been sufficiently given or filed for all purposes of the Bond Documents when delivered by hand delivery or on the third Business Day following the day on which the same has been mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Issuer: City of Roswell, New Mexico
425 N. Richardson Ave.
Roswell, New Mexico 88201

If to the Purchaser: Gallagher Solar Holdings, LLC
c/o Gallagher Solar LLC
[Address]

If to the Company: Gallagher Solar LLC
[Address]

If to the Depositary: BOKF, NA
Attn: Cindy Mitchell
100 Sun Avenue NW, Suite 500
Albuquerque, New Mexico 87109

Any Party may, by notice to each of the other Parties, designate any further or different addresses to which subsequent notices, certificates or other communications are to be sent. Receipt by the Issuer, the Company and the Depositary of a notice from a transferee of the Bond will constitute notice of such a different address for the Purchaser.

Section 1202. Remedies. No right or remedy conferred on any Party in any of the Bond Documents is intended to be exclusive of any other right or remedy conferred on such Party in any of the Bond Documents. Each such right or remedy is in addition to every other right or remedy provided in any

of the Bond Documents, or any other applicable agreement or contract; provided, that the remedy of the Issuer or the Purchaser in respect of an Event of Default or other breach hereunder or any other Bond Document shall be limited in all cases to those expressly provided in Section 902 hereunder or Article VIII of the Agreement, as the case may be. No delay or omission of any Party to exercise any such right or remedy will impair any such right or remedy or be construed to be a waiver. Every such right or remedy may be exercised from time to time and as often as the relevant Party may deem expedient. No waiver by any Party of any right or remedy with respect to any default or Event of Default will extend to or affect any other existing or subsequent default or Event of Default.

Section 1203. Beneficiaries. Nothing in any of the Bond Documents expressed or implied is intended or is to be construed to confer upon any Person other than the Parties any right, remedy or claim, legal or equitable.

Section 1204. Severability. In case any one or more of the provisions of any of the Bond Documents or of the Bonds are for any reason held to be illegal or invalid, such illegality or invalidity will not affect any other provision of any of the Bond Documents or of the Bonds, but the Bond Documents and the Bonds will be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement of the any Party contained in any of the Bond Documents or the Bonds is for any reason held to be in violation of law, then such covenant, stipulation, obligation or agreement will be deemed to be the covenant, stipulation, obligation or agreement of such Party to the full extent permitted by law.

Section 1205. Obligations of Issuer Not Obligations of Officials Individually. No obligation under any of the Bond Documents or the Bonds will be deemed to be an obligation of any present or future officer (including, without limitation, City Councilors) or employee of the Issuer in his or her individual capacity, and no officer of the Issuer who executes the Bonds will be personally liable on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 1206. Payments Due on Days That Are Not Business Days. If the date for any payment called for under any of the Bond Documents or the Bonds is not a Business Day, then such payment will be made on the next Business Day and no interest on such payment will accrue for the period after the scheduled date for such payment.

Section 1207. Limitation of Issuer's Liability. No agreements or provisions contained in any Bond Document nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with any property of the Company financed, directly or indirectly, out of Bond proceeds or the issuance, sale and delivery of the Bonds will give rise to any pecuniary liability of the Issuer, its officers, employees, agents or members of its governing body or constitute a charge against the Issuer's general credit, or obligate the Issuer financially in any way, except with respect to the Basic Rent, and its application as provided under this Indenture. No failure of the Issuer to comply with any terms, covenants or agreements in any Bond Document or in any document executed by the Issuer in connection with the Bonds will subject the Issuer, its officers and members of its governing body to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the Basic Rent. Without limiting the requirement to perform its duties or exercise its rights and powers under the Bond Documents upon receipt of appropriate indemnity or payment, none of the provisions of any Bond Document will require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under any Bond Document.

Section 1208. Successors. Wherever a Party is referred to in this Indenture, it shall be deemed to include its successors, and all covenants and agreements in this Indenture will bind and inure to the benefit of the such Party's successors.

Section 1209. Title, Headings. The title and headings of the articles, sections and subdivisions of this Indenture have been used for convenience only and will not modify or restrict any of the terms or provisions of this Indenture.

Section 1210. Consents and Approvals. In any action requiring the consent or approval of a party to this Indenture, such consent or approval will not be unreasonably withheld.

Section 1211. Execution in Counterparts. Each of the Bond Documents may be executed in multiple counterparts, all of which taken together will constitute one instrument. Any Party may execute any of the Bond Documents by executing any such counterpart of such Bond Document.

Section 1212. Applicable Law. The validity, construction and effect of each of the Bond Documents will be governed by and construed in accordance with the laws of the State applicable to agreements made and to be performed in the State of New Mexico.

[Remainder of Page Intentionally Left Blank]

DATED AS OF _____, 2026.

(SEAL) CITY OF ROSWELL, NEW MEXICO

Attest:

By:_____ By: _____
Amalia Martinez, City Clerk Timothy Z. Jennings, Mayor

(Signature Page for Indenture)

GALLAGHER SOLAR HOLDINGS, LLC
as Purchaser

By: Gallagher Solar LLC, its sole member

By _____
Name: Anthony Pedroni
Its: Vice President

(Signature Page for Indenture)

GALLAGHER SOLAR LLC

By: _____
Name: _____
Its: _____

(Signature Page for Indenture)

BOKF, NA
as Depositary

By: _____
Name: _____
Its: _____

(Signature Page for Indenture)

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EXHIBIT A
THIS BOND IS TRANSFERABLE ONLY UPON COMPLIANCE WITH THE RESTRICTIVE TERMS PROVIDED BELOW

No. R-1 Up to $4,800,000

United States of America
State of New Mexico

City of Roswell, New Mexico
Taxable Industrial Revenue Bonds
(Gallagher Solar LLC Project)
Series 2026

Registered Owner: GALLAGHER SOLAR HOLDINGS, LLC

FINAL MATURITY DATE	INTEREST RATE	ISSUE DATE
_____, 2041	4.7%	July __, 2026

The City of Roswell, a political subdivision of the State of New Mexico existing under the Constitution and laws of the State of New Mexico (the "Issuer"), for value received, promises to pay, solely from the sources described below, to GALLAGHER SOLAR HOLDINGS, LLC (together with its successors and assigns, and transferees as permitted below, the "Purchaser") - Four Million Eight Hundred Thousand Dollars ($4,800,000) (subject to prior optional redemption as described below) or so much of such amount as has been advanced by the Purchaser and is outstanding and to pay, solely from such sources, to the Purchaser, interest on principal amounts advanced with respect to this Bond from the dates of such Advances at the Interest Rate specified above (computed on the basis of a 360-day year consisting of twelve 30-day months) until payment of such principal amount. Accrued interest in the amount of four and seven-tenths percent (4.7%) of the outstanding principal amount of the Bonds shall be payable on the Payment Date, with the outstanding principal amount of the Bonds due and payable in full on the Final Maturity Date.

This Bond is issued under and pursuant to the Constitution and laws of the State of New Mexico, particularly Sections 3-32-1 to 3-32-16, NMSA 1978, as amended, and under and pursuant to Ordinance No. _____ duly adopted by the Issuer on May 14, 2026.

The principal of, interest on and redemption price of this Bond are payable solely from Basic Rent derived by the Issuer from the Lease Agreement dated as of July __, 2026 (the "Agreement") between the Issuer and Gallagher Solar LLC (the "Company"), which has been pledged and assigned by the Issuer to the Purchaser under the Indenture, dated as of July __, 2026 (together with any amendments and supplements, the "Indenture") among the Issuer, the Purchaser, the Company and BOKF, NA, as Depositary (the "Depositary'').

Reference is made to the Indenture and the Agreement for the provisions, among others, with respect to the custody and application of the proceeds of the sale of this Bond, the collection and disposition of income and other revenues, a description of the account charged with and pledged to the payment of the principal of, interest on and redemption price of this Bond, the nature and extent of the security, the terms and conditions under which this Bond is issued and amounts are to be advanced with respect to this Bond by the Purchaser, and the rights, duties and obligations of the Issuer, the Company, the Purchaser and the Depositary.

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW MEXICO OR OF ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE ISSUER, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, INTEREST ON OR REDEMPTION PRICE OF THIS BOND. THE PRINCIPAL OF, INTEREST ON AND REDEMPTION PRICE OF THIS BOND WILL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE CONSTITUTION OR STATUTES OF THE STATE OF NEW MEXICO. THIS BOND WILL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE OF NEW MEXICO, ANY OF ITS POLITICAL SUBDIVISIONS OR OF THE ISSUER OR A CHARGE AGAINST THEIR GENERAL CREDIT OR TAXING POWERS.

This Bond may be called for redemption as provided in the Indenture, at the option of the Company as a whole or in part on any date selected by the Company, at a redemption price equal to the principal amount to be redeemed plus interest accrued on such principal amount to the redemption date.

If an Event of Default (as defined in the Indenture) occurs, the Purchaser may cause the then unpaid principal amount of this Bond and all accrued interest to be immediately due and payable as provided in the Indenture. Neither the Issuer nor the Depositary has any right or responsibility to act on behalf of the Purchaser with respect to any Event of Default.

This Bond may be transferred in whole but not in part. SUBJECT TO THE LAST PARAGRAPH OF SECTION 404 OF THE INDENTURE AND NOTWITHSTANDING ANY PROVISION OF THIS BOND TO THE CONTRARY, NEITHER THIS BOND NOR ANY INTEREST IN THIS BOND MAY BE, DIRECTLY OR INDIRECTLY, OFFERED, SOLD, HYPOTHECATED, ENCUMBERED OR OTHERWISE TRANSFERRED OR DISPOSED OF (INDIVIDUALLY AND COLLECTIVELY, A ‘‘TRANSFER”) EXCEPT IN COMPLIANCE WITH SECURITIES ACT OF 1933, AS AMENDED (THE “ACT’’), AND APPLICABLE STATE SECURITIES LAWS AS ESTABLISHED TO THE SATISFACTION OF THE ISSUER, AND ANY SUCH PURPORTED TRANSFER OF THIS BOND WILL NOT BE EFFECTIVE UNLESS THE TRANSFEROR PROVIDES TO THE ISSUER, THE DEPOSITARY AND THE COMPANY (A) AN OPINION, IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, FROM LEGAL COUNSEL EXPERIENCED IN SECURITIES LAWS MATTERS, WHICH COUNSEL MUST BE SATISFACTORY TO THE ISSUER, TO THE EFFECT THE TRANSFER COMPLIES WITH THE ACT AND APPLICABLE STATE SECURITIES LAWS AND (B) WRITTEN REPRESENTATIONS FROM THE TRANSFEREE, IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, NECESSARY TO ESTABLISH SUCH COMPLIANCE.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture have happened, exist and have been performed as so required.

The validity, construction and performance of this Bond are governed by the law of New Mexico applicable to agreements made and to be performed in New Mexico.

CITY OF ROSWELL, NEW MEXICO

By: _____
Timothy Z. Jennings, Mayor

Attest:

By: _____
Amalia Martinez, City Clerk

(Seal)

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SCHEDULE OF ADVANCES AND PAYMENTS

Date	Amount Of Advance	Amount of Principal Payment or Redemption	Resulting Principal Amount	Notation Made By

EXHIBIT B
REQUISITION AND CERTIFICATE NO.

To: GALLAGHER SOLAR HOLDINGS, LLC, as Purchaser
BOKF, NA, as Depositary

The undersigned, pursuant to the Indenture dated as of July __, 2026 (the "Indenture"), among the City of Roswell, New Mexico (the "Issuer'), GALLAGHER SOLAR HOLDINGS, LLC (the "Purchaser''), Gallagher Solar LLC (the "Company") and BOKF, NA (the Depositary"), requests on behalf of the Company, the disbursement of $_____ from the Acquisition Fund (as defined in the Indenture) to pay the following costs and expenses (or to reimburse the Company for payment of such costs and expenses) related to the Project (as defined in the Indenture) or to the issuance of the Bonds (as defined in the Indenture):

Amount	General Classification Of Expenditure	Payee
$		

Amount of this requisition: $_____

The undersigned certifies that:

(1) obligations in the stated amounts were incurred for Related Costs (as defined in the Indenture) and are due and payable (or, if the Company is indicated as the Payee, were duly paid by the Company) and that each item is a proper charge against the Acquisition Fund and has not been the subject of a previous withdrawal from the Acquisition Fund; and

(2) to the best knowledge of the undersigned there has not been filed with or served upon the Issuer or the Company notice of any lien, right or attachment upon, or claim affecting the right of any such payee to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation; and

(3) with respect to any item for payment for labor or to contractors, builders or materialmen, (i) the obligations stated have been properly incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, and (iii) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of this requisition.

DATED: July __, 2026

GALLAGHER SOLAR LLC

By: _____
Name: _____
Title: _____
Authorized Company Representative

EXHIBIT C
COMPLETION CERTIFICATE

The undersigned Authorized Company Representative, pursuant to Section 706 of the Indenture, dated as of July __, 2026 (the "Indenture"), among the City of Roswell, New Mexico, Gallagher Solar Holdings, LLC, as Purchaser, Gallagher Solar LLC (the "Company") and BOKF, NA, as Depositary, states that, except for specified amounts remaining in the Acquisition Fund for any specified Related Costs as described in Appendix A hereto incurred by the Company, but not now due and payable, the Project is complete and all costs of labor, services, materials and supplies in connection with the Project Property have been paid for or provisions have been made for their payment. After the transfer of remaining moneys in the Acquisition Fund to the Company pursuant to Section 706 of the Indenture, the Company will have sole responsibility for the payment of any Related Cost in excess of the amount specified to be retained in the Acquisition Fund.

Moneys set aside for payment of pending expenses equal $_____
_____and total disbursements equal $ _____

DATED: July __, 2026

GALLAGHER SOLAR LLC

By: _____
Name: _____
Title: _____
Authorized Company Representative

EXHIBIT D
CERTIFICATE OF QUALIFIED INVESTOR

City of Roswell, New Mexico

BOKF, NA, as Depositary

Gallagher Solar LLC

Re: City of Roswell, New Mexico
Taxable Industrial Revenue Bonds
(Gallagher Solar LLC Project), Series 2026

Please be advised that the undersigned is purchasing the captioned Bonds (hereinafter referred to as the "Bonds"). Such purchase is for the account of the undersigned, for the purpose of investment and not with a present intent for distribution or resale. In the event that the undersigned transfers such Bonds, the undersigned shall comply with all provisions of the Indenture dated as of July __, 2026 (as amended from time to time, the "Indenture"), among the City of Roswell, New Mexico (the "Issuer"), GALLAGHER SOLAR HOLDINGS, LLC, as Purchaser, Gallagher Solar LLC (the "Company") and BOKF, NA, as Depositary (the "Depositary"), as described in the Bonds. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws in such regard and must present to the Depositary, the Issuer and the Company a Certificate of Qualified Investor executed by the proposed transferee, among other things as may be required by the agreements authorizing the Bonds, before such transfer will be effective.

The undersigned acknowledges that it is one of the following:

1. a bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), or savings and loan association or other institution as defined in Section 3(a)(S)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); insurance company as defined in Section 2(13) of the Securities Act; insurance company as registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

2. a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

3. an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000;

4. a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of this purchase exceeds $1,000,000, excluding the value of the primary residence of such person;

5. a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with the person's spouse in excess of $300,000 in each of those years and who reasonably expects reaching the same income level the current year; or

6. one or more of the following, as indicated, that it is acting for its own account or the accounts of other Qualified Institutional Buyers and that it in the aggregate owns and/or invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the Company:

(a) an insurance company, as defined in Section 2(13) of the Securities Act;

(b) an investment company registered under the Investment Company Act of 1940, as amended, or any business development company as defined in Section 2(a)(48) of that Act;

(c) a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

(d) a plan established and maintained by a state, its political subdivision or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;

(e) an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974;

(f) a trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in Paragraph (d) or (e) above, and not a trust fund that includes as participants individual retirement accounts or H.R. 10 plans;

(g) a business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (the "Investment Advisers Act");

(h) an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation (other than a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution), partnership or similar business trust; or

(i) an investment adviser registered under the Investment Advisers Act;

7. a dealer registered pursuant to Section 15 of the Exchange Act, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer; or

8. a dealer registered pursuant to Section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a qualified institutional buyer; or

9. an investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment

companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. "Family of investment companies" means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that, for purposes of this section:

(a) each series of a series company (as defined in Rule 18f-2 under the Investment Company Act) shall be deemed to be a separate investment company; and

(b) investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

10. an entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers; or

11. a bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in Section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution; or

12. any entity that is acquiring the Bond for the purpose of facilitating investment therein by "qualified institutional buyers" as defined under Rule 144A promulgated under the Securities Act; or

13. Gallagher Solar LLC, the parent or subsidiary thereof, or any affiliated entity.

The undersigned further acknowledges that (i) interest on the Bonds is not exempt from gross income for federal income tax purposes, and (ii) an opportunity was available to obtain and that the undersigned has obtained all materials which were regarded as necessary to evaluate the merits and risks of investment in the Bonds and after such evaluation, the undersigned understands and knows that investment in the Bonds involves certain risks, including, but not limited to, those related to limited security and source for payment of the Bonds and the probable lack of any secondary market for the Bonds.

The undersigned acknowledges, warrants and represents that the undersigned is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independently evaluating the risks involved in investing in the Bonds. The undersigned further acknowledges that neither the Issuer nor any of its officials, counsel, agents or consultants is responsible for any information contained in or omitted from the materials furnished, whether directly or by any other means, relating to the Bonds and acknowledges that the undersigned will not look and has not looked to any of them to obtain such information on its behalf.

GALLAGHER SOLAR HOLDINGS, LLC,
as Purchaser

By Gallagher Solar LLC, its sole member

By: _____
Name: _____
Its: _____

Address for Notices and
Payment of principal and interest:

c/o Gallagher Solar LLC
[Address]

GALLAGHER SOLAR HOLDINGS, LLC,

CITY OF ROSWELL, NEW MEXICO

and

GALLAGHER SOLAR LLC

BOND PURCHASE AGREEMENT

Dated July __, 2026

Up to $4,800,000
City of Roswell, New Mexico
Taxable Industrial Revenue Bonds
(Gallagher Solar LLC Project)
Series 2026

BOND PURCHASE AGREEMENT

GALLAGHER SOLAR HOLDINGS, LLC (the "Purchaser"), **CITY OF ROSWELL, NEW MEXICO** (the "Issuer"), and **GALLAGHER SOLAR LLC** (the "Company"), agree:

Section 1. **Recitals**. The Issuer, the Purchaser, the Company and BOKF, NA, as depositary (the "Depositary") have entered into an Indenture dated as of July __, 2026 (the "Indenture"). Pursuant to the Indenture, the Issuer will issue its Taxable Industrial Revenue Bonds (Gallagher Solar LLC Project), Series 2026, in the maximum principal amount of $4,800,000 (the "Bonds"). Capitalized terms used in this Bond Purchase Agreement (this "Agreement") but not defined herein shall have the meanings assigned to such terms in the Indenture.

Section 2. **Purchase and Delivery**. On the basis of the representations and covenants contained in this Agreement and subject to the terms and conditions contained in this Agreement, the Purchaser will purchase the Bonds from the Issuer and the Issuer will sell the Bonds to the Purchaser. As consideration for the sale of the Bonds, the Purchaser will make advances on the Bonds at the times and under the conditions specified in Section 702 of the Indenture. The Issuer will deliver the Bonds to the Purchaser as provided in Section 403 of the Indenture, or at such other time as is mutually agreeable to the Purchaser and the Issuer (the "Closing Date").

Section 3. **Issuer Representations**. The Issuer represents that, as of the date of this Agreement:

(a) Each of the representations of the Issuer in the Lease Agreement, dated as of July __, 2026 (the "Lease" and, together with the Indenture and this Agreement, the "Bond Documents"), between the Issuer and the Company, and the Indenture is true and correct as if made on and as of the date of this Agreement.

(b) Pursuant to Ordinance No. _____ duly adopted by the City Council of the City of Roswell on May 14, 2026 (the "Bond Ordinance"), the Issuer duly authorized and approved (i) the execution and delivery by the Issuer of the Bond Documents and the performance by the Issuer of its obligations under the Bond Documents, and (ii) the issuance, execution and delivery of the Bonds. The Bond Ordinance has not been amended, modified or repealed.

Section 4. **Company Representations**. The Company represents that as of the date hereof:

(a) Each of the representations of the Company in the Lease is true and correct as if made on and as of the date of this Agreement.

(b) This Agreement, the Indenture and the Lease constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general principles of equity.

(c) The Company is a Delaware limited liability company, duly organized, validly existing and in good standing under the law of the State of Delaware and is a duly registered foreign limited liability company authorized to do business in the State of New Mexico and has full legal capacity, right, power and authority to own the Company's properties and conduct the Company's business. The Company has full legal capacity, right, power and authority to execute and deliver this Agreement, the Indenture and the Lease, to provide for the operation and management of the Project Property, and to take any and all

such action as may be required on its part to carry out, give effect to and consummate the transactions contemplated by this Agreement, the Indenture and the Lease.

(d) Neither the execution and delivery of this Agreement, the Indenture and the Lease, nor the consummation of the transactions contemplated therein or the compliance with the provisions thereof, will conflict with, or constitute on the part of the Company a violation of, or a breach of or default under any material indenture, mortgage, commitment, note or other agreement or instrument to which the Company is a party or by which the Company is bound, or any material order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its activities or properties. All consents, approvals, authorizations and orders of governmental or regulatory authorities (except as required under state securities laws) which are required for the Company's execution and delivery of, consummation of the transactions contemplated by, and compliance with the provisions of this Agreement, the Indenture and the Lease have been obtained.

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best of the knowledge of the Company, threatened, against or affecting the Company, or the actions taken or contemplated to be taken by the Company, nor, to the best of the knowledge of the Company, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the business or financial condition of the Company, or the transactions contemplated by, or the validity or enforceability of, this Agreement, the Indenture or the Lease.

(f) No event has occurred and no condition exists which, upon issuance of the Bonds, would constitute (or with the giving of notice or lapse of time, or both, would constitute) an Event of Default under the Lease.

(g) The Company is not in violation of any provisions of, or in default under any statute, indenture, mortgage, commitment, note or other agreement or instrument to which it is a party or by which it is bound, or any order, rule, regulation or decision of any court or governmental agency or body having jurisdiction over it or any of its activities or properties, which violation would materially and adversely affect its business or financial condition.

Section 5. **Purchaser Representations**. The Purchaser represents and acknowledges that, as of the date of this Agreement:

(a) The Purchaser is purchasing the Bonds for its own account for investment and with no present intention of distributing or reselling the Bonds or any interest in the Bonds but without prejudice, however, to its right at all times to sell or otherwise dispose of all but not part of the Bond in compliance with the Securities Act of 1933, as amended, the regulations promulgated thereunder, applicable state securities laws and regulations and the terms of the Bonds, upon receipt of appropriate investor representations, an opinion of counsel experienced in securities law matters and satisfactory to the Issuer and in accordance with the applicable terms of the Indenture.

(b) The Purchaser understands that the Bonds are a special limited, and not general, obligation of the Issuer, are payable solely from the Basic Rent received under the Lease and from the security therefor as described in the Indenture but from no other sources. The Purchaser understands that the Bonds are not secured by any obligation or pledge of any monies received or to be received from taxation or from the State or any political subdivision, taxing district, or municipality thereof (including, without limitation, the Issuer), and that the Bonds will never represent or constitute a general obligation, debt or bonded indebtedness of the Issuer, the State, any political subdivision or municipality thereof, and that no right will exist to have taxes levied by the Issuer, the State, any political subdivision or municipality

thereof, for the payment of principal of, premium, if any, and interest on the Bonds. The Purchaser understands that payment of the Bonds depends upon the general credit of the Company, and upon the security granted in the Indenture for the Company's obligations under the Lease.

(c) The Purchaser is an affiliate of the Company and has been afforded the opportunity to discuss the business, assets and financial position of the Company with the officers, employees and auditors of the Company; and has received such information concerning the Company and its business, assets and financial position, and the Project (as defined in the Lease) as it deems necessary in making its decision to purchase the Bonds.

(d) The Purchaser is duly and legally authorized to purchase the Bonds, has such knowledge and experience in financial and business matters (including the ownership of municipal conduit obligations) as are required for, and is capable of, evaluating the merits and risks of its purchase of the Bonds, is aware of the intended use of proceeds of the Bonds, and understands that interest on the Bonds is not excludable from gross income for federal income tax purposes.

(e) The Purchaser understands that neither the Issuer nor any of its officials, counsel, consultants or agents has undertaken to furnish any information with respect to the Company or to ascertain the accuracy of any information furnished to the Purchaser with respect to the Company, and the Purchaser has not requested or received any representations from the Issuer with respect to any such information, its accuracy or completeness. The Purchaser waives any requirement of due diligence in investigation or inquiry on the part of the Issuer, its officials, counsel, agents and consultants and all claims, actions or causes of action which the Purchaser may have from and after the date hereof against the Issuer, its officials, counsel, agents and consultants growing out of any such action which any of the foregoing took, or could have taken, in connection with the authorization, execution, delivery, and sale of the Bonds to the Purchaser or in connection with any statement or representation by the Company which induced the Purchaser to purchase the Bonds.

(f) The Purchaser has received and reviewed copies of the Bond Documents and the Bond Ordinance.

(g) This Agreement constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general principles of equity.

(h) The Purchaser has been informed by the Company and agrees that the Indenture has not been qualified under the Trust Indenture Act of 1939, and that the Bonds (i) are not being registered or otherwise qualified for sale under (a) the Securities Act of 1933, as amended, or (b) the "Blue Sky" laws and regulations of any state, (ii) will not be listed on any stock or other securities exchange, (iii) will not carry a rating from any rating service and (iv) will not be readily marketable. The Purchaser has been informed by the Company and agrees that a legend will be placed on the Bonds certificate or any other documents evidencing ownership of the Bonds to the effect that it has not been registered under the Securities Act of 1933, as amended, or the applicable state "Blue Sky" laws and that it may only be transferred in compliance with the Indenture and applicable securities laws.

(i) The execution, delivery and performance of this Agreement by the Purchaser will not constitute a default under any other agreement by which the Purchaser is bound.

(j) The Purchaser acknowledges that its purchase of the Bonds constitutes a transaction in a bond secured by the Indenture which is, among other things, a personal property security agreement, pursuant to which the Bonds are offered and sold as a unit.

Section 6. **Indemnification**.

(a) The Company and the Purchaser will, jointly and severally, indemnify, defend and hold harmless the Depositary, as defined in the Indenture, each agent and employee of the Depositary, the Issuer, each City Council member, official, agent or employee of the Issuer and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the Issuer (each an "Indemnified Party" and, collectively, the "Indemnified Parties") from and against any and all losses, claims, damages, liabilities, joint or several, or expenses related thereto arising out of or in connection with or caused by any offering, sale or resale of the Bonds in violation of any federal or state securities laws or by an untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact made to any person or caused by an omission or alleged omission of any material fact in connection with the Bonds or the sale, resale or delivery thereof.

(b) In case a claim is made or any action is brought against one or more of the Indemnified Parties based upon the matters described in the preceding paragraph and in respect of which indemnity is sought against the Company or the Purchaser pursuant to the preceding paragraph, the Indemnified Party or Parties seeking indemnity shall promptly notify the Company and the Purchaser, in writing, and the Company and the Purchaser shall promptly assume or cause the assumption of the defense thereof, including the employment of counsel chosen by the Company and the Purchaser and approved in writing by the Issuer (provided, that such approval by the Issuer shall not be unreasonably withheld), the payment of all expenses (including reasonable counsel fees and expenses) and the right to negotiate and consent to settlement. If the Company and the Purchaser fail to assume or cause the assumption of the defense of such action or to retain counsel reasonably satisfactory to the Issuer within a reasonable time after notice of the commencement of such action, the reasonable fees and expenses of counsel retained by the Indemnified Party shall be paid by the Company or the Purchaser. If any Indemnified Party is advised in a written opinion of counsel that the defenses of such Indemnified Party should be handled by separate counsel, the Company and the Purchaser shall not have the right to assume or cause the assumption of the defense of such Indemnified Party, but the Company and the Purchaser shall be responsible for the fees and expenses of such separate counsel (the "Separate Counsel") retained by such Indemnified Party. Notwithstanding, and in addition to, any of the foregoing, any one or more of the Indemnified Parties shall have the right to employ separate counsel with respect to any such claim or in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party or Indemnified Parties unless the employment of such counsel has been specifically authorized in writing by the Company and the Purchaser. Neither the Company nor the Purchaser shall be liable for any settlement of any such action effected without the written consent of the Company or the Purchaser, but if settled with the written consent of the Company and the Purchaser or if there is a final judgment for the plaintiff in any such action with or without consent, the Company and the Purchaser will indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment.

(c) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in this Section 6 is for any reason held to be unavailable to the Indemnified Parties in accordance with its terms, the Purchaser and the Company shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by this Section 6 incurred by the Indemnified Parties in such proportions as determined by a court having jurisdiction of the matter.

(d) The covenants and agreements of the Purchaser and the Company under this Section 6 are joint and several.

Section 7. **Conditions**. The obligation of the Purchaser to purchase the Bonds and the obligation of the Issuer to sell the Bonds are subject to satisfaction of the following conditions precedent:

(a) The representations of the Issuer, the Purchaser and the Company in this Agreement will be true and correct on and as of the date the Bonds are issued ("Closing Date") as if made on and as of the Closing Date.

(b) As of the Closing Date, no Default (as defined in the Indenture) or Event of Default (as defined in the Lease) will have occurred and be continuing, and no event will have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute a Default or Event of Default.

(c) On or before the Closing Date, all actions required to be taken as of the Closing Date in connection with the Bonds, the Bond Ordinance and the Bond Documents by the Issuer, the Purchaser and the Company will have been taken, and the Issuer, the Purchaser and the Company will each have performed and complied with all agreements, covenants and conditions required to be performed or complied with by the Bond Ordinance and the Bond Documents.

(d) The Indenture will have been duly executed and delivered by the Issuer, the Company, the Purchaser and the Depositary. The Lease will have been duly executed by the Issuer and the Company. Each of the Bond Documents, the Bond Ordinance and all other official action of the Issuer relating to the Bonds, the Project (as defined in the Lease) and the Bond Documents will be in full force and effect on the Closing Date and will not have been amended, modified or supplemented on or before the Closing Date.

(e) The Issuer, the Company and the Purchaser will have received the following, each dated the Closing Date:

(i) the approving opinion of Sutin Thayer & Browne, A Professional Corporation, Bond Counsel, substantially in the form of Exhibit A;

(ii) the opinion of counsel to the Company, substantially in the form of Exhibit B;

(iii) the opinion of the Attorney for the Issuer, substantially in the form set forth in Exhibit C;

(iv) the opinion of counsel to the Purchaser, substantially in the form set forth in Exhibit D;

(v) a certificate of and with reference to the Issuer and signed by a duly authorized officer of the Issuer to the effect set forth in subsections (a) and (c) of this Section 7 with respect to the Issuer;

(vi) a certificate of and with reference to the Company signed by a duly authorized officer of the Company to the effect set forth in subsections (a), (b) and (c) of this Section 7;

(vii) a certificate of and with reference to the Purchaser signed by a duly authorized officer of the Purchaser to the effect set forth in (a) and (c) of this Section 7;

(viii) a certificate of the Depositary signed by a duly authorized officer of the Depositary to the effect that (a) he or she is an authorized officer of the Depositary; (b) the Indenture has been duly executed and delivered by the Depositary; (c) the Depositary has all necessary corporate powers required to execute, deliver and perform its obligations under the Indenture; and (d) to the best of his or her knowledge, the execution and delivery by the Depositary of the Indenture and the performance by the Depositary of its obligations under the Indenture will not conflict with or constitute a breach of or default under any law, administrative regulation, consent decree or any agreement or other instrument to which the Depositary is subject or by which the Depositary is bound;

(ix) such additional legal options, certificates, proceedings, instruments and other documents as any such party or Bond Counsel may reasonably request; and

(x) an investment intent letter from the Purchaser in the form of the Certificate of Qualified Investor attached to the Indenture.

If any conditions to the obligations of the Purchaser or the Issuer under this Agreement are not satisfied and if the satisfaction of such conditions is not waived by the Purchaser and the Issuer, then, at the option of the Purchaser or the Issuer, respectively in accordance with their interests (x) the Closing Date will be postponed for such period, not to exceed five business days, as may be necessary for such conditions to be satisfied or (y) the obligations of the Purchaser and the Issuer under this Agreement will terminate, and neither the Purchaser nor the Issuer will have any further obligations or liabilities under this Agreement.

Section 8. **Survival**. All agreements, covenants and representations and all other statements of the Issuer and the Company and their respective officers set forth in or made pursuant to this Agreement will survive the Closing Date and the delivery of and payment for the Bonds.

Section 9. **Notices**. Any notice, demand, direction, request, consent, approval, report or other instrument authorized or required by any of the Bond Documents to be executed, given or filed will be in writing and will be deemed to have been sufficiently given or filed for all purposes of the Bond Documents when delivered by hand delivery or on the third Business Day following the day on which the same has been mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Issuer: City of Roswell, New Mexico
425 N. Richardson Ave.
Roswell, New Mexico 88201

If to the Purchaser: Gallagher Solar Holdings, LLC
c/o Gallagher Solar LLC
[Address]

If to the Company: Gallagher Solar LLC
[Address]

Any Party may, by notice to each of the other Parties, designate any further or different addresses to which subsequent notices, certificates or other communications are to be sent. Receipt by the Issuer and the Company of a Certificate of Qualified Investor in the form attached to the Indenture as Exhibit E, from

a transferee of the Bonds will constitute notice by the transferee of such a different address for the Purchaser.

Section 10. **Remedies**. No right or remedy conferred on any party in this Agreement is intended to be exclusive of any other right or remedy. No delay or omission of any party to exercise any such right or remedy may be exercised from time to time and as often as the relevant party may deem expedient. No waiver by any party of any right or remedy with respect to any Default or Event of Default will extend to or affect any other existing or subsequent Default or Event of Default.

Section 11. **Severability**. In case any one or more of the provisions of this Agreement or of the Bonds are for any reason held to be illegal or invalid, such illegality or invalidity will not affect any other provision of any of this Agreement or of the Bonds, but this Agreement and the Bonds will be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement of the Issuer contained in this Agreement or the Bonds are for any reason held to be in violation of law, then such covenant, stipulation, obligation or agreement will be deemed to be the covenant, stipulation, obligation or agreement of the Issuer to the full extent permitted by law.

Section 12. **Obligations of Issuer Not Obligations of Officials Individually**. No obligation under any of the Bond Documents or the Bonds will be deemed to be an obligation of any present or future officer (including, without limitation, City Councilors) or employee of the Issuer in his or her individual capacity, and no officer of the Issuer who executes the Bond will be personally liable on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 13. **Limitation of Issuer's Liability**. No agreements or provisions contained in this Agreement nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with any property of the Company financed, directly or indirectly, out of the Bond proceeds or the issuance, sale and delivery of the Bonds will give rise to any pecuniary liability of the Issuer, its officials, employees, agents or members of its governing body or constitute a charge against the Issuer's general credit, or will obligate the Issuer financially in any way, except with respect to the Basic Rent available under the Lease and the Indenture provided by the Company and pledged to the payment of the Bonds, and their application as provided under the Indenture. No failure of the Issuer to comply with any terms, covenants or agreements in this Agreement or in any document executed by the Issuer in connection with the Bonds will subject the Issuer, its officials, employees, agents and members of its governing body to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the funds available under the Lease or the Indenture provided by the Company and pledged to the payment of the Bonds. None of the provisions of the Bond Documents will require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Bond Documents. Nothing in this Agreement will preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement in any of the Bond Documents; provided, that no costs, expenses or other monetary relief will be recoverable from the Issuer except as may be payable from the funds available under the Lease or the Indenture provided by the Company and pledged to the payment of the Bonds.

Section 14. **Title, Headings**. The title and headings of the articles and sections of this Purchase Agreement have been used for convenience only and do not modify or restrict any of the terms or provisions hereof.

Section 15. **Execution in Counterparts**. This Agreement may be executed in counterparts, all of which taken together will constitute one instrument.

Section 16. **Applicable Law**. The validity, construction and effect of this Agreement will be governed by the law of the State of New Mexico and the proper venue shall be Chaves County.

Section 17. **Expenses**. All costs and expenses relating to the preparation, issuance, delivery and sale of the Bonds and the preparation, execution and delivery of the Bond Ordinance, the Bond Documents and all other agreements, documents and instruments related to the transactions contemplated by the Bond Documents, including the fees and expenses of Issuer's outside review counsel and the City Attorney, are to be paid by the Company.

Section 18. **Performance of the Parties**. The respective obligations of the parties hereunder are subject to the performance by each other party hereto of its own obligations hereunder.

[Remainder of this page intentionally left blank]

DATED: _____, 2026

GALLAGHER SOLAR HOLDINGS, LLC
as Purchaser

By Gallagher Solar LLC, its sole member

By: _____
Name: _____
Its: _____

GALLAGHER SOLAR LLC,
as Company

By: _____
Name: _____
Its: _____

(Signature Page for Bond Purchase Agreement)

(SEAL)

CITY OF ROSWELL, NEW MEXICO

Attest:

By:_____
Amalia Martinez, City Clerk

By: _____
Timothy Z. Jennings, Mayor

(Signature Page for Bond Purchase Agreement)

Exhibit A

[Opinion of Bond Counsel]

_____, 2026

City of Roswell, New Mexico
Chaves County, New Mexico

Gallagher Solar Holdings, LLC
[City, State]

Gallagher Solar LLC
[City, State]

BOKF, NA
Albuquerque, New Mexico

$4,800,000
City of Roswell, New Mexico
Taxable Industrial Revenue Bonds
(Gallagher Solar LLC Project)
Series 2026

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the City of Roswell, New Mexico (the "Issuer") of its Taxable Industrial Revenue Bonds (Gallagher Solar LLC Project) Series 2026 in the maximum principal amount of $4,800,000 (the "Bonds").

The Bonds will bear interest on the outstanding principal amount at a per annum rate equal to four and seven-tenths percent (4.7%). Interest on the Bonds is payable each _____ 1 beginning _____ 1, 2027, with the outstanding principal amount of the Bonds plus all interest thereon due and payable in full at their final maturity.

The Bonds are subject to redemption prior to maturity as described in the Indenture dated as of July __, 2026 (the "Indenture") among the Issuer and Gallagher Solar Holdings, LLC (the "Purchaser"), Gallagher Solar LLC (the "Company") and BOKF, NA (the "Depositary").

The principal of, interest on and redemption price of the Bonds are not general obligations of the Issuer but special obligations payable solely from the revenues pledged under the Indenture. Neither the faith and credit nor the taxing power of the State of New Mexico or of any of its political subdivisions or municipalities, including the Issuer, is pledged to the payment of the principal of, interest on or redemption price of the Bonds. The principal of, interest on and redemption price of the Bonds will never constitute a debt or indebtedness of the Issuer within the meaning of any provision or limitation of the constitution or laws of the State of New Mexico. The Bonds will never constitute nor give rise to a pecuniary liability of the State of New Mexico, any of its political subdivisions or of the Issuer or a charge against their general credit or taxing powers.

In connection with the issuance of the Bonds, we have examined (a) a certified copy of an ordinance passed by the Roswell City Council on May 14, 2026, authorizing the issuance of the Bonds, pursuant to and under the provisions of Sections 3-32-1 through 3-32-16, New Mexico Statutes Annotated, 1978 Compilation, as amended (the "Act"); (b) the executed Bonds; (c) executed counterparts of the Indenture, the Lease Agreement dated as of July __, 2026 (the "Agreement") between the Issuer and the Company

and the Bond Purchase Agreement dated July __, 2026 (the "Bond Purchase Agreement" and, together with the Indenture and the Agreement, the "Bond Documents") among the Purchaser, the Issuer and the Company; and (d) such other opinions, documents, certificates and letters as we deemed relevant in rendering this opinion.

Based on such examination, in our opinion:

1. The Issuer is a political subdivision of the State of New Mexico and has the power and authority, under the constitution and laws of the State of New Mexico, including the Act, to execute and deliver the Bond Documents, and to authorize, execute, issue and deliver the Bonds.

2. The terms and provisions of the Bonds and the Bond Documents comply in all respects with the requirements of the Act.

3. The Bonds have been validly authorized, executed and issued in accordance with the law of New Mexico and represent the valid and binding special obligation of the Issuer.

4. The Bond Documents have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties to the Bond Documents, constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general principles of equity.

5. Neither the offer nor sale of the Bonds to the Purchaser pursuant to the Bond Documents is required to be registered under any federal or New Mexico securities law. The Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

6. The issuance and sale of the Bonds to the Purchaser is not subject to Rule 15c2-12 of the Securities and Exchange Commission.

Our opinion in paragraph 4 above, insofar as it relates to the enforceability of the Indenture, is subject to the following qualifications:

(i) New Mexico law may require that notice of acceleration be given to the Company before foreclosure of the Indenture. Comer v. Hargrave, 93 N.M. 170, 598 P.2d 213 (1979).

(ii) We express no opinion as to title to or the priority of any lien on or security interest in any real or personal property.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. This letter is issued for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our prior written consent. This letter may not be utilized by you for any other purpose and may not be quoted by you without or express prior written consent, except that this opinion may be included in the transcript of official record of proceedings relating to the issuance and sale of the Bond. Our engagement as Bond Counsel with respect to the issuance and sale of the Bonds terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current law, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours,

Exhibit B

[Opinion of Counsel to the Company]

_____, 2026

City of Roswell, New Mexico
Chaves County, New Mexico

Gallagher Solar Holdings, LLC
[City, State]

Gallagher Solar LLC
[City, State]

BOKF, NA
Albuquerque, New Mexico

Ladies and Gentlemen:

I am general counsel to Gallagher Solar LLC (the "Company") and have been requested to render my opinion in connection with the transactions contemplated by (i) the Lease Agreement dated as of July __, 2026 (the "Agreement") between the City of Roswell, New Mexico (the "Issuer") and the Company, (ii) the Bond Purchase Agreement (the "Bond Purchase Agreement") dated July __, 2026 among Gallagher Solar Holdings, LLC (the Purchaser"), the Issuer and the Company, pursuant to which the Purchaser has agreed to purchase the Issuer's Taxable Industrial Revenue Bonds (Gallagher Solar LLC Project) Series 2026 in the maximum principal amount of $4,800,000 to be issued under the Indenture dated as of July __, 2026 (the "Indenture") among the Issuer, the Purchaser, the Company and the Depositary, and (iii) the Indenture. I have reviewed executed copies of the Bond Documents (as defined below), and certificates of officers of the Company and public officials and have made such other investigations of law and fact as I have deemed necessary. The Agreement, the Indenture and the Bond Purchase Agreement are referred to herein as the Bond Documents.

Based upon the foregoing, in my opinion:

1. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware, is duly registered as a foreign limited liability company under the laws of New Mexico and has duly authorized the execution, delivery and performance of the Agreement, the Indenture and the Bond Purchase Agreement.

2. The execution, delivery and performance by the Company of the Agreement, the Indenture and the Bond Purchase Agreement will not conflict with, contravene, violate or constitute a breach of or default under the articles of organization or operating agreement of the Company or any law, rule, regulation, ordinance, or, to my knowledge, based on a certificate of an officer of the Company, any order, consent, decree, agreement or instrument to which the Company is a party or by which it or its properties, including the Project Property as defined in the Lease, is bound.

3. All necessary authorizations, approvals, consents and other orders of any governmental authority or agency for the execution and delivery by the Company of the Agreement, the Indenture and the Bond Purchase Agreement have been obtained and are in full force and effect.

4. There is no action, suit, proceeding, inquiry or investigation by or before any court, public board or body pending or, to my knowledge, threatened against the Company, which (i)

seeks to or does restrain or enjoin the issuance or delivery of the Bond or the execution and delivery of any of the Bond Documents, (ii) in any manner questions the validity or enforceability of the Bonds or any of the Bond Documents, or (iii) questions the authority of the Company to lease or operate any of the Project Property, as defined in the Lease.

5. The Purchaser has full power, authority and legal right to enter the Bond Documents, and has duly authorized, executed and delivered the Bond Documents.

Very truly yours,

Exhibit C

[Opinion of Counsel to Issuer]

_____, 2026

City of Roswell, New Mexico
Chaves County, New Mexico

Gallagher Solar Investments, LLC
[City, State]

Gallagher Solar LLC
[City, State]

BOKF, NA
Albuquerque, New Mexico

Ladies and Gentlemen:

This opinion is being rendered to you in connection with the issuance by the City of Roswell, New Mexico (the "Issuer") of its Taxable Industrial Revenue Bond (Gallagher Solar LLC Project) Series 2026 in the maximum principal amount of $4,800,000 (the "Bonds").

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in Ordinance No. _____ adopted by the Roswell City Council on May 14, 2026 (the "Bond Ordinance"), authorizing the issuance of the Bonds, and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Capitalized terms not defined herein have the meanings given them in the Bond Ordinance.

In connection with the issuance of this opinion, we have assumed the authenticity and genuineness of all signatures on original documents and the conformity of all copies to the original documents.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a duly organized and validly existing political subdivision of the State of New Mexico under the Constitution and laws of the State of New Mexico.

2. The Bond Ordinance was duly adopted by the Roswell City Council on May 14 , 2026 in accordance with all applicable laws and has not been repealed or rescinded.

3. To our knowledge and without opining as to the legality, validity or enforceability of the Bond, the Indenture, the Lease Agreement and the Bond Purchase Agreement (all as defined in the Bond Ordinance), the adoption of the Bond Ordinance by the City Council of the Issuer will not violate any provision of the laws of the State of New Mexico.

4. To our knowledge, no litigation is now pending or threatened against the Issuer which seeks to or does restrain or enjoin the issuance or delivery of the Bonds, or in any manner questions the authority or proceedings for the issuance of the Bonds.

The foregoing opinions are limited to matters involving the law of the State of New Mexico and the Issuer, and we do not express any opinion as to the laws of any other jurisdiction.

The opinions expressed herein represent our legal judgment and are not a guarantee of result.

This opinion covers only matters expressly addressed herein. No conclusions or statements other than these expressly stated herein are intended and may not be inferred.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Exhibit D

[Opinion of Counsel to the Purchaser]

_____, 2026

City of Roswell, New Mexico
Chaves County, New Mexico

Gallagher Solar Holdings, LLC
[City, State]

Gallagher Solar LLC
[City, State]

BOKF, NA
Albuquerque, New Mexico

Ladies and Gentlemen:

I am general counsel to Gallagher Solar Holdings, LLC (the "Purchaser") and have been requested to render my opinion in connection with the transactions contemplated by (i) the Indenture dated as of July __, 2026 (the "Indenture") among BOKF, NA as depositary (the "Depositary"), the City of Roswell, New Mexico (the "Issuer"), Gallagher Solar LLC (the "Company") and the Purchaser, and (ii) the Bond Purchase Agreement (the "Bond Purchase Agreement") dated July __, 2026 among the Purchaser, the Issuer and the Company, pursuant to which the Purchaser has agreed to purchase the Issuer's Taxable Industrial Revenue Bonds (Gallagher Solar LLC Project) Series 2026 in the maximum principal amount of $4,800,000 to be issued under the Indenture. In connection with this transaction, I have examined executed copies of the Bond Documents, certificates of officers of the Purchaser and certificates of public officials and have made such other investigations of law and fact as I have deemed necessary. The Indenture and the Bond Purchase Agreement are referred to herein as the Bond Documents.

Based upon the foregoing, in my opinion:

1. The Purchaser is a limited liability company duly organized and validly existing and in good standing under the laws of Delaware.

2. The execution, delivery and performance by the Purchaser of the Indenture and the Bond Purchase Agreement will not conflict with, contravene, violate or constitute a breach of or default under the articles of organization or the operating agreement of the Purchaser or any law, rule, regulation, ordinance, or, to my knowledge, based on a certificate of an officer of the Purchaser, any order, consent, decree, agreement or instrument to which the Purchaser is a party or by which it or its property is bound.

3. All necessary authorizations, approvals, consents and other orders of any governmental authority or agency for the execution and delivery by the Purchaser of the Indenture and the Bond Purchase Agreement have been obtained and are in full force and effect.

4. There is no action, suit, proceeding, inquiry or investigation by or before any court, public board or body pending or, to my knowledge, threatened against the Purchaser, which (i) seeks to or does restrain or enjoin the issuance or delivery of the Bonds or the execution and delivery of any of the Bond Documents, or (ii) in any manner questions the validity or enforceability of the Bonds or any of the Bond Documents.

5. The Purchaser has full power, authority and legal right to enter the Bond Documents, and has duly authorized, executed and delivered the Bond Documents.

This opinion has been delivered at your request for the purposes in connection with the Bond Documents. Without my prior written consent, this opinion is not to be utilized or quoted for any other purpose and no one other than you is entitled to rely thereon.

Very truly yours,

SUBLEASE AGREEMENT

This Sublease Agreement (this "Agreement") is entered into as of July __, 2026 by and between Gallagher Solar LLC, a Delaware limited liability company ("Company" or "Lessor"), and the City of Roswell, New Mexico, a municipal corporation existing under the law of the State of New Mexico ("Issuer", "City" or "Lessee"). Capitalized terms used in this Agreement, but not defined herein, shall have the meanings assigned to such terms in the Bond Lease (defined in Section 3 below).

RECITALS

WHEREAS, the Company wishes to construct a certain project located within the corporate boundaries of the City, for the generation of electricity (the "Project") consisting of leased land, easements and other property rights on real property leased by the Company and located within the City (the "Project Site"), and all necessary facilities and equipment, including supporting structures and related improvements (the "Improvements" and together with the Project Site, the "Project Property"), and the Company has requested the Issuer to issue a series of its industrial revenue bonds in connection with the Project; and

WHEREAS, Company is the lessee under ground leases in connection with the Project which is referred herein to as the "Project Site Lease" and identified in Exhibit A attached hereto; and

WHEREAS, the Issuer adopted Ordinance No. _____ on May 14, 2026, which authorizes the issuance of up to $4,800,000 City of Roswell, New Mexico Taxable Industrial Revenue Bonds (Gallagher Solar LLC Project), Series 2026 (the "Bonds"); and

WHEREAS, in order to facilitate the transaction for issuance of the Bonds, which contemplates a lease by the Issuer to the Company of the property covered by the Project Site Lease, the Company and Issuer propose to enter into this Agreement; and

WHEREAS, the Issuer is willing to enter into this Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Sublease and Transfer. Company does hereby sublease and convey to Issuer, and Issuer hereby accepts, all of the Company's rights and none of its obligations under the Project Site Leases, upon the terms and conditions provided herein. No rent payments will be payable by Issuer to Company or to any other party.

2. Term. This Agreement will terminate when the Bond Lease Terminates.

3. Limitation of Issuer Liability. The parties to this Agreement acknowledge that the Company retains all of its obligations under the Project Site Lease, any easement, right-of-way, or other fractional property interests related to the Project Property and subleased hereby or to be

subleased, and the Company agrees to perform and discharge timely and in full all of its duties, obligations and liabilities under the Project Site Lease during the term of this Agreement. The Company and Issuer agree that the provisions of the lease agreement under which the Issuer leases and subleases the Project Property to the Company (the "Bond Lease") with respect to limitations of the Issuer's liability are deemed to apply with respect to this Agreement and the transaction contemplated hereby. The Company hereby agrees to defend, indemnify and hold harmless the Issuer, members of the Roswell City Council (the "Governing Body"), and officials, employees and agents of the Issuer, against any claims, costs, liabilities and expenses, including reasonable attorney's fees and court costs, arising out of or related to this Agreement, the Project Site Leases, the Project Site, including, but not limited to suits, legal or administrative proceedings, liabilities, damages, claims, costs and expenses resulting from or in any way connected with the presence, release or disposal in or under the Project Site of, any hazardous substances (as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended), hazardous wastes (as defined in Resource Conservation and Recovery Act of 1976, as amended) or other materials or substances within the meaning of any applicable law, statute, ordinance, regulation, order or rule relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or materials brought on the Project Site by the Company or any equipment or improvements located on or used in connection with the Project Site by the Company. The insurance maintained by Company pursuant to the Bond Lease shall be available if necessary for purposes of indemnification of the Issuer under this Agreement, but the amount of such insurance does not limit any liability of the Company hereunder.

4. Bond Lease. Immediately upon effectiveness of this Agreement, the Company and Issuer will enter into the Bond Lease, pursuant to which Issuer will sublease the property subject to the Project Site Lease and lease the Project Property to the Company, and the terms and conditions of the Bond Lease will govern such arrangement. The parties intend that this Agreement will remain in effect following execution of the Bond Lease and that neither will be merged into the other. Notwithstanding any claim or provision in the Project Site Lease, the Company's environmental indemnity contained in Section 4.6 of the Bond Lease should extend to the Issuer for its protection in connection with its interest in this Agreement.

5. Relationship. Nothing in this Agreement shall be construed as creating a partnership or joint venture between Issuer and Company. Nothing in this Agreement shall be construed to create privity of estate or privity of contract between the Issuer and any lessor under the Project Site Lease.

6. Representations and Warranties of Company. The Company represents and warrants to the Issuer that Company is the tenant under the Project Site Lease and has the capacity to enter into this Agreement with Issuer. The sublease effected under this Agreement is either permitted under the Project Site Lease without the consent of the landlord or, if landlord consent is required under the Project Site Lease, the Company has obtained all consent(s) of the applicable landlords to such subleasing of the Project Site to the Issuer.

7. Obligations of Issuer. Notwithstanding anything to the contrary in this Agreement, the Company acknowledges and agrees that the Issuer shall have no obligation

whatsoever under the Project Site Lease, including any obligation to comply with or perform, or to cause the compliance with or performance of, any of the terms and conditions required to be performed by the Company or other lessee under the Project Site Lease. The Company hereby acknowledges and agrees that the Company is solely responsible for the performance of the obligations of the lessee under the Project Site Lease.

8. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives and such successors and assigns as permitted under this Agreement.

9. This Agreement may be executed in as many counterparts as may be deemed necessary and convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument. Delivery of a copy of this Agreement bearing an original signature by facsimile transmission, by electronic mail in "pdf" form or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by a combination of such means, shall have the same effect as physical delivery of the paper document bearing the original signature. "Originally signed" or "original signature" means or refers to a signature that has not been mechanically or electronically reproduced.

10. This Agreement and the legal relations of the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of New Mexico, without regard to its principles of conflicts of law.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereby have executed this Agreement effective as of the date first above written.

GALLAGHER SOLAR LLC,

By: _____
Name:
Title:

ACKNOWLEDGMENT

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2026, by _____, as _____ of Gallagher Solar LLC.

_____
Notary Public

My commission expires: _____

(SEAL) CITY OF ROSWELL, NEW MEXICO

Attest:

By:_____ By: _____
Amalia Martinez, City Clerk Timothy Z. Jennings, Mayor

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

This instrument was acknowledged before me on _____, 2026, by Timothy Z. Jennings, as Mayor of the City of Roswell, New Mexico.

_____
Notary Public

My Commission Expires: _____

EXHIBIT A

Project Site Lease

[NTD: Project Site Description]

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:

Ordinance 26-04: Authorize to advertise for a public hearing on proposed Ordinance 26-04: An Ordinance Amending the City of Roswell's Purchasing Procedures. (Nairn-Mahan)

BACKGROUND:

Initiated by: Josh Nairn-Mahan

The original proposed ordinance by Councilor Heldenbrand sought to clarify what procurements and contracts need to be presented to the council, when, and how the City manager may promulgate policies and procedures. Since the initial drafting of the proposed ordinance, the City hired an Internal Auditor. As part of her services, the auditor shall " [c]ommunicate with City Leadership, including the City Manager, the Mayor, the Finance and Audit Committee, any identified deficiencies and weaknesses, and make recommendations for improvements on a regular basis." At the February Governing Body meeting, at the request of the City Manager, this proposed ordinance was referred by the Governing Body to the Legal Committee for consideration in light of the Internal Auditor's suggestions. The Internal Auditor's initial report to the Audit Committee is in draft, but due to the timing and subject matter of the proposed ordinance, the City Manager placed the suggestions before the legal committee.

FINANCIAL CONSIDERATION:

No financial impact at this time.

LEGAL REVIEW:

The proposed ordinance is legally sufficient.

BOARD AND COMMITTEE ACTION:

This item was referred to the Legal Committee by the Governing Body. This will be the third time the Auditor's suggestions will be presented to the Legal Committee. The Legal Committee approved 4-1 at its meeting on February 26, 2026. The City Council voted 6-5, with Mayor Jennings voting in favor, breaking the tie. This item was referred back to the Finance Committee at the May, 14, 2026 City Council meeting. Since it is an proposed ordinance, it is concurrently being proposed to the May, 28, 2026 Legal Committee.

STAFF RECOMMENDATION:

Given the Internal Auditor's recommendations and justification, the staff recommends adoption of the auditor's proposal.

Attachments

Finance and Audit Committee Memo
Procurement Current
Internal Auditor proposed Purchasing Procedures Ordinance

Finance and Audit Committee Memorandum

TO: Finance and Audit Committee

FROM: Judy Scharmer, Internal Auditor

DATE: 03 February, 2026

SUBJECT: Purchasing Thresholds, Management Delegation, and Preservation of Council Oversight

Purpose

This memorandum explains the rationale for proposed revisions to Ordinance 26-01 that establish defined purchasing thresholds, delegate routine purchasing authority to City management, and enhance transparency and fiscal oversight for the City Council, particularly through the Finance and Audit Committee.

Council Authority and Governance Are Preserved

The proposed revisions do not diminish the City Council's ability to govern. The Council retains full authority to adopt the annual budget and appropriate public funds, approve all unbudgeted expenditures regardless of amount, approve high-value and policy-significant contracts, oversee City finances through committee review, reporting, and audits, and require ratification of emergency procurements. These revisions clarify the distinction between Council's governance and policy responsibilities and management's administrative execution within Council-approved limits.

PO Box 1838
Roswell, NM 88202-1838

TEL: 575.637.6203
FAX: 575.624.6700

seeroswell.com

Why Purchasing Thresholds Are Appropriate

Clear purchasing thresholds are a recognized best practice in municipal government. They focus Council review on transactions that present material fiscal or policy risk, reduce delays and administrative burden for routine, budgeted operations, and improve accountability by establishing predictable and transparent approval standards. The proposed thresholds—$250,000 annual contract value or $500,000 aggregate multi-year commitment—are intended to capture transactions that meaningfully affect the City's financial position while allowing efficient daily operations.

Unbudgeted Expenditures Remain a Council Decision

Under the proposed ordinance, any purchase or contract that is not budgeted or appropriated must receive Council approval, regardless of dollar amount. This preserves the Council's authority over public funds and ensures management cannot commit the City to expenditures outside the adopted budget.

Transparency and Oversight Are Strengthened

Rather than requiring pre-approval of routine transactions, the ordinance emphasizes ongoing transparency, including monthly purchasing and contract reports to the Finance Committee, disclosure of large purchases, sole-source and emergency procurements, and reporting of significant contract amendments and cumulative spending. This approach allows Council to monitor trends, ask informed questions, and intervene when necessary.

Conclusion

The proposed purchasing framework balances efficient administration with strong fiscal oversight, preserves the City Council's governing authority, reinforces transparency and accountability, and enables professional management to operate effectively within Council-approved budgets and policies.

ORDINANCE 26-04

AN ORDINANCE AMENDING THE CITY OR ROSWELL'S PURCHASING PROCEDURES

WHEREAS, The City of Roswell is a local public body subject to the Procurement Code NMSA 1978, § 13-1-67, *and*

WHEREAS, The City has the authority enter into contracts and to procure personal property and services per NMSA 1978, § 3-18-1 *and*

WHEREAS, The Governing Body shall control the finances and property of the municipality, appropriate money for municipal purposes only, and provide for payment of debts and expenses of the municipality, NMSA 1978, § 3-37-2.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF ROSWELL, NEW MEXICO, that:

SECTION Chapter 2 of the Roswell Code is amended as follows

ARTICLE V. PURCHASING PROCEDURES

Sec. 2-141. Application of procurement code.

(a) "Procurement code" shall mean the provisions of the New Mexico Procurement Code as set forth in NMSA 1978, § 13-1-28 through 13-1-199, and all amendments thereto following the effective date of this article.

(b) The City of Roswell, as a non-charter municipality in the State of New Mexico, is subject to the provisions of the procurement code.

(c) The purchasing division of the finance department shall be the central purchasing office for the city, as that term is defined in the procurement code.

(d) The city manager is authorized to adopt and amend policies and procedures for purchases of tangible personal property, services and construction on behalf of the city that are consistent with the provisions of the procurement code. The policies and procedures shall be updated to conform to changes made to the procurement code by the state legislature. The city manager may adopt additional requirements and controls for procurements which are more restrictive than the procurement code.

(e) The threshold amounts set forth under the definition of "small purchases" under the procurement code (NMSA 1978, § 13-1-125), as may be amended, shall apply as part of the

city's policies and procedures for the purchases of tangible personal property, services and construction on behalf of the city.

(f) All purchases of tangible personal property, services and construction on behalf of the city shall be subject to the city's policies and procedures for purchasing unless otherwise exempted by the provisions of the procurement code.

PASSED, ADOPTED, SIGNED and APPROVED ___ _____, _____.

CITY SEAL

_____
Timothy Z. Jennings, Mayor

ATTEST

_____
Amalia Martinez, City Clerk

DRAFT

Internal Auditor Recommendation

ORDINANCE 26-XX

AN ORDINANCE AMENDING THE CITY OF ROSWELL'S PURCHASING PROCEDURES

WHEREAS, The City of Roswell is a local public body subject to the Procurement Code NMSA 1978, § 13-1-67, *and*

WHEREAS, The City has the authority enter into contracts and to procure personal property and services per NMSA 1978, § 3-18-1 *and*

WHEREAS, The Governing Body shall control the finances and property of the municipality, appropriate money for municipal purposes only, and provide for payment of debts and expenses of the municipality, NMSA 1978, § 3-37-2.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF ROSWELL, NEW MEXICO, that:

Section Chapter 2 of the Roswell Code is amended as follows:

ARTICLE V. PURCHASING PROCEDURES

Sec. 2-141. Application of procurement code.

(a) "Procurement code" shall mean the provisions of the New Mexico Procurement Code as set forth in NMSA 1978, § 13-1-28 through 13-1-199, and all amendments thereto following the effective date of this article.

(b) The City of Roswell, as a non-charter municipality in the State of New Mexico, is subject to the provisions of the procurement code.

(c) The purchasing division of the finance department shall be the central purchasing office for the city, as that term is defined in the procurement code.

(d) Following a 30-day notice and comment period to the Governing Body, the city manager is authorized to adopt and amend policies and procedures for purchases of tangible personal property, services and construction on behalf of the city that are consistent with the provisions of the procurement code. The policies and procedures shall be updated to conform to changes made to the procurement code by the state legislature. The city manager

DRAFT

may adopt additional requirements and controls for procurements which are more restrictive than the procurement code.

(e) The threshold amounts set forth under the definition of "small purchases" under the procurement code (NMSA 1978, § 13-1-125), as may be amended, shall apply as part of the city's policies and procedures for the purchases of tangible personal property, services, and construction on behalf of the city.

(f) All purchases of tangible personal property, services, and construction on behalf of the city shall be subject to the city's policies and procedures for purchasing unless otherwise exempted by the provisions of the procurement code.

.....

Sec. 2-146. Council approval thresholds; management authority; reporting and transparency.

a) Delegation of authority (budgeted purchases).
Within appropriations approved by the Governing Body in the annual budget, the City Manager or designee is authorized to approve and execute purchases, contracts, and amendments in accordance with the thresholds set forth in this section.

b) When Governing Body approval is required.
Governing Body approval is required prior to execution for: (1) any unbudgeted or unappropriated expenditure, regardless of amount; (2) any contract with an Annual Contract Value exceeding $250,000; (3) any contract with an aggregate multi-year commitment exceeding $500,000

c) Competitive sealed proposal awards shall require Governing Body approval only when unbudgeted or when the Annual Contract Value exceeds $250,000 or the aggregate multi-year commitment exceeds $500,000. All other budgeted awards may be approved by the City Manager.

d) The City Manager shall provide the Finance Committee with a **monthly** report that includes, at a minimum: (1) all purchases and contract awards **≥ $25,000**; (2) all sole-source and emergency procurements; (3) all contract amendments increasing contract value by **more than 10%** or **$50,000**, whichever is less; and (4) status of multi-year commitments and cumulative spend against appropriations. The report shall identify department, vendor, procurement method, funding source, and Annual Contract Value

e) In an emergency as defined by the Procurement Code, the City Manager may approve necessary procurements without prior Governing Body approval to

protect life, safety, or property. Such actions shall be reported to the Finance Committee at the next regular meeting and presented to the Governing Body for **ratification** as soon as practicable, with documentation of the emergency determination and vendor selection rationale.

f) Competitive sealed proposal awards shall require Governing Body approval only when unbudgeted or when the Annual Contract Value exceeds $250,000 or the aggregate multi-year commitment exceeds $500,000. All other budgeted awards may be approved by the City Manager.

Sec. 2-147-180. Reserved

PASSED, ADOPTED, SIGNED and APPROVED ________, _____.

CITY SEAL

_____
Timothy Z. Jennings, Mayor

ATTEST

_____
Amalia Martinez, City Clerk

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:

Consider recommending approval of Red Mountain Arsenal LLC to enter into a 1-year lease beginning June 1, 2026, and ending May 31, 2027, for building 60 at the Roswell Air Center. (Sanchez)

BACKGROUND:

Initiated by: Michelle Sanchez

Red Mountain requests to enter into a 1-year lease of Building 60, consisting of 74,000 square feet, more or less, located at the Roswell Air Center, commencing on June 1, 2026, and ending May 31, 2027.

FINANCIAL CONSIDERATION:

See Fiscal Impact below.

Tenant agrees to pay forty-five thousand eight hundred ninety dollars and eighty-eight cents ($45,890.88), payable in 12 monthly installments of $3,824.24.

LEGAL REVIEW:

Contract to be reviewed by the Legal Department upon approval:

BOARD AND COMMITTEE ACTION:

Legal Committee will be the first to consider this item.

STAFF RECOMMENDATION:

Proceed as presented.

Attachments

Red Mountain Arsenal LLC

MUNICIPAL PROPERTY USE AND LEASE AGREEMENT

THIS PROPERTY USE AND LEASE AGREEMENT (the "Lease"), is made and entered into as of the date of the last signature below, by and between the City of Roswell, a New Mexico municipal corporation existing under the laws of the State of New Mexico (together with its successors and assigns) ("City"), and Red Mountain Arsenal LLC, a corporation organized and existing under and by virtue of the laws of the State of New Mexico ("Lessee"). The City and Lessee are collectively referred to herein as "The Parties."

WHEREAS, City has agreed to lease to Tenant the real property described below, together with the improvements thereon, in Chaves County, New Mexico, and Tenant has agreed to lease said real property and improvements from City;

WHEREAS, the Parties desire to enter into this Lease to set out the terms and conditions for such lease and use of the Leased Premises.

NOW THEREFORE, for and in consideration of the mutual obligations, covenants, and agreements hereinafter set forth, City and Lessee agree as follows, to wit:

ARTICLE 1 – GRANTING CLAUSE AND LEASED PREMISES.

For the term, at the rent and otherwise upon the terms, provisions and conditions contained herein, City hereby leases to Lessee, and Lessee does hereby accept and lease from City in its current condition, as more specifically described on Exhibit "A" attached hereto and made a part hereof ("Leased Premises"), to include the surface only to the following real property, together with and other ancillary improvements located thereon:

Building No.60, consisting of 8770 square feet, more or less, and an area of land consisting of 74,000 square feet, more or less, located at the Roswell International Air Center, identified on a plat attached hereto and made a part hereof, identified and listed as Exhibit "A" (Premises).

The address of the Leased Premises is commonly known as 520 East Challenger, Roswell, NM 88203. The Leased Premises include existing infrastructure and buildings currently used as -office and manufacturing. As further set forth in Article 5, the Leased Premises are being leased "AS IS," including the environmental condition of the land, and City has made no representations or warranties of any kind or nature with regard to the existing or ongoing condition of the Leased Premises or its fitness or suitability for any particular use.

The rights granted herein are subject to all valid and existing rights in the Leased Premises.

ARTICLE 2 – TERM

2.01 Lessee shall commence leasing of the Leased Premises effective on June 1, 2026, for one year and shall terminate on May 31, 2027, collectively known as the "Lease Period," unless terminated or canceled earlier as herein provided. City hereby approves, and shall

not contest, relinquishment of this Lease by Lessee at any time following the Termination Date, provided that Lessee is not in default of the Lease at the time of said relinquishment, and also that Lessee surrenders the Leased Premises in compliance with this Lease.

ARTICLE 3 – RENT

3.01 Lessee agrees to pay to City as rent the sum of forty-five thousand, eight hundred ninety dollars and eighty-eight cents ($45,890.88), payable in 12 monthly installments of $3,824.24 the first year of the Lease. Thereafter, the rent will be adjusted annually by 3.0% or the latest 12-month percentage change in CPI-U (Consumer Price Index-U, U.S. City Average), whichever is greater. Rent and other fees are due on the first day of each month. Time is of the essence with regard to the payment of rent.

3.02 If Lessee fails to pay all rent and other fees due for any month by the tenth calendar day of the month that said rent and fees are due, Lessee shall pay to City an additional 10% finance charge, as a penalty, until the full amount of that month's rent is paid. This penalty shall be immediately payable without limiting City in the exercise of any other right or remedy to which it may be entitled by reason of Lessee's failure to pay rent when due. All rent shall be paid to City without abatement, reduction, or setoff of any kind except as herein specifically provided. Failure to pay for sixty (60) days could result in an immediate termination of this lease.

ARTICLE 4 – SECURITY DEPOSIT OR BOND

4.01 SECURITY DEPOSIT. Lessee is required to pay a total amount of $22,271.71 as a security deposit as security for Lessee's full and faithful performance of all terms of this Lease. This amount shall be used by City at the termination of this Lease toward a. payment for rent or penalties due City, b. reimbursement of the costs of cleaning and repairing damages (beyond normal wear and tear) to the Leased Premises, and c. the cost of removal of any hazardous material not properly disposed of by Lessee. City shall be the sole and reasonable judge of all cleaning and repairs required for the Leased Premises and the amounts needed for these purposes. Upon termination or expiration of this Lease, the security deposit shall first be applied to necessary cleaning and removal, repairs, and the remaining balance, if any, may then be applied to rentals and penalties then owing to City. Any refund of the security deposit due Lessee will be delivered or mailed within 60 days after the termination of this Lease.

ARTICLE 5 – CONDITION OF LEASED PREMISES

Lessee has inspected the Leased Premises and accepts Leased Premises in its present condition "as is". Lessee acknowledges that any requirements for accessibility and/or public accommodation(s) are Lessee's responsibility. Lessee agrees that the Leased

Premises are in good repair and condition except as noted herein. Lessee agrees that, at the expiration of the term hereof, it shall yield up and deliver the Leased Premises to City in as good repair and condition, broom clean, as when received, except for loss resulting from ordinary use and wear.

ARTICLE 6 – PURPOSE AND USE OF THE LEASED PREMISES

6.01 PERMITTED USE. Lessee shall use the Leased Premises for the sole and exclusive purpose of: small arms ammunition and conducting other firearm industry-related business as allowed by Federal Firearms License or licenses approved by the Bureau of Alcohol. No other uses shall be permitted.

6.02 MAINTENANCE.

a. While this Lease is in effect, the Lessee agrees to maintain, at its sole cost and expense, in good condition and repair, all structural and mechanical components of any improvements maintained or constructed on the Leased Premises, including without limitation the foundation, roof, interior and exterior walls, any heating, ventilating and air conditioning systems, heating systems, any plumbing, electrical, and mechanical systems, ceilings, floors, wiring and any non-public utilities. Lessee will maintain the improvements in a condition of safe occupancy during the term of this Lease to a non-lesser standard than the current condition. City will not be under any obligation to operate or maintain the Leased Premises during the Lease Period.

b. Further, the Lessee shall maintain throughout the term of this Lease in good condition and repair, all nonstructural components of any improvements placed on the Leased Premises, including without limitation, the exterior, windows, glass, landscaping, driveways, parking areas, fences, doors, signage, and lighting, ordinary wear and tear excepted, and all personal property of the Lessee situated in or on the Leased Premises. Lessee will keep the Leased Premises and any improvements thereon clean and free from debris.

c. City shall be the sole and reasonable judge of the quality of maintenance and, upon written notice by City to Lessee, Lessee shall be required to perform whatever maintenance City deems reasonably necessary, provided, however, such maintenance shall be consistent in quality with that required of other City Lessees in comparable facilities. If said maintenance is not undertaken by Lessee within ten (10) days after the date City gives Lessee written notice of corrections needed, City shall have the right to enter upon the Leased Premises and perform the necessary maintenance, the cost of which shall be two times the cost for parts and labor and borne by Lessee.

d. Lessee shall not make any alterations to the Lease Premises or improvements placed thereon without prior written approval by City. City's approval to make alterations shall not be unreasonably withheld. City hereby pre-approves any alterations or

improvements necessary to ensure the safe occupancy of any structures placed on the Leased Premises.

6.03 HAZARDOUS MATERIALS. Lessee shall conduct all of its activities: (a) in compliance with all applicable environmental laws, rules, and regulations and any other applicable laws and regulations applicable to the Lessee's use of the Leased Premises.

a. Without limiting the foregoing, if Lessee or its agents, employees, invitees, or contractors should in any manner, leak, discharge, spill or release hazardous materials, including but not limited to fuel, oil, petroleum products, cleaning solvents, degreasers, deicing chemicals, or other fluids upon the Leased Premises, Lessee and its agents, or contractors shall be strictly liable to City, jointly legally and financially responsible and will incur direct liability pursuant to all applicable environmental laws.

b. In addition to all other indemnities provided in this Lease, Lessee agrees to defend, indemnify, and hold the City free and harmless from any and all claims, causes of action, regulatory demands, liabilities, fines, penalties, losses, and expenses, including without limitation cleanup or other remedial costs (and including reasonable attorneys' fees, costs and all other reasonable litigation expenses when incurred and whether incurred in defense of actual litigation or in reasonable anticipation of litigation), arising from the generation, manufacture, processing, use, release or other spills or leaks of chemicals and products that are or may become hazardous materials, the existence or discovery of any hazardous materials in excess of the levels allowed by all applicable environmental laws or violations of applicable environmental laws on the Leased Premises, the subsurface or the migration of any hazardous material from the Leased Premises to other properties or into the surrounding environment, in each case caused by the Lessee or its operations whether: (a) made, commenced or incurred during the Lease Period; or (b) made, commenced or incurred after the expiration or termination of this Lease if arising out of events occurring during the Lease Period; provided, however, Lessee's obligation to indemnify the City pursuant to this paragraph shall not apply with respect to either: (a) any hazardous material released by the City; or (b) any hazardous material (for which Lessee is not otherwise responsible) clearly demonstrated to have existed prior to this Lease or be migrating onto the Leased Premises from some other location through no fault of Lessee.

c. If there is a violation of any environmental laws concerning the presence, use, generation, storage, or other management of hazardous materials, Lessee shall at its cost promptly take such action as is necessary to mitigate and correct the violation.

d. The foregoing indemnity shall survive the expiration or earlier termination of this Lease and will not be affected in any way by the amount of or the absence in any case of coverage insurance or the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting the Leased Premises. In addition, Lessee shall be responsible for any environmental costs associated with negligence or

willful acts or omissions by Lessee, and notifications to appropriate regulatory agencies arising therefrom.

ARTICLE 7 – UTILITY AND OTHER CHARGES

In addition to all rent payable by the Lessee under Article 3, above, during the term hereof, Lessee shall pay all taxes, licenses, charges, fees or assessments levied or to be levied upon personal-property, fixtures or equipment placed by Lessee upon the Leased Premises, and insurance, of whatsoever kind or nature, incident to or arising out of the conduct of Lessee's business. Failure to have an appropriate current license or permit for Lessee's conduct of business shall be a breach of this Lease. Lessee will promptly pay all utilities and other charges used on the Leased Premises, including electric, gas, water, garbage, sewage, telephone, internet, all maintenance and operating costs, and other services which may be incurred in connection with Lessee's use of the Leased Premises, and save harmless City therefrom. The City is not responsible for any payments that may be associated with any demolition or construction of any improvements or infrastructure.

ARTICLE 8 – LIEN

To secure the payment of any rent amount that becomes due, and to satisfy all reasonable costs incurred by City in recovering said rent amount, City shall have a first and prior lien on any and all improvements, fixtures, and equipment placed on the Leased Premises, owned by Lessee.

ARTICLE 9 – PERSONAL PROPERTY

All personal property and fixtures of Lessee in or on the Leased Premises shall be kept at the sole risk of Lessee, and City shall not be liable for any damage thereto or to Leased Premises or to Lessee for interruption of business or otherwise. Lessee hereby waives all causes or rights of recovery against City, its agents, employees, invitees, and tenants for any loss to such personal property and fixtures on the Leased Premises or to consequential loss arising therefrom caused by fire or other casualty, whether negligently caused or not.

ARTICLE 10 – IMPROVEMENTS

10.01 The Leased Premises include improvements, including but not limited to existing infrastructure and building currently used as storage. Lessee may use the existing improvements or remove existing improvements, subject to prior written approval by City. In addition, Lessee may place the following improvements on the Leased Premises:

Specific improvements to the Leased Premises are subject to City's prior written approval.

10.02 No other improvements shall be placed on or alterations made to the Leased Premises without the prior amendment of this Lease pursuant to Article 22 hereof to permit

such improvement placement. Lessee shall maintain and protect from waste and trespass all improvements placed on the Leased Premises.

10.03 Ownership Of Improvements, Improvement Removal And Reclamation. Before relinquishment or termination of this Lease without re-lease to Lessee, or upon City's cancellation of this Lease as provided herein, City may either declare title to the improvements without payment or compensation to the Lessee or City may order the removal of such improvements. City may declare title to certain improvements and may order the removal other improvements. City will inventory the improvements and provide notice to the Lessee of its intent to declare title to the improvements or its order to remove the improvements one (1) year before relinquishment or termination of the Lease. If City determines certain improvements must be removed, Lessee shall remove those improvements and shall restore the Leased Premises to their condition existing prior to the placement of said improvements; provided, however, if any rent amount is due and unpaid at the time of Lease cancellation or termination, Lessee shall remove improvements and restore the Leased Premises as herein provided only at such time, in such manner and under such conditions as City may in writing demand. So long as improvements are maintained to the standards contained in paragraph 6.02 above, City shall not order the removal of those improvements. Lessee hereby waives, and shall not assert, any right to compensation for improvements on the Leased Premises. This paragraph shall survive termination of this Lease. The foregoing rights of City shall be cumulative to City's right to cancel this Lease as herein provided.

10.04 Equipment. Except as otherwise provided herein, Lessee shall have the right to install such equipment as may be necessary to conduct of its business on the Leased Premises; and at the expiration or termination of the Lease, Lessee shall have the right to remove all of such equipment installed by Lessee that is removable without damage to the Leased Premises.

10.05 Signs and Advertising. Lessee shall not erect, maintain, or display any signs or other advertising at or on the Leased Premises without first obtaining the written approval of City, such approval not to be unreasonably withheld.

ARTICLE 11 – RELINQUISHMENT

Lessee, if not in default under this Lease, may at any time apply to relinquish the Lease to City and be relieved of further obligations under the lease, provided, however, such relinquishment shall not be valid or effective until approved in writing by City. Lessee must file an application to relinquish the Lease at least one hundred eighty (180) days prior to the date on which the Lessee requests the relinquishment to go into effect. City may condition relinquishment on any terms it deems reasonable. Upon relinquishment, Lessee shall not be entitled to the refund of any rent previously paid.

ARTICLE 12 – ASSIGNMENT

Lessee shall not assign this Lease, any part thereof, or assign any improvements located on the Leased Premises without the prior written amendment of this Lease pursuant to Paragraph 22 hereof to permit such assignment. Any lease assignment without lease amendment shall be null and void. City may condition such lease amendment upon an increase in the rent amount and the modification or addition of other Lease provisions.

ARTICLE 13 – SUBLEASE

Lessee shall not sublease the rights granted hereunder, any part thereof, any portion of the Leased Premises, or any improvements located on the Leased Premises without the prior written approval of City to permit such sublease. Any sublease without City's approval shall be null and void. City may condition such approval upon an increase in the rent amount and the modification or addition of other Lease provisions, however any such modification or addition to the Lease shall not be unreasonable. The City's approval of a sublease shall not be unreasonably withheld.

ARTICLE 14 – COLLATERAL ASSIGNMENT

Any attempt to collaterally assign or leasehold mortgage Lessee's interest in this Lease, or in any Improvements, is void and will not vest the purported Lender with any right, title, interest, claim or privilege with respect to this Lease or Improvements, absent prior approval in writing by City.

ARTICLE 15 – WAIVER

No employee or agent of City has the power, right, or authority to orally waive any of the terms, conditions, or covenants hereof, and no waiver by City of any of the terms, conditions, or covenants hereof shall be effective unless in writing and executed by City. City's waiver of Lessee's breach or default of any of the terms, conditions, or covenants hereof shall not constitute or be construed as a waiver of any other or subsequent breach or default by Lessee. The failure of City to enforce at any time any of the terms, conditions or covenants hereof or to exercise any option herein provided, or to require at any time performance by Lessee of any of the terms, conditions, or covenants hereof shall not constitute or be construed to be a waiver of such terms, conditions, or covenants, nor shall it affect the validity of this Lease or any part thereof, or City's right to thereafter enforce each and every such term, condition, and covenant.

ARTICLE 16 – WAIVER, RELEASE AND PROTECTION OF THE LEASED PREMISES

Lessee is leasing the Leased Premises based on Lessee's own inspection and investigation of and judgment regarding the Leased Premises. City makes no warranties or

representations of any kind or nature with regard to the Leased Premises or with regard to this transaction.

If accidental discharge, release, spill, or fire, or any other event having environmental consequence occurs, Lessee agrees to provide notice to City at the same time and in the same manner as Lessee is required to provide to the federal, state, or local agency having responsibility for enforcing compliance with environmental laws, regulations, and policy. Lessee agrees that, upon request by City, City shall have access to all reports, documents, test data, and all other materials provided by City to or received by Lessee from a governmental agency having responsibility for enforcing compliance with environmental or other laws.

In the event City is required to incur any cost or expense to enforce the provisions of this lease, including but not limited to consultants, engineers, soil, air, or water sampling, and attorneys' fees and costs, Lessee shall be liable for and reimburse City for said costs and expenses.

ARTICLE 17 – LIABILITY; INDEMNIFICATION; INSURANCE.

17.01 LIABILITY. City shall not be liable to Lessee or to Lessee's employees, customers, visitors or any other person or entity for any death or injury or damage to person or property arising from any cause whatsoever which shall occur in any manner in or about the Leased Premises in connection with or arising out of Lessee's operations and use of the Leased Premises.

17.02 INDEMNIFICATION. Lessee shall hold harmless, indemnify and defend City, and City's employees, agents, and contractors, in both their official and individual capacities, from any and all liabilities, claims, losses, damages, or expenses, including but not limited to reasonable attorneys' fees, loss of land value, third party claims, penalties or removal, remedial or restoration costs arising out of, alleged to arise out of or indirectly connected with a) the operations hereunder of Lessee or Lessee's employees, agents, contractors, or invitees, b) the activities of third parties on the Leased Premises, whether with or without Lessee's knowledge or consent. In the event that any action, suit, or proceeding is brought against Lessee, Lessee shall, as soon as practicable but no later than three (3) days after it receives notice thereof, notify the legal counsel of City. This Paragraph shall survive the termination, cancellation or relinquishment of this Lease, and any cause of action of City to enforce this provision shall not be deemed to accrue until City's actual discovery of said liability, claim, loss, damage, or expense.

Lessee further agrees that its obligation to indemnify, defend, and hold harmless City shall not be limited to the limits or terms of the liability insurance required pursuant to this Lease.

17.03 INSURANCE.

a. Landlord will provide fire and extended coverage to the Premises during the term of the Lease. Tenant agrees to reimburse Landlord for the amount of insurance premium based up nth pro-rated per square foot cost attributable to the Premises as determined and billed by Landlord. Tenant understands that fire and extended coverage does not cover the property of Tenant or any property of Tenant or any property on the premises that does not belong to Landlord.

b. Tenant shall maintain in full force and effect a policy or policies of general public liability insurance (Exhibit B) in which Landlord is named an additional insured to the extent of the liabilities assumed by Tenant hereunder, covering both parties against claims for injury, death or damage to persons or property occurring upon, in or about the premises, in such limits as set forth in the New Mexico Tort Claims Act or as may be amended. Tenant shall provide Landlord written evidence of this insurance within thirty (30) days of the effective date of the Lease.

ARTICLE 18- USE OF THE PREMISES. Security Responsibilities Of Tenant, Tenant Employees, and Other Persons.

1. USE OF THE PREMISES. Security Responsibilities of Tenant, Tenant Employees, and Other Persons.
    a. No person may:
        i. Tamper, interfere with, compromise, modify, attempt to circumvent, or cause a person to tamper, interfere with, compromise, modify, or attempt to circumvent any security system, measure, or procedure.
        ii. Enter, or be present within, a Secured Area, AOA, SIDA, or sterile area without complying with the systems, measures, or procedures being applied to control access to, or presence or movement in, such areas.
        iii. Use, allow to be used, or cause to be used, any airport-issued or airport- approved access medium or identification medium that authorizes the access, presence, or movement of persons or Vehicles in Secured Areas, AOAs, or SIDAs in any other manner than that for which it was issued by the Airport Authority.
    b. Security Badges
        i. Airport ID Badge
            1. Persons who work or do business on Airport property on a permanent or long-term (longer than 30 days) basis must have an Airport-issued identification in the form of an Airport ID badge. An individual holding an Airport ID badge may also be referred to as "badged personnel."
        ii. Airport ID Badge Holder and Tenant Security Responsibilities / Access Control Procedures

1. All badged personnel have an affirmative duty to maintain a secure Airport. Airport tenants are responsible for ensuring that their employees, suppliers, contractors, subcontractors, and all other businesses and entities providing services on Airport property comply with Airport Security, these Rules and Regulations.

c. All badged personnel have an affirmative duty to maintain a secure Airport. Airport tenants are responsible for ensuring that their employees, suppliers, contractors, subcontractors, and all other businesses and entities providing services on Airport property comply with Airport Security, these Rules and Regulations.
d. Tenants and tenant employees are responsible for controlling access to doors, gates, and other passageways between the AOA and the landside of the airport through their lease areas.
e. A breach in security caused by a tenant or tenant employee that results in a TSA, Airport Security Coordinator, or Airport Director finding of negligence will be cause to review, suspend, or withdraw access privileges, impose additional training requirements, building, and/or impose other penalties as provided by these Rules and Regulations and the Airport Security Program.
f. Tenant shall use the Leased Premises solely for the purpose of manufacturing small arms ammunition and conducting other firearm industry related business as allowed by Federal Firearms License or Licenses approved by the Bureau of Alcohol,, Tobacco, firearms and Explosives, together with such other related uses as shall be reasonable incidental thereto, and for no other purposes, and it shall not use the Leased Premises for any purpose prohibited by the laws of the United States and the State of New Mexico. Tenant shall be bound by the Roswell City Code (Tenant to be provided location where current city code may be accessed by Landlord) or as may be amended from time to time, and all applicable policies and procedures of the Roswell International Air Center (RIAC).
g. Proper disposal of trash, fluids, parts, hazardous or contaminated waste or materials of whatsoever kind, type or description generated on or as a part of Tenant's occupancy of the Premises is the sole and absolute responsibility of Tenant. Tenant shall comply with all Federal, State, and local regulations, laws, and ordinances of the City of Roswell in disposal of any such materials. Improper disposal of trash, fluids, parts, hazardous or contaminated waste or materials of whatsoever kind, type or description, generated on or as a part of Tenant's occupancy of the Premises shall be grounds for the immediate Lease termination with or without process of law. Tenant represents to Landlord that it will not release any hazardous materials at the

leased premises or contaminated the leased premises. To the extent it is proven that hazardous materials have been released on the leased premises by Tenant, Tenant's employees or representatives during the term of Tenant's occupancy of the leased premises, Tenant hereby unconditionally agrees at its sole cost to defend, indemnify, protect and hold Landlord harmless from and against any bodily injury, death or property damage, including:

i. Environmental claims.
ii. Environmental expenses, including, without limitation, the handling, investigation, treatment, storage, decontamination, remediation, removal, transport, or disposal of such hazardous materials.
iii. Liabilities, losses, damages, fines, penalties, charges, orders, judgments, or liens caused by such release.

h. Tenant shall operate its business in such a manner as to prevent the performance of any act or creation or maintenance of anything which, in the opinion of Landlord, is or may become a nuisance or otherwise noxious or objectionable condition including, but not limited to, any act or thing resulting in noise, vibration, shock, smoke, dust, odor or other forms of air pollution, or other condition, substance or element in such amount as to affect areas surrounding or adjoining the Premises. Landlord shall be the sole and reasonable judge as to whether or not any act done or thing created or maintained by Tenant on the Premises is or may become a nuisance or otherwise noxious or objectionable condition, and Tenant agrees to abide by Landlord's decision and act in accordance with its directions with respect thereto.

Landlord reserves the right to take any action it considers necessary to protect the aerial approaches to the ROW's airport against obstruction, and together with the right to prevent Tenant from erecting or permitting to be erected any building or other structure on the Premises which, in the opinion of Landlord, would limit the usefulness of the airport or constitute a hazard to aircraft or conflict with a current restriction or master plan.

ARTICLE 19 – DEFAULT AND CANCELLATION

Upon Lessee's violation of any of the terms, conditions, or covenants contained herein, including the failure to pay the rent when due, City may cancel this Lease after providing Lessee sixty (60) days' notice of the default by registered mail. The mailing of such notice as herein provided shall constitute notice of City's intention to cancel the Lease and no proof of receipt of such notice shall be necessary in order for City to enforce the lease cancellation sixty (60) days after the mailing of the notice if Lessee has not cured the default to City's satisfaction within said sixty (60) day period. Lessee agrees that if a court

of competent jurisdiction determines that Lessee has breached any of the terms, conditions or covenants of this Lease, Lessee shall pay the costs incurred by City in litigating the default, including reasonable attorney fees. In the event of a breach of the terms of this Lease by the Lessee, the City also shall have all remedies available at law or equity.

ARTICLE 20 – DAMAGE OR DESTRUCTION OF LEASED PREMISES

In the event the Leased Premises are damaged by fire or other perils, City may, in its sole and absolute discretion, repair or rebuild the same within a reasonable time after the event causing such damage. City shall in its sole discretion have the option to: (1) to repair, reconstruct or restore the Leased Premises within a reasonable time of the event causing the damage, in which case this Lease shall continue in full force and effect, but the rent shall be proportionately reduced as provided above during the period of such repair, reconstruction or restoration, or (2) to give notice to Lessee at any time within sixty (60) days after such damage occurs, terminating this Lease as of the date specified in such notice, which date shall be no more than thirty (30) days after the giving of such notice. In the event of giving to Lessee such notice of termination, this Lease shall terminate and all interests of Lessee in the Leased Premises shall cease on the date so specified in such notice and Lessee shall pay the rent, as proportionately reduced, based upon the extent, if any, to which such damage interfered with the business carried on by Lessee in the Leased Premises, up to the date of such termination. If the damage is due to the fault or neglect of Lessee or its employees, as determined by City in its sole discretion, there shall be no reduction of rent.

City shall not be required to repair any damage by fire or other casualty, or to make any repair or replacements of any leasehold improvements, fixtures, or other personal property of Lessee.

ARTICLE 21 – COMPLIANCE WITH APPLICABLE FEDERAL, STATE, OR LOCAL LAW OR REGULATION

Lessee shall fully comply with all federal and state laws, regulations, rules, ordinances and requirements, applicable to the Leased Premises or to Lessee's operations thereon, including but not limited to all applicable federal and state laws governing water, endangered or threatened species, hazardous materials, environmental protection, land use, health and safety, cultural, historic or archeological/paleontological properties, waste, trespass, including all applicable federal, state, or local law or regulations that may be promulgated after the effective date of this Lease. Lessee agrees to protect the Leased Premises from waste or trespass. Lessee's compliance with all laws, regulations, and policy shall be at its own expense.

ARTICLE 22 – SCOPE OF AGREEMENT

This Lease incorporates all the agreements, covenants, and understandings between City and Lessee concerning the subject matter hereof, and all such agreements, covenants, and understandings are merged into this Lease. No prior agreement or understanding between City and Lessee shall be valid or enforceable unless expressly embodied in this lease.

ARTICLE 23 – AMENDMENT

This Lease shall not be altered, changed, or amended except by an instrument executed by both City and Lessee.

ARTICLE 24 – APPLICABLE LAW

This Lease shall be governed by the laws of the State of New Mexico.

ARTICLE 25 – SUCCESSORS IN INTEREST; THIRD PARTIES

All terms, conditions, and covenants of this Lease and all amendments thereto shall extend to and bind the heirs, successors, and assigns of Lessee and City. There are no third-party beneficiaries of this Lease.

ARTICLE 26 – BANKRUPTCY

If Lessee should be adjudged bankrupt, either voluntarily or involuntarily, City shall have the option to pursue with the Court having jurisdiction all remedies to which City may be entitled in law or equity. In no event shall Lessee's interests in this Lease be deemed to be an asset of Lessee.

ARTICLE 27 -- HOLDOVER

If Lessee enters upon the Leased Premises after the termination or cancellation of this lease for any purpose, or leaves any equipment, buildings, materials, property or debris on the Leased Premises after the termination or cancellation of this lease, the rent due City for such entry or presence shall be prorated rent as provided in Article 3 plus 15% administrative for each day or any part of a day. Nothing contained herein shall be construed as the grant to Lessee of the right to enter the Leased Premises for any purpose after the termination or cancellation of this Lease without the prior written consent of City.

ARTICLE 28 – NOTICES

The addresses for notice are:

For Notice to City:

Air Center Manager
1 Jerry Smith Circle
Roswell, NM 88203

For Notice to Lessee:

Red Mountain Arsenal
520 E. Challenger
Roswell, NM 88203

ARTICLE 29 – RULES OF CONSTRUCTION

(a) The captions and headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

(b) All references in this Lease to particular articles, sections, or exhibits are references to articles or sections of or exhibits to this Lease unless some other reference is established.

ARTICLE 30 – CALCULATION OF TIME

Any time period calculated by reference to "days" means calendar days unless expressly otherwise stated; provided, however, that if the last day for a given act falls on a Saturday, Sunday, or a holiday as observed by the State of New Mexico, the day for such act shall be first day following that is not a Saturday, Sunday, or such observed holiday.

ARTICLE 31 – STATUS OF CITY

Lessee acknowledges that the City is a governmental entity that owns and manages the Leased Premises pursuant to state law.

ARTICLE 32 – ENTIRE AGREEMENT AND AMENDMENT

This Lease is intended by the Parties as a final expression of their agreement and as a complete and exclusive statement of the terms thereof, with all negotiations, considerations, and representations between the Parties having been incorporated herein. No course of prior dealings between the Parties shall be relevant or admissible to supplement, explain, or vary any of the terms of this Lease. No representations, understandings, or agreements have been made or relied upon in the making of this Lease other than those specifically set forth herein.

IN WITNESS WHEREOF, this Lease is executed the __ day of June, 2026.

For City

_____

By: Hessel Yntema, City Manager

For Lessee:

Red Mountain Arsenal, LLC
By: Peter Charnisky
Its: President

Attest:

_____

Amalia Martinez, City Clerk

Approved as to Form:

_____

Christopher J. Nairn-Mahan, City Attorney

EXHIBIT "A"

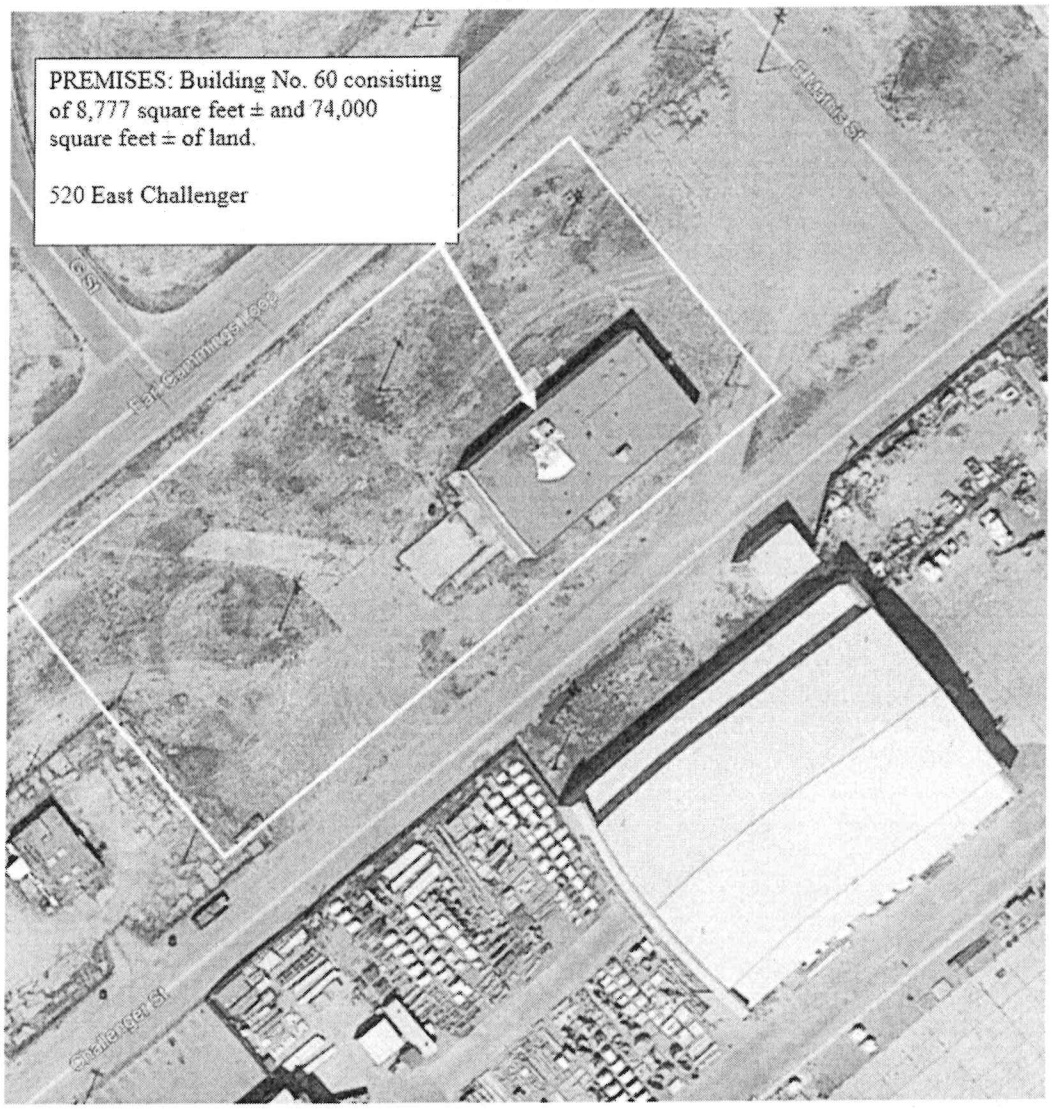


EXHIBIT "A"

Legal Committee
Meeting Date: 05/28/2026
COMMITTEE: Legal
CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:
Consider recommending approval to enter into a purchase and sale agreement for 77.8 acres of irrigated farmland for the expansion of the wastewater department (Mendoza)

BACKGROUND:
Initiated by: Omarr Mendoza

The property is located adjacent to the existing wastewater department
2306 E COLLEGE BLVD

FINANCIAL CONSIDERATION:
See Fiscal Impact below. The total purchase price for the property will be $850,000.00, property was appraised at $1,050,000.

LEGAL REVIEW:
The city attorney has reviewed the purchase and sale agreement, this item has been submitted to legal committee for review.

BOARD AND COMMITTEE ACTION:
Legal committee will be the first to consider this item.

STAFF RECOMMENDATION:
Proceed as presented.

Attachments
purchase sale agreement
Appraisal 2 tracts Wastewater expansion
POWERPOINT
Approval Communication

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT has been made this 8th day of May, 2026 by and between L & K Waggoner, LLC, a New Mexico limited liability company, (hereinafter collectively referred to as "Seller") and the City of Roswell, (hereinafter collectively referred to as "Buyer").

W I T N E S S E T H:

WHEREAS, Seller owns seventy seven and eight tenths (77.8) acres located in Chaves County, New Mexico, more particularly described on Exhibit "A" attached hereto;

WHEREAS, Seller desires to sell, assign or convey to Buyer all of the Seller's right, title and interest in and to the fee land, including any minerals underlying the fee property, RESERVING AND EXCEPTING all water rights, wells and irrigation equipment thereon, collectively referred to as "Subject Property", and Buyer desires to purchase the same upon the terms and conditions herein set forth; and

NOW, THEREFORE, for and in consideration of the purchase price and conditions, agreements and covenants contained herein, the parties agree as follows:

1. PURCHASE PRICE FOR SUBJECT PROPERTY: Seller hereby agrees to sell, assign and convey to Buyer and Buyer hereby agrees to purchase, accept and assume title to the Subject Property for the following consideration:

(a) a cash payment of Eight Hundred and Fifty Thousand Dollars ($850,000.00);

(b) the right and ability of Seller to continue to use and farm the Subject Property until the Buyer begins actual construction on a new wastewater facility on the Subject Property;

(c) an effluent water credit of Two Hundred Thousand Dollars ($200,000.00) to Seller to be used by Seller at Seller's discretion, not to exceed an annual use of up to thirty thousand dollars ($30,000.00) of the effluent water credit by Seller per year;

Buyer agrees to purchase the Subject Property in the following manner:

(a) $10,000.00 in cash to be paid by Buyer to Seller upon execution of this Agreement, said sum to constitute an earnest money deposit to be applied upon the purchase price or retained by Seller in accordance with the further terms of this Agreement. The earnest money deposit shall be held by the Landmark Title Roswell, whose address is 2724 Wilshire Blvd., Roswell, New Mexico, as the escrow agent. Any interest that might accrue on said sum shall accrue to the benefit of the Buyer.

(b) The remaining balance of $840,000.00 cash to be paid by Buyer to Seller at time of closing, along with the aforementioned earnest money, subject to prorations described in paragraph 7 of this Agreement.

2. "AS IS" CONVEYANCE: It is understood and agreed that Seller is not making and specifically disclaims any warranties or representations of any kind or character, express or implied, with respect to the premises, including, but not limited to, warranties or representations as to matters of title (other than Seller's warranty of title set forth in the warranty deed to be delivered at closing), physical or environmental conditions, availability of access, ingress or egress, valuation, or any other matter or thing relating to or affecting the premises, including, without limitation, the value, condition, size, location, merchantability, marketability, profitability, suitability or fitness for a particular use or purpose of the premises. Buyer has not relied upon and will not rely upon, either directly or indirectly, any representation or warranty of Seller or any agent of Seller. Buyer represents that it is a knowledgeable buyer of real estate and

that they are relying solely on their own expertise in purchasing the Subject Property. Buyer has conducted such inspections and investigations of the premises as Buyer deem necessary, including, but not limited to, the physical and environmental conditions thereof, and shall rely upon same. Buyer acknowledge and agree that upon closing, Seller shall sell and convey to Buyer and Buyer shall accept the premises "as is, where is," with all faults. Buyer further acknowledges and agrees that there are no oral agreements, warranties or representations, collateral to or affecting the premises by seller, any agent of seller or any third party. The terms and conditions of this paragraph shall expressly survive the closing, not merge with the provisions of any closing documents and shall be incorporated into the warranty deed.

3. TITLE: Within thirty (30) days from the execution of this Agreement by the parties, Seller shall cause to be delivered to Buyer a title insurance commitment showing good and marketable title to the Subject Property to be in the Seller's name. The Seller warrants that the title upon closing shall be free and clear of all liens or encumbrances.

4. TITLE DEFECT: In the event any bona fide defects of title which would render the title unmarketable are discovered in the preparation of the title insurance commitment by the title company, then Seller shall have a reasonable time, not to exceed thirty (30) days from the date of receipt of written notice from the title company specifying such defect, within which to cure the same, failing which, Buyer shall have the option:

(a) To terminate this Agreement, whereupon they shall be entitled to a return of all monies, including without limitation, their earnest money deposit with no further liability on the part of either party;

(b) If the defect is capable of being cured by an expenditure of money and the Buyer and Seller mutually agree in writing to cure the defect with the cost of said procedure being paid as agreed upon by the parties in writing;

(c) To accept title subject to the defect.

5. SURVEY: In order to properly describe the Subject Property, the Buyer shall obtain a survey to be used for the legal description of the Subject Property in the conveyance documentation between the parties. The cost of the survey shall be paid by the Buyer.

6. CLOSING: The transaction contemplated hereby shall close on or before June 30, 2026 at 10:00 o'clock a.m. which may be changed only by mutual agreement by the parties in writing. Said closing shall be held in the offices of Landmark Title Roswell, whose address is 2724 Wilshire Blvd., Roswell, New Mexico. On closing Seller shall deliver to Buyer:

(a) Fully executed Warranty Deed to the fee lands of the Subject Property and said Warranty Deed shall convey to Buyer all minerals but excepting and reserving all water rights, wells and irrigation equipment on or underlying said Subject Property, to also include a reservation to the Seller of the right to continue to use and farm the Subject Property until the Buyer begins actual construction on a new wastewater facility on the Subject Property as well as an effluent water credit of Two Hundred Thousand Dollars ($200,000.00) to Seller to be used by Seller at Seller's discretion, not to exceed an annual use of up to thirty thousand dollars ($30,000.00) of the effluent water credit by Seller per year;

(b) The title insurance policy as described in this Agreement;

Buyer shall simultaneously deliver to Seller:

(a) The payment described in Paragraph 1(b) above by wire transfer, cashier's check or certified funds.

(b) Fully executed and recordable Assignment and Conveyance from Buyer granting and conveying to Seller the ability to continue to use and farm the Subject Property until the Buyer begins actual construction on a new wastewater facility on the Subject Property as well as an effluent water credit of Two Hundred Thousand Dollars ($200,000.00) to Seller to be used by Seller at Seller's discretion, not to exceed an annual use of up to thirty thousand dollars ($30,000.00) of the effluent water credit by Seller per year, to include any other documentation necessary to complete the transfer of these rights from the Buyer to the Seller.

Closing and other costs and fees shall be payable as follows:

Seller and Buyer shall each pay one-half (50%) of the cost of the Title Commitment and Owner's Title Policy and all remaining fees and closing costs shall also be paid one half by Seller and one half by Buyer.

7. PRORATIONS: On the date of closing and as of the date of closing, the parties shall prorate Seller's share of the real property taxes. With regard to the proration of taxes, the parties shall use the last available tax statement in the event a tax bill for the current year is not available.

8. POSSESSION and RISK of LOSS: Buyer shall be entitled to possession of the Subject Property upon the closing of this transaction as described in paragraph 6 herein.

In the event of any damage to any of the improvements prior to closing on the Subject Property by fire or other casualty, this Agreement shall remain in full force and effect. Seller and Buyer may mutually agree to restore or repair such damage as soon as possible (all work to be done in a good and proper manner so that the improvements shall have been restored to its condition immediately prior to the fire or casualty) in which event Seller and Buyer shall be entitled as they mutually agree to receive the proceeds payable under the insurance policies

covering such damages. If Buyer shall elect, Seller and Buyer shall refrain from repairing any such damage and Buyer shall accept the conveyance of the Subject Property in such damaged condition, and Seller shall assign and transfer to Buyer, at the time of closing for the Subject Property, all of the policies of insurance covering such damage or casualty and the proceeds thereof, save and except any proceeds allocable to any personal property owned by Seller which is not subject to this transaction.

9. REPRESENTATIONS and WARRANTIES of SELLER: Seller makes the following representations and warranties to Buyer, each of which is material and is relied upon by Buyer, Seller represents and warrants and Buyer understands and agrees as follows:

(a) Seller is the owner of a fee simple marketable title to the Subject Property and the Subject Property is not subject to any liens or encumbrances.

(b) Seller and Buyer understand that the Subject Property is possibly within a flood boundary and Buyer assumes the risk of said Subject Property possibly being in a flood boundary and zone.

10. NOTICES: All notices required to be given pursuant hereto shall be sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the parties at their respective addresses shown below, and to the attorneys shown via email. Each party may from time to time designate by written notice to the other a change as to the contact information shown herein below.

SELLER: L & K Waggoner, LLC
c/o Timmy Taylor, Jr., Managing Member
1882 East Second Street
Roswell, New Mexico 88201

Steven P. Fisher, Attorney for Buyer
Fisher Law Firm, LLC
400 North Pennsylvania, Suite 820
Roswell, NM 88201
575-755-0707
Email: spf@fish.legal

BUYER: City of Roswell
c/o City Manager, Hessel Yntema
P.O. Drawer 1838
Roswell, NM 88202-1838
Email: h.yntema@roswell-nm.gov

All notices and demands which shall be served upon either party hereto shall be deemed sufficiently served or given for all purposes hereunder at the time such notice or demand shall have been delivered, mailed or emailed to the party or parties at the addresses shown hereinabove.

11. OFFER OF CONTRACT EXPIRATION: This Purchase and Sale Agreement shall be null and void and deemed terminated for all purposes unless executed by the parties on or before May 22, 2026.

12. REAL ESTATE BROKERAGE: The parties hereto represent and state that there are no real estate agents or brokers involved in this transaction.

13. 1031 EXCHANGE It is agreed that the parties to this Agreement shall have the option to assign all of their right in and to this Agreement to a Qualified Intermediary pursuant to Section 1031 of the Internal Revenue Code pursuant to an Exchange Agreement by and between Buyer/Seller and a Qualified Intermediary. In the event Seller exercises this option, Buyer consents to the assignment of the rights of Seller in and to this Agreement and waives and releases all claims against the Qualified Intermediary, its agents, employees, successors and/or assigns for any breach of representation, warranty or other obligation of Seller in connection

with this Agreement. In the event Buyer exercises this option, Seller consents to the assignment of the rights of Buyer in and to this Agreement and waives and releases all claims against the Qualified Intermediary, its agents, employees, successors and/or assigns for any breach of representation, warranty or other obligation of Buyer in connection with this Agreement. This consent shall not release Seller/Buyer from any representation, warranty or other obligation under the terms of this Agreement. Seller and Buyer agree to execute any documents reasonably necessary to the completion of the exchange. The parties agree and covenant with each other that the exercise of this option will not cause any additional expense or risk of loss to the other party and each party does hereby agree to defend and indemnify the other party from and against any such expense or loss.

14. MISCELLANEOUS PROVISIONS:

(a) The parties hereto agree to expeditiously execute such other and further instruments as may be necessary or desirable to carry out the terms and provisions of this Agreement.

(b) This Agreement, as to execution, interpretation, enforceability, validity and performance, shall be governed by the laws of the State of New Mexico.

(c) This document fully and completely expresses the agreement of the parties and all previous understandings to this transaction are merged in this Agreement.

(d) The terms of this Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, devisees, legal representatives, personal representatives and assigns, as the case may be.

(e) Time shall be of the essence in the performance by the parties of all the terms, provisions and conditions herein contained.

(f) All covenants, agreements, representations and warranties continued herein shall survive the closing of this transaction.

(g) This Agreement may be executed in multiple counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the undersigned have executed this Agreement the day and year first above written.

"SELLER"

L & K Waggoner, LLC

By: _____
Name: Timmy Taylor, Jr.
Managing Member

"BUYER"

City of Roswell

By: _____
Name: JESSICA VICKERS
Title: Community Development Director
5/8/2026

STATE OF NEW MEXICO)
)ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 12th day of May, 2026, by Timmy Taylor, Jr., as Managing Member of L & K Waggoner, LLC, a New Mexico limited liability company, on behalf of the company.

STATE OF NEW MEXICO
NOTARY PUBLIC
ROXANNA M. JAMES
COMMISSION# 1037963
EXP. 06-19-2029

Roxanna M James
Notary Public

STATE OF NEW MEXICO)
)ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 8th day of May, 2026, by Jessica Vickers, as Community Development Director of the City of Roswell, on behalf of the City.

CASSANDRA GAMBOA
Notary Public
State of New Mexico
Comm. # 1029501
My Comm. Exp. Aug 25, 2028

Cassandra Gamboa
Notary Public

Exhibit "A"



An *Appraisal Report*
of Two Tracts of Irrigated Farmland
Being 109.6 acres and 77.8 acres, more or less, located along the
South side of East 19th Street, and the west side of North Red Bridge Road,
Approximately 1 miles East of Roswell,
Chaves County, New Mexico



Effective Date
November 24, 2025

Requested By
Mr. Todd Verciglio
Community Development Dept., Property Division
City of Roswell
400 W. Second St.
Roswell, New Mexico 88201
t.verciglio@roswell-nm/gov

Prepared By
WT Appraisal, Inc.
800-340-5039
www.wtappraisal.com
Job #25-981

December 1, 2025

Mr. Todd Verciglio
Community Development Dept., Property Division
City of Roswell
400 W. Second St.
Roswell, New Mexico 88201
t.verciglio@roswell-nm/gov

RE: An *Appraisal Report* of two tracts of irrigated farmland being 109.6 acres and 77.8 acres, more or less, located along the south side of East 19th Street, and the west side of North Red Bridge Road, approximately 1 miles East of Roswell, Chaves County, New Mexico.

Dear Mr. Verciglio:

In accordance with your request we have prepared an appraisal of the property referenced above. The purpose of the appraisal is to develop an opinion of the "As Is" market value of the fee simple interest in the property, as of the effective date of the appraisal, as defined in the accompanying report. We understand that the intended use of the report is to assist our client with determining market value of the subject property for internal decision making.

The effective date of this appraisal is November 24, 2025, and is based on data and market conditions prevailing on that date. The research and analysis contained herein was conducted during the month of November 2025.

By reason of our investigation and analysis of data contained in this report, other information in our files, and our experience in the real estate and appraisal profession, it is our opinion that the market value of the fee simple estate in the subject property referred to as Tract 1, being 109.6 acres, as of November 24, 2025, was in round numbers:

ONE MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS
$1,425,000

Furthermore, by reason of our investigation and analysis of data contained in this report, other information in our files, and our experience in the real estate and appraisal profession, it is our opinion that the market value of the fee simple estate in the subject property referred to as Tract 2, being 77.8 acres, as of November 24, 2025, was in round numbers:

ONE MILLION FIFTY THOUSAND DOLLARS
$1,050,000

These value estimates are subject to the assumptions and limiting conditions as set out herein. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of The Appraisal Foundation and the specific appraisal standards set out in 12 CFR, Part 1608 and in conformance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), revised June 7, 1994, and subsequent federal regulations including the most recent Interagency Appraisal and Evaluation Guidelines effective 12/10/10, and amendments thereto, to the extent that the available market data will allow.

It should be noted that, to our knowledge, no environmental hazard was known to be located on the property, as of the effective date of this appraisal. Furthermore, as a result of our analysis, we have concluded that the property has no scientific, cultural or historic value.

Special Assumption: For the purpose of this analysis, we have assumed that the current agreement between the subject tracts described herein and the adjoining municipal waste water facility will continue perpetually. No details or documentation regarding the agreement were provided to the appraisers beyond the fact that the waste water from the plant can be utilized for irrigated farming upon the subject tracts. If details of the agreement are provided to the appraiser at a date after the report date of this report, the appraisers reserve the right to revise any conclusions herein.

We thank you for the privilege of serving you and should you have any questions, please contact us.

Sincerely yours,



Clint W. Bumguardner, MAI, ASA
General State Certified Appraiser
New Mexico Certification No. 001579-G



Sam Walker, Appraiser
General State Certified Appraiser
State Certification No. NM-03611-G



Cage Riley, Appraiser
General State Certified Appraiser
State Certification No. NM-REA-2025-0142

TABLE OF CONTENTS

Title Page
Letter of Transmittal
Table of Contents

APPRAISAL REPORT

Summary of Salient Facts, Data and Conclusions 1
Property Identification 6
Scope of Work 9
History of Subject 12
Competency Statement 13
Area Analysis 14
Description of Real Estate Appraised 22
Tax and Assessment Analysis 43
Highest and Best Use 44
Cost Approach 48
Sales Comparison Approach 49
Income Approach 70
Marketing Time Analysis 71
Reconciliation & Final Estimate of Value 72
Certification 74

ADDENDA

Assumptions and Limiting Conditions
Qualifications of the Appraiser
Letter of Engagement
Photographs of Subject

Summary of Salient Facts, Data and Conclusions

Property Appraised:	187.4 total acres, more or less, contained in two contiguous tracts referred to within this report as Tract 1, being 109.6 acres, and Tract 2, being 77.8 acres, approximately 1 mile east of Roswell, Chaves County, New Mexico.
Property Type:	Irrigated farm land.
Location:	Tract 1 is located on the south side of East 19th Street and the west side of North Red Bridge Road; while Tract 2 is located along the west side of North Red Bridge Road, approximately 1 mile east of Roswell, Chaves County, New Mexico.
GPS Coordinates:	
Tract 1:	Latitude - 33° 24' 51.79" North Longitude - 104° 28' 34.44" West
Tract 2:	Latitude - 33° 24' 38.03" North Longitude - 104° 28' 28.25" West
Interests Appraised:	Unencumbered fee simple, surface only.
Legal Description:	Being 187.4 acres; Lots 1 thru 7, Replat of Lot 8, Lots 18, 19, 20, 21, and 22, Hamilton Farms Subdivision, out of the southeast 1/4 of Section 26, Township 10 South, Range 24 East, Chaves County, New Mexico.
Purpose of Appraisal:	Estimate the "as is" market value of the subject property.
Property Rights Appraised:	Fee simple.
Effective Date of Valuation:	November 24, 2025

Summary of Salient Facts, Data, and Conclusions (Continued)

Client Identity and Intended Users of the Appraisal:

This report is intended for use only by the client, Mr. Todd Verciglio and the City of Roswell. Use of this report by others is not intended by the appraisers. This report is intended only for use in providing data upon which the client may analyze the property for decision making purposes.

Intended Use of Appraisal:

The intended use of this appraisal is to assist the client, Mr. Todd Verciglio and the City of Roswell in internal decision making regarding the subject property. This report is not intended for any other use.

Land Data (Tract 1):

Size:

109.6 total acres, more or less.
Acreage size of the property is based on data from the client. A survey was not provided. The appraisers have relied on this data. If subsequent data indicates a different acreage amount, the appraisers reserve the right to modify the conclusions reached in this appraisal.

Shape:

Rectangular

Frontage/Access:

Subject has frontage along the south side of East 19th Street and the west side of North Red Bridge Road.

Flood Zone:

According to FEMA Map #35005C1390D, dated September 25, 2009, Tract 1 of the subject is partially located within Zone X. The appraisers were not supplied a survey of subject property. It is recommended that a survey, by a professional, certified surveyor be performed to determine exact elevations and flood plain status.

Land Use:

At the time of inspection, Tract 1 is entirely irrigated farmland.

Summary of Salient Facts, Data, and Conclusions (Continued)

Improvements: All improvements associated with the current flood irrigation including above and below ground water lines, and specifically gated pipe supply system; partial net-wire perimeter fencing.

Land Data (Tract 2):

Size: 77.8 total acres, more or less.
Acreage size of the property is based on data from the client. A survey was not provided. The appraisers have relied on this data. If subsequent data indicates a different acreage amount, the appraisers reserve the right to modify the conclusions reached in this appraisal.

Shape: Rectangular

Frontage/Access: Subject has frontage along the west side of North Red Bridge Road.

Flood Zone: According to FEMA Map #35005C1390D, dated September 25, 2009, Tract 2 of the subject is partially located within Zone X and AE. Additionally, the southeastern corner of Tract 2 contains the Rio Hondo Draw which, during heavy rainfall and flooding can run full and overfill the draw. The appraisers were <u>not</u> supplied a survey of subject property. It is recommended that a survey, by a professional, certified surveyor be performed to determine exact elevations and flood plain status.

Land Use: At the time of inspection, Tract 2 is entirely irrigated farmland, with the exception of a small portion situated within Rio Hondo in the far southeast corner of the tract.

Improvements: All improvements associated with the current flood irrigation including above and below ground water lines, and specifically gated pipe supply system; partial net-wire perimeter fencing.

Utilities: Electricity and private water.

Summary of Salient Facts, Data, and Conclusions (Continued)

Current Use:	Agricultural - irrigated cropland.
Highest and Best Use:	Agricultural - irrigated cropland.
Easements, Restrictions, and Encroachments:	Typical utility easements were assumed around the perimeter of the property. A physical inspection of the property did not reveal any adverse encroachments.
Nuisances, Hazards and Detrimental Influences:	We were not provided with an environmental study on the subject property. For purposes of this appraisal assignment, we have assumed that no hazardous conditions affect the subject site. If subsequent environmental studies indicate a hazardous condition at the subject site, it could affect the value conclusions in this report.
Natural, Recreational, Cultural Or Scientific Value:	The appraisers were not provided with a study regarding natural, recreational, cultural or scientific amenities on the subject and are not qualified as experts in determining value attributed with these amenities. If a subsequent study is completed and indicates a value for any of these specific amenities, the appraisers reserve the right to modify the value conclusions in this report.
Assessed Value (2025)	
Full Value:	$46,987
Assessed Value:	$15,663
Indicated Value "As Is" by Cost Approach:	N/A
Indicated Value "As Is" by Sales Comparison Approach:	$1,425,000 (Tract 1 - 109.6 Acres) $1,050,000 (Tract 2 - 77.8 Acres)

Summary of Salient Facts, Data, and Conclusions (Continued)

Indicated Value by Income Approach: N/A

FINAL MARKET VALUE INDICATION TRACT 1:	**$1,425,000**
FINAL MARKET VALUE INDICATION TRACT 2:	**$1,050,000**

Estimated Marketing/Exposure Time: 12 months

Special Assumption: For the purpose of this analysis, we have assumed that the current agreement between the subject tracts described herein and the adjoining municipal waste water facility will continue perpetually. No details or documentation regarding the agreement were provided to the appraisers beyond the fact that the waste water from the plant can be utilized for irrigated farming upon the subject tracts. If details of the agreement are provided to the appraiser at a date after the report date of this report, the appraisers reserve the right to revise any conclusions herein.

Identification of Subject Property

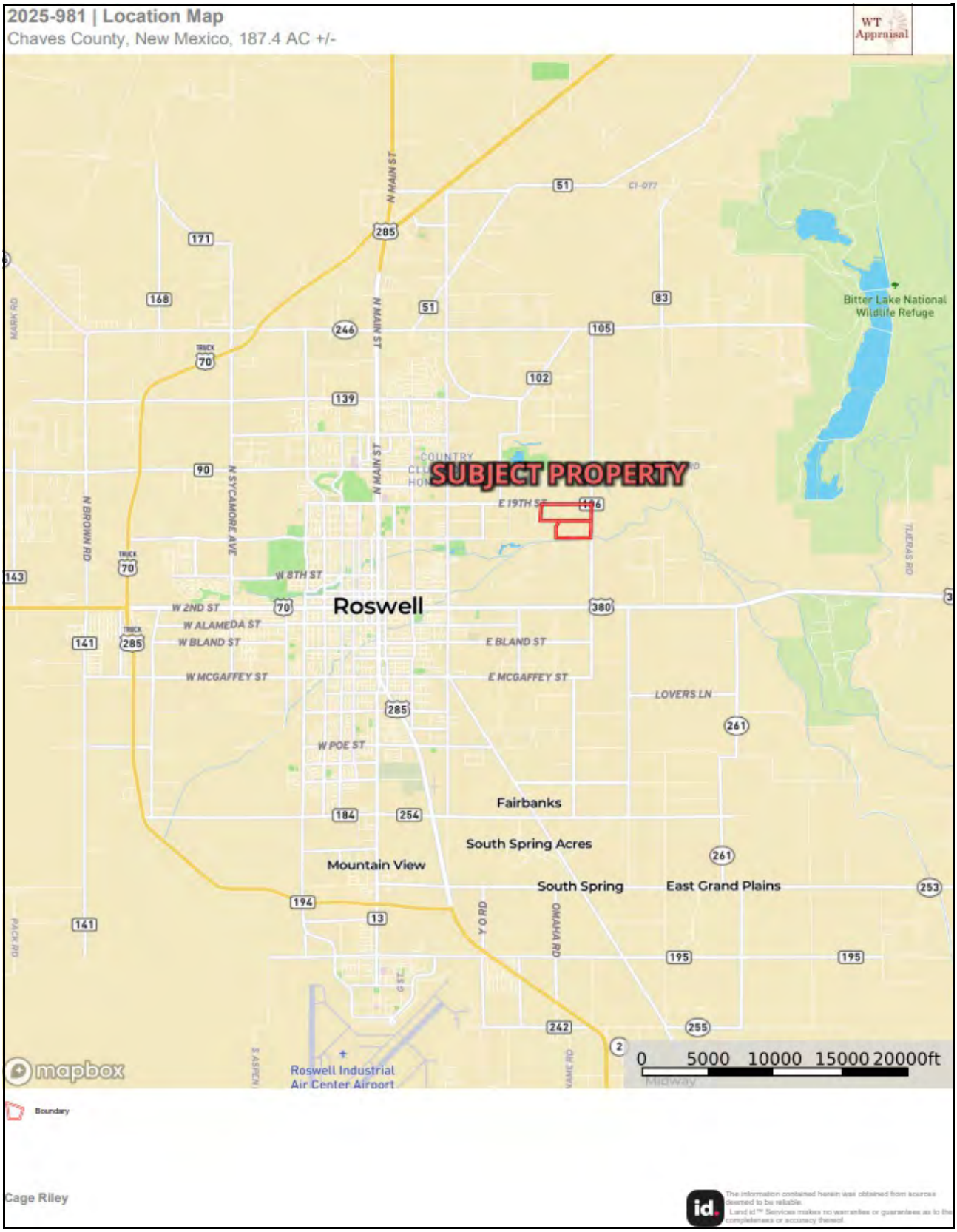


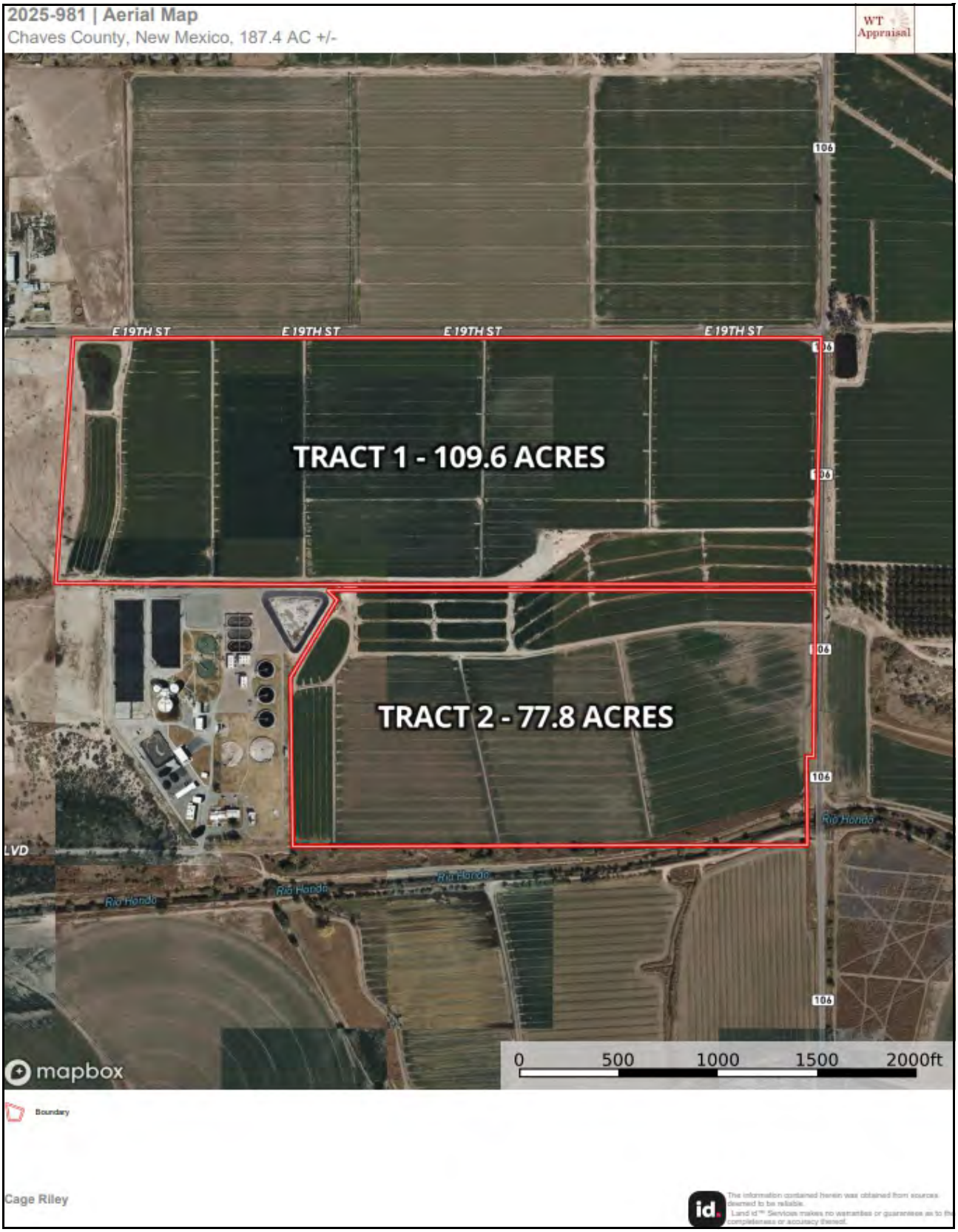
Subject Property

The subject property consists of two contiguous tracts of irrigated farmland referred to as Tract 1 and Tract 2 herein. Tract 1 is located on the south side of East 19th Street and the west side of North Red Bridge Road; while Tract 2 is located along the west side of North Red Bridge Road, approximately 1 mile east of Roswell, Chaves County, New Mexico.

Legal Description

Being 187.4 acres; Lots 1 thru 7, Replat of Lot 8, Lots 18, 19, 20, 21, and 22, Hamilton Farms Subdivision, out of the southeast 1/4 of Section 26, Township 10 South, Range 24 East, Chaves County, New Mexico.


2025-981 | Location Map
Chaves County, New Mexico, 187.4 AC +/-
WT Appraisal
SUBJECT PROPERTY
Roswell
Fairbanks
South Spring Acres
Mountain View
South Spring
East Grand Plains
Bitter Lake National Wildlife Refuge
Roswell Industrial Air Center Airport
N MAIN ST
N SYCAMORE AVE
N BROWN RD
W 8TH ST
W 2ND ST
W ALAMEDA ST
W BLAND ST
W MCGAFFEY ST
E BLAND ST
E MCGAFFEY ST
E 19TH ST
LOVERS LN
W POE ST
O A RD
OMAHA RD
0 5000 10000 15000 20000ft
Boundary
Cage Riley


2025-981 | Aerial Map
Chaves County, New Mexico, 187.4 AC +/-
WT Appraisal
E 19TH ST
E 19TH ST
E 19TH ST
E 19TH ST
TRACT 1 - 109.6 ACRES
TRACT 2 - 77.8 ACRES
106
Rio Hondo
Rio Hondo
Rio Hondo
Rio Hondo
LVD
mapbox
0
500
1000
1500
2000ft
Boundary
Cage Riley

Scope of Work

Appraisal Problem to be Solved

The problem to be solved in this appraisal assignment is to support and develop an opinion of the "As Is" market value of the subject, as of the effective date of appraisal, subject to the assumptions and limiting conditions set forth in the appraisal. The fee simple interest in the subject property is being appraised.

Intended Use and Intended Users of the Appraisal

The intended use of this appraisal is to assist the client, Mr. Todd Verciglio and the City of Roswell in internal decision making regarding the subject property. This report is not intended for any other use. This report is intended for use only by the client, Mr. Todd Verciglio and the City of Roswell. Use of this report by others is not intended by the appraisers. This report is intended only for use in providing data upon which the client may analyze the property for decision making purposes.

Effective Date of Appraisal and Date of Report

This appraisal has an effective date of November 24, 2025, and is based on data and market conditions prevailing on that date. This appraisal report was written during the month of November 2025, and was completed on December 1, 2025.

Property Rights Appraised

In this particular appraisal, the property rights appraised consist of the fee simple interest in the subject. A **fee simple interest** is defined as:

> Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.[1]

[1] The Appraisal of Real Estate, Thirteenth Edition, The Appraisal Institute, 2008, page 111.

Type and Definition of Value Used in the Appraisal

Market value is defined as being the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeable, and assuming the price is not affected by undue stimulus.[2]

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1) Buyer and seller are typically motivated;
2) Both parties are well informed or well advised and each acting in what they consider their own best interests;
3) A reasonable time is allowed for exposure in the open market,
4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5) The price represents the normal consideration for the property unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.[3]

Extent of Property Identification

Physical Characteristics

The total area of the subject site is approximately 187.4 acres, more or less, of agricultural land, and specifically irrigated farmland. The property consists of two contiguous tracts of land being Tract 1, 109.6 acres, and Tract 2, 77.8 acres. Both tracts are irregular in shape and level to gently sloping in topography. Overall, there is a general slope from northwest to southeast. According to FEMA Map #35005C1390D, dated September 25, 2009, portions of both Tract 1 and Tract 2 are located within Zone X and AE of the flood plain. Additionally, the southeastern corner of Tract 2 contains the Rio Hondo Draw which, during heavy rainfall and flooding can run full and overfill the draw. *However, it is recommended that a survey, by a registered surveyor be performed to determine exact elevations, flood status and the amount of acreage and or improvements that might be affected*. The subject is located in a portion of Chaves County that is mostly agriculture farm land. This area contains flood irrigation, drip irrigation and some center pivot irrigation. The improvements situated on both subject tracts include all improvements associated with the current flood irrigation including above and below ground water lines, and specifically gated pipe supply system; partial net-wire perimeter fencing, and some caliche paved roadways.

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[2] Section 34 of Title 12, Code of Federal Regulations and subsequent Interagency publications.

[3] Section 34 of Title 12, Code of Federal Regulations and subsequent Interagency publications.

Legal Characteristics

We relied on information from the client, deeds and county records concerning easements, restrictions and other encumbrances. The subject legal description is as follows.

> Being 187.4 acres; Lots 1 thru 7, Replat of Lot 8, Lots 18, 19, 20, 21, and 22, Hamilton Farms Subdivision, out of the southeast 1/4 of Section 26, Township 10 South, Range 24 East, Chaves County, New Mexico.

Economic Characteristics

The subject property is owner operated and not leased to our knowledge.

Extent of Property Inspection

The subject property was photographed and viewed on ground. Size and measurement information for the land site was based on information from the client as a survey was not provided. The appraisers have relied on this information in this appraisal. *If subsequent data becomes available, indicating a different acreage amount than used in this report, the appraisers reserve the right to modify the conclusions reached in this analysis*. The inspection was performed in order to gather information about the physical characteristics of the subject that are relevant to the valuation problem. The inspection was conducted on November 24, 2025.

Type and Extent of Data Researched

Comparable sales were obtained and verified by principals, brokers or appraisers in order to form an opinion of value for the subject by the sales comparison approach. All of the sales used were inspected either physically or by plats and/or photographs. All sale information was analyzed in applying the sales comparison to value. In addition, we reported the current assessed value and the current year's property tax amount as provided by the County Assessor. We reviewed factors controlling highest and best use, formed a preliminary opinion, and checked that opinion against collected data for reasonableness. We also reviewed employment, population, and other demographic data from various federal and local governmental agencies for analysis and reliance on for demographic trends. Clint Bumguardner, Sam Walker, and Cage Riley provided real property appraisal assistance within the type and extent of data researched.

Type and Extent of Analysis Applied

The value opinions presented in this report were based upon review and analysis of the market conditions affecting real property value of competitive properties and sales in the Chaves County, New Mexico area.

The appraisal problem did not warrant an intensive highest and best use study. Given the nature of the subject real estate, our conclusion of highest and best use was based on logic, observed evidence and our experience in the real estate appraisal profession.

In the sales comparison approach, a comparative analysis of relevant factors that influence value was undertaken to adjust the sales to the subject based upon the actions and preferences demonstrated by the participants in the market and based upon the appraiser's knowledge and experience in the appraisal business Thus, the sales comparison approach to value was utilized to form an opinion of value for the subject property. Clint Bumguardner, Sam Walker, and Cage Riley provided real property appraisal assistance within the type and extent of analysis applied, including each section of the appraisal report

History of Subject Property

According to Standard Rule 1-5, as set out in the Uniform Standards of Professional Appraisal Practice by the Appraisal Standards Board of the Appraisal Foundation, effective January 1, 2012, a three year sales history of the subject property shall be included for all non-residential real estate.

The subject property is listed under the ownership of the L & K Waggoner, LLC and has been under the same ownership for several years. The L & K Waggoner, LLC is owned and operated by Mr. Timmy Taylor. The appraisers have not been provided and have no knowledge of any other deeds, contracts or options involving subject property for the prior three year period immediately preceding the date of appraisal.

Exposure Time Analysis

In accordance with the market value definition contained herein, as requested by the client, consideration has been given to a reasonable estimated exposure period for the subject property **at the appraised value estimate herein**.

Exposure time may be defined as follows: The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. The reasonable exposure period is a function of price, time, and use, not an isolated opinion of time alone.

Based upon the historical activity of sales similar to the subject, and the appraiser's personal conversations with area agents/brokers, appraisers, and property owners familiar with the subject market, it is our opinion that a reasonable exposure time for agricultural properties in the value range of $1,000,000 to $3,000,000, in the Chaves County area of New Mexico area to be approximately 12 months.

Competency Statement

The appraiser(s) who prepared this report have valued numerous farm and ranch properties throughout the states of Texas, and New Mexico during the last ten years.

Mr. Bumguardner is an MAI (Member of the Appraisal Institute), an Accredited Senior Appraiser of the American Society of Appraisers, and a State Certified General Real Estate Appraiser in the State of New Mexico, certificate number NM-001579-G. Mr. Walker is a State Certified General Real Estate Appraiser in the State of New Mexico, certificate number NM-03611-G. Mr. Riley is a State Certified General Appraiser in the State of New Mexico, Certificate Number NM-REA2025-0142.

Report Type

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it presents a level of discussion of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value, that is consistent with the intended use of the appraisal. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.

Chaves County and Roswell Area Analysis

Analysis of a local economy often focuses on trends in population, employment and income. The conditions and potential of the local economy are relevant to most appraisal assignments. The value of real estate in a community is influenced by the demand for its use. The demand for various types of real estate, including vacant land, depends on the population of the market that the real estate serves, the effective purchasing power of this population, and their desire to own real estate. Demand may change for various types of real estate and between real estate and non-realty investment sources. "Market areas are defined by a combination of factors, such as, physical features, the demographic and socioeconomic characteristics of the residents or tenants, the condition of the improvements, and land use trends."[4]

Location and Population

The city of Roswell, county seat and main commercial hub of Chaves County, is situated in the southeastern portion of the state and is the fifth largest city in New Mexico. Roswell is situated east of the Sacramento Mountain Range. The region's climate is temperate and is characterized by moderate seasonal changes. Located along the Pecos River basin, it is surrounded by plains at an estimated elevation of 3,500 feet. The City of Roswell is the most heavily populated municipality in the County with a 2020 estimated population of 46,977. Since 2012, the population of Chaves County has grown less than 1% per year. Population data is from the U.S. Census and is shown below.

COMPARATIVE POPULATION STATISTICS				
Year	**City Of Roswell**	**Percent Change**	**Chaves County**	**Percent Change**
1980	39,676	N/A	51,103	N/A
1990	44,654	12.55%	57,849	13.20%
2000	45,293	1.43%	61,263	5.90%
2010	48,465	7.00%	65,727	7.29%
2012	48,452	-0.03%	65,800	0.11%
2013	48,630	0.37%	66,059	0.39%
2014	48,490	-0.29%	65,880	-0.27%
2015	48,482	-0.02%	65,878	0.00%
2016	48,322	-0.33%	65,697	-0.27%
2017	47,993	-0.68%	65,153	-0.83%
2018	47,635	-0.75%	64,689	-0.71%

[4]The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013 p. 166.

2019	47,551	-0.18%	64,615	-0.11%
2020	48,541	2.08%	64,711	0.15%
2021	48,081	-0.95%	64,629	-0.13%
2022	47,390	-1.44%	63,894	-1.14%
2023	46,872	-3.44%	63,561	-1.78%
2024	47,176	-1.88%	63,697	-1.44%
2025	Est. 46,229	-2.45%	Est. 62,899	-1.56%

**Estimated population*

Demographics

Chaves County has an average age of 36.1 years. Census data states that the 2023 median household income is $52,029 as compared to New Mexico's of $62,125. Median home values are $146,352, also lower than the state's at $315,386. The cost of living index is low at 71.2 on a scale of 100.

Transportation

The county is served by U. S. Highway 285 which bisects the city of Roswell in a north/south fashion. It serves to connect the region with Artesia and Carlsbad to the south and Vaughn and Interstate 40 to the north. U. S. Highway 380 intersects with U. S. Highway 285 in Roswell and provides access to the Texas border approximately 100 miles to the east. To the west, U. S. Highway 380 provides access to Carrizozo, Socorro and Interstate 25. Other thoroughfares that serve the area include various two-lane, asphalt paved, state roadways. Roswell is approximately 200 miles from Albuquerque, NM, 210 from Amarillo, TX, and 202 miles from El Paso, Texas.

The majority of land use in the City of Roswell is mixed, consisting of commercial along the major traffic corridors and those streets radiating off from them with residential (single and multi-family) throughout the city. Vacant acreage is also well represented around the periphery of the city. The primary arterials have been developed with fast food franchises, retail centers (regional, community and neighborhood), free-standing service establishments and lodging accommodations along with various service oriented facilities. Also located along these corridors are churches, schools, multi-family and specialized housing.

Education

Education in the City of Roswell is provided by a single school district. There are twelve elementary schools, three middle schools and four high schools which educate approximately 9,800 students. There are eight private schools and one charter school. Also included in the community are the New Mexico Military Institute and the Roswell campus for Eastern New Mexico University. The main campus for Eastern New Mexico University is located approximately 100 miles to the northwest in Portales.

Roswell also has benefitted from its proximity to the Federal Law Enforcement Training Center (FLETC) located in Artesia, approximately 40 miles to the south. This governmental installation whose parent organization is the Department of Homeland Security, provides law enforcement training for 80 various agencies in their three locations nationwide, of which one is in Artesia. The Artesia facility conducts training for US Border Patrol, Transportation Security Administration, Bureau of Indian Affairs and other partnering organizations. Specialized training programs such as Driver Instructor Training, Firearms Instructor Training, Federal Air Marshall Training, and Defensive Tactics Instructor Training are conducted at the facility. Also in 2004, the US Border Patrol relocated to Artesia and established its consolidated training operations there. The consolidation of U.S. Border Patrol training and the importance of trained law enforcement personnel in the post 9-11 era insure that FLETC's presence in Artesia will continue and impact area towns and cities.

Healthcare

Roswell hosts a diverse mix of health care facilities, including hospitals, clinics, rehabilitation centers, and home health agencies. Two of the main hospitals are Eastern New Mexico Center. Being a - 162-bed facility offering emergency care, cardiology, cancer treatment, imaging, and surgical services. Smaller hospital, Lovelace Regional Hospital, is a 26-bed acute care hospital with ER, labor & delivery, outpatient surgery, and imaging services. Roswell's health care landscape is robust for a city of its size, with options ranging from full-service hospitals to specialized outpatient and senior care.

Recreation

A variety of outdoor sports are available year round due to the warm, sunny climate. Skiing, boating, fishing and the Lincoln National Forest are within a two-hour drive. Also located in the City of Roswell are several parks, golf courses, swimming pools, baseball and soccer fields.

Utilities

All utilities (gas, electric, water, waste water and phone service) are available throughout Roswell. Water, waste water and solid waste disposal are supplied by the City of Roswell with electricity and gas provided by Excel and PNM Gas Company, respectively.

Roswell is probably best known for something that may or may not have happened. In 1947, a UFO allegedly crashed in the nearby desert, an event that came to be known as "the Roswell Incident." The 50th anniversary of this event in 1997 brought the town enormous media attention. Attendance at the annual UFO parade continues to increase each year and more than 160,000 people visited the International UFO Museum and Research Center in 2008, up significantly from the 3,000 that visited when the museum opened in 1992. The Museum is currently in the process of raising 15 Million dollars to construct a new museum downtown.

Over the past few years, Roswell has seen the completion of several projects in the city including the $3 million Roswell Convention and Civic Event Center and Plaza, a 36,000 square foot facility on Main Street, as well as a detention center, expansion at New Mexico Military Institute, construction of adult and teen centers at the former airport west of town and ongoing construction of a bypass to the Waste Isolation Pilot Plant near Carlsbad. Pioneer Bank completed the construction of a new, multi-million dollar corporate office facility along North Main Street and a new Roswell Community Federal Credit Union building at 2514 N. Main has been completed. The city also has seen an increase in the number of hotels/motels and restaurants over the past three to four years including a new Comfort Suites at 3610 N. Main, a new 71 room Marriott Townplace Suites on East 19th Street and a new Holiday Inn Express in the 3600 block of North Main. According to the City of Roswell's Planning Department, a new Nissan dealership has been built in the west portion of Roswell along US Hwy 70.

Governmental

County-related services are located within the county seat of Roswell. The government of the City of Roswell consists of a Mayor and 10 City Councilors, along with the various elected city offices; the county functions with the county commissioners court. Zoning regulations, which are supervised by the Planning and Zoning Department, serve to regulate and channel the area's development and regulate land usage. The Roswell area region provides a pro-business climate which facilitates new and expanding business. Various incentives, including an Industrial Development Bond Program, have been instrumental in assisting new and expanding companies in the city.

Economic

Roswell, which serves as the hub for this area of the state, has seen its share of boom and bust including the opening and closing of an air force base and the rise and fall of the oil and gas industry in the 1980's. The city, now approaching metropolitan size, finds itself experiencing new development and interest from national companies. The agriculture industry remains an economic mainstay and the former Walker Air Force Base is now a growing industrial complex. Wind and solar energy also contribute to keeping utility costs low.

Labor Force

As of December 2024, Chaves County's unemployment rate was 4.0% and New Mexico's rate was 4.2%, and the national rate of 4.1%. Due to Covid-19 unemployment rates continued to rise amidst the global hitting it's peak in April of 2020, but began to lower by May 2020.

Agriculture

Agriculture is one of the largest contributors to the local economy, generating about $446 million in annual revenues. Many credit the industry's success to the area's plentiful water resources, fertile soil and mild climate. Dairy cattle top the list of income, followed by beef cattle, sheep and angora goats. Alfalfa is the major crop grown in this area and is considered some of the best alfalfa in the world. Cotton, chile, corn and pecans are also abundant. The presence and quality of animal feed in the Pecos Valley are two of several characteristics dairymen like about Roswell. The climate and property prices are two more reasons many California dairymen relocated to the area over the past several years. Roswell is home to 40 percent of the state's producing dairy herds and is the twelfth largest diary-producing county in the U.S. This burgeoning dairy growth spurred the expansion of Leprino Food's mozzarella cheese plant, which employs over six hundred people and processes over 4,000,000 pounds of milk per day. It is the largest mozzarella plant in the world.

New Mexico's dairy industry has grown dramatically in the last decade. Since 1990, the dairy industry in New Mexico has increased in production by over 172 percent. This dairy growth was faster than any state. The next closest states were Idaho and Arizona.

The average New Mexico dairy produces over 58 million pounds of milk per year. In Chaves County, milk per cow averages 273,000 pounds. This output translates into approximately $266.5 million of income from milk sales. Feed and labor represent the two largest expenses on area dairies, accounting for 50% to 10% of the total cost of production, respectively.

The sheep and goat industry within Chaves County has also been a major asset to the area. Climate conditions make Chaves County an ideal place for growing wool sheep. More wool is sold from Roswell than from any single community in the United States.

Aviation

The Roswell Industrial Air Center, located four miles south of the city, is the core of Southeastern New Mexico's industrial activity. Formerly Walker Air Force Base and originally developed for military aviation by the Army Corps of Engineers, it was one of the largest installations operated by the USAF Strategic Air Command. After the military pull-out in 1967, the City of Roswell converted the extensive airfield complex to civil aviation use and an industrial park. Other air center components are effectively utilized for educational, training, health, and distribution purposes.

All classes of general and commercial aviation activity can presently be accommodated at the RIAC and its environs; to include training and research operations as well as equipment maintenance and testing programs. The RIAC and adjacent industrial area has a diverse tenant mix. Home to a fireworks factory, an ornament plant, the New Mexico Army National Guard, a plastics manufacturer, the Roswell Municipal Airport, and many others.

Conveniently located vacant tracts are available throughout the complex, with direct access and full service assured for every tenant. Land and buildings at the RIAC are available on long term leases. Cost of leasing buildings and sites at the RIAC are among the most favorable anywhere in the United States.

With 2,185 acres of aeronautical area, the Roswell Industrial Air Center offers a unique capability for accommodating heavy, high performance aircraft in non-congested, non-obstructed airspace. Boeing, JAL, McDonnell Douglas, Beechcraft, Gulfstream, Cessna, LearJet, Lufthansa, and British Aerospace all have tested equipment at the facility.

In addition, it has an FAA operated control tower with radar and many published instrument approaches. Three runways, the longest of which is 13,000 feet, and 3.8 million square feet of combined aircraft ramp area with 130 tie-down positions provide accommodations for any aircraft-related enterprises. In addition, aviation operations are supported by three massive fuel tanks with a capacity of 2,678,870 gallons.

While the air center's exceptional facilities are vital, what goes on beyond its boundaries has also attracted attention. Roswell is a pro-business community with a progressive, expansion-oriented attitude.

One of the first enterprises to take advantage of the air center was Eastern New Mexico University, Roswell's fifth-largest employer. When the base closed in 1967, ENMU-R acquired 234.5 acres including 27 major brick structures. Students began using the facilities shortly thereafter. In February 1982, Chaves County voters approved a $5 million bond issue. The next year, the college combined that money with state appropriations and began a five-year, $14 million building program.

The 2,700 new students enrolled at the college make use of an instructional center with science and nursing labs, a 46,000 square foot Oilfield Training Center, complete with a 140-acre outdoor lab with state-of-the-art equipment, and an aviation maintenance technology program with six fixed-wing aircraft and three helicopters to provide hand-on training.

An additional benefit is access to commercial airways. As any small city can attest, offering commercial flights locally increases the potential for growth. The RAIC offers 10 daily flights to Albuquerque via Mesa Airlines, and three daily flights to Dallas/Ft. Worth International Airport through Lone Star Airlines. In addition, American Eagle offers non-stop flights to and from Dallas/Fort Worth which began in September 2007.

Also operating at the RAIC are a lollipop manufacturer, fiberglass manufacturers and Frontier/Longhorn Manufacturing Co. Inc., a fireworks company employing about 135 people.

Major Employers

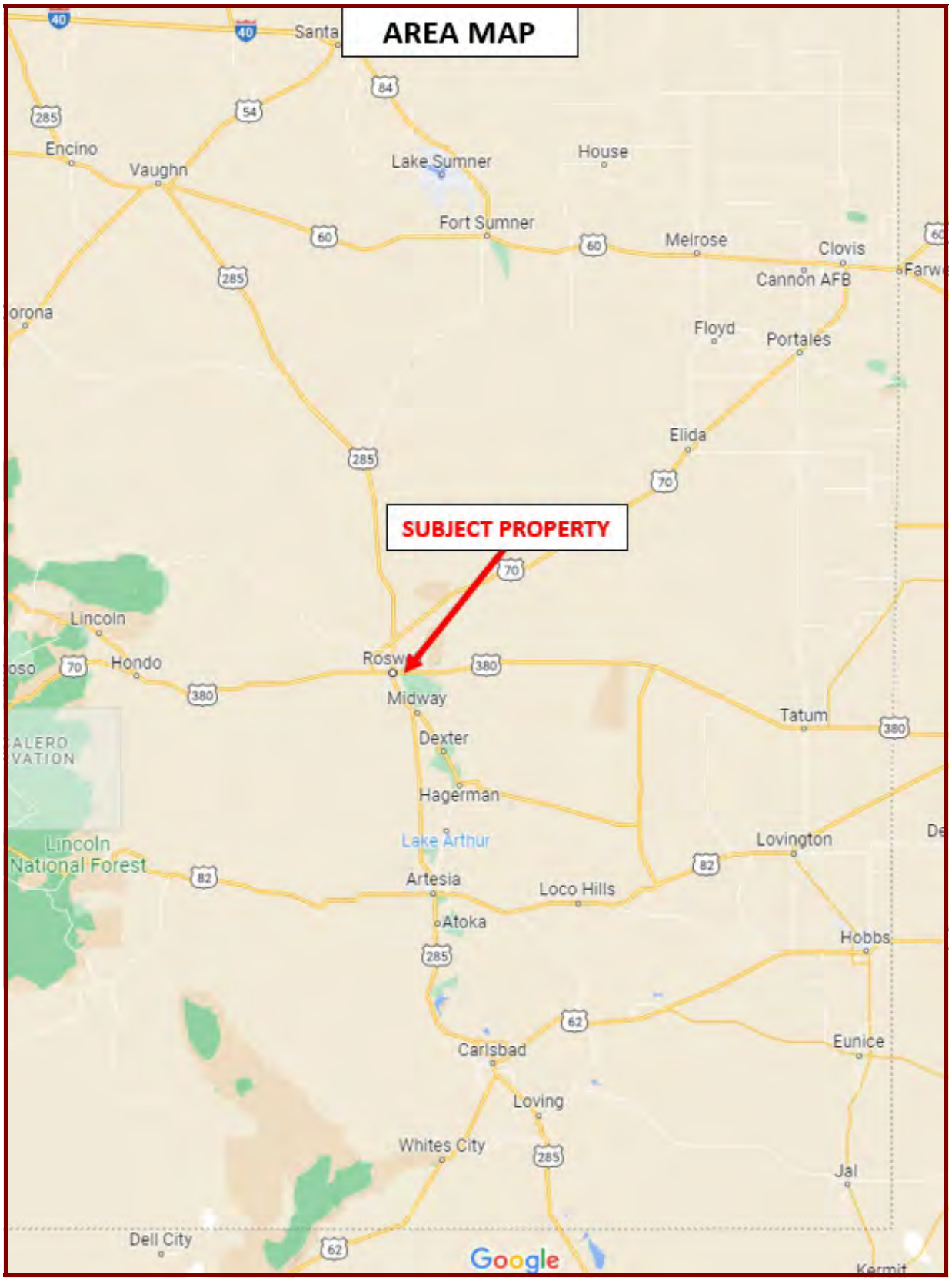
Other top employers numerically, in Roswell include the Roswell Independent School District, Leprino Foods, Eastern New Mexico Medical Center, City of Roswell, Krumland Auto Group, New Mexico Military Institute, Wal-Mart, Community Homecare and Chaves County.

Oil and Gas

The oil and gas industry continues to also be an important part of Roswell's economic base. Chaves County lies at the western end of the Permian Basin, one of the largest oil and gas producing areas in the United States. There are over 1,500 wells in the County that produce more than 1.3 million barrels of oil and 36 billion cubic feet of gas annually. Oil and gas royalties and severance taxes provide over $500 million in funding for schools throughout New Mexico.

Conclusions

Generally speaking, the overall economic outlook for the Roswell and Chaves County area is average given the current global effects of Covid-19. While Covid-19 will have an effect on marketability, other factors affecting marketability such as utilities, property compatibility, protection from detrimental conditions, police and fire protection, general appearance and appeal are considered adequate to support future development. Roswell appears to have a diverse economic base. As a regional center for trade, and with a city population near 50,000, several major, nationwide retailers have located stores in Roswell with additional retailers showing interest in the area. Based on the preceding, the subject area is considered to provide a suitable environment for the subject property.


AREA MAP
SUBJECT PROPERTY
Santa
Encino
Vaughn
Lake Sumner
House
Fort Sumner
Melrose
Clovis
Cannon AFB
Floyd
Portales
Elida
Lincoln
Hondo
Midway
Tatum
Dexter
Hagerman
Lake Arthur
Lovington
Lincoln National Forest
Artesia
Loco Hills
Atoka
Hobbs
Carlsbad
Eunice
Loving
Whites City
Jal
Dell City
Google

Site Description

A site is land that has been improved so that it is ready to be used for a specific purpose. Land, on the other hand, can be raw or improved. Raw land, is land on which no improvements have been made; land in its natural state before grading, construction, subdivision, or the installation of utilities. A site description is a comprehensive listing of factual data, including a legal description, other title and record data, and information on physical characteristics of the site.[5]

TRACT 1 - 109.6 ACRES

Location

The subject property is located on south side of East 19th Street, and the west side of North Red Bridge Road, approximately 1 mile east of Roswell, Chaves County, New Mexico.

GPS Coordinates:

Tract 1: Latitude - 33° 24' 51.79" North
Longitude - 104° 28' 34.44" West

Size

Total acreage is approximately 109.6 acres, more or less, contained in one, contiguous tract of land. *Acreage size of the property is based on data from the client. A survey was not provided. The appraisers have relied on this data. If subsequent data indicates a different acreage amount, the appraisers reserve the right to modify the conclusions reached in this appraisal.*

Topography

The subject property is basically level to gently sloping. The irrigated portion of the subject property is basically level and gently sloping. Overall, there is a general slope from northwest to southeast. Elevation ranges from approximately 3,519 feet above sea level in the southeast corner to 3,558 feet above sea level in the northwest corner. The subject topography is considered to be typical for the immediate area.

Access

Access to the subject property is provided by East 19th Street, an asphalt paved roadway that runs along the south side of the subject, as well as North Red Bridge Road, an asphalt

[5] The Appraisal of Real Estate, Appraisal Institute, Fourteenth Edition, 2013, page 205-206

paved roadway that runs along the east side of the subject tract. Overall access for the subject is considered average.

Current Use

At the time of inspection the entire subject tract is currently used as irrigated farmland. The appraisers were not provided crop history, production history or FSA data concerning the subject property.

Zoning

The subject is not located within the boundaries of an incorporated city and therefore is not subject to municipal zoning regulations. However, the subject is within two miles of the city limits and falls within the zoning regulations of the Roswell-Chaves County Extraterritorial Zoning Ordinance. The purpose of this Ordinance is to promote public health, safety, morals, and the general welfare within the Roswell-Chaves County Extraterritorial Zone (ETZ). In accordance with recommendations of the Chaves County Comprehensive Land Use Planning and Zoning Report, the Chaves County Land Use Policies Plan, an update thereto, and the City of Roswell Comprehensive Master Plan, this Ordinance is designed to lessen congestion in the streets or public ways; provide safety from fire, flood waters, and other dangers; provide adequate light and air; prevent the overcrowding of land; facilitate adequate provision for schools, transportation, water, sewerage, parks, and other public requirements; and control and abate the unsightly use of buildings or land. In order to accomplish this purpose, this Ordinance provides for the administration, interpretation, enforcement, and amendment of this Ordinance and divides the territory within the ETZ into zoning districts. This Ordinance regulates the height, number of stories, and size of buildings and other structures; the percentage of a lot that may be occupied; the size of yards, courts, and other open spaces; the density of population; the location and use of buildings, structures, and land; and the erection, construction, reconstruction, alteration, or use of buildings, structures, and land in each zoning district.

Shape

The subject is rectangular in shape. The subject tract measures approximately 3,800 feet from east to west and approximately 1,258 feet from north to south.

Soils

The soil types present on the subject property were acquired from the USDA's, Natural Resource Conservation Service website. The primary soil types identified by the NRCS and their capability classes are listed in the following table.

Subject Soil Information		
Code	**Description**	**Percent Coverage**
RkB	Reeves loam, 1 to 3% slopes	17.1%
ReB	Reakor loam, 1 to 3% slopes	2.9%
RkA	Reeves loam, 0 to 1% slopes	0.6%
Tg	Tencee-Upton complex	1.3%
BgB	Bigetty loam, 1 to 3% slopes	0.7%
AtB	Atoka loam, 1 to 3% slopes	0.5%
ReA	Reakor loam, 0 to 1% slopes	77.1%

Subject contains several other soils to a lesser extent. Overall, the subject property appears to possess typical, average soil types for the area.

The Reeves series consists of very deep soils that are moderately deep to gypsum material. They are well drained, moderately permeable soils that formed in calcareous and gypsiferous fine textured alluvium derived from gypsum beds. These soils are on hillslopes, plateaus, and basin floors with slopes ranging from 0 to 9 percent. Grazing and irrigated cropland. Crops are mostly cotton, alfalfa, sorghum, and small grains. Vegetation is mainly burrograss, tobosa, alkali sacaton, blue grama, threeawn, fourwing saltbush, and snakeweed.

The Reakor series is very deep, well drained soils that formed in loamy alluvium derived from mixed sources. Reakor soils are on broad plains and alluvial fans and have slopes of 1 to 5 percent. Used mainly for rangeland. Large areas are irrigated and used for growing cotton, alfalfa, sorghum and small grains. Native vegetation is mainly burrograss, tobosa, blue grama, bush muhly, mat muhly, alkali sacaton, threeawns, vine mesquite and mesquite.

The Tencee series consists of shallow to petrocalcic, well drained, moderately permeable soils that formed in gravelly alluvium derived from mixed sources on terrace remnants and sides of ridges. These areas are generally idle, but may have some limited livestock grazing. Present vegetation is sparse consisting usually of a few creosotebush in places with scattered mariola, snakeweed, or tarbush. Some areas are barren of vegetation.

The Bigetty series consists of very deep, well drained soils that formed in alluvium on the flood plain of intermittent streams. Permeability is moderately slow. Grazing and irrigated cropland. Crops are mainly alfalfa, cotton and sorghum. Native vegetation is mainly giant sacaton, alkali sacaton, vine-mesquite, tobosa, blue grama, buffalograss, burrograss and widely spaced mesquite and cholla cactus.

The Atoka series consists of moderately deep, well drained soils formed in medium and moderately fine textured calcareous sediments derived mostly from limestone. Atoka soils are on nearly level to gently sloping piedmont plains and have slopes of 0 to 5 percent. These soils are used for irrigated cropland and native rangeland. The native vegetation is mainly black grama, blue grama, sideoats grama, tobosa, vine-mesquite, burrograss, fluffgrass, three-awn, broom snakeweed, tarbush, creosotebush and mesquite.

Water/Water Rights

The subject property is located in the Roswell Artesian Basin region. Deeded water rights are typically required for irrigated use to be physically possible. The appraisers were unaware of any water rights associated with the subject tract, nor any water wells utilized in the current irrigation. Thus, no water rights have been considered within our analysis. Nevertheless, the subject property is situated adjacent to the city of Roswell Wastewater Treatment facilities. There is a stabilization pond situated in the northwestern portion of the subject property utilized in conjunction with the wastewater facility. The subject farmland is under an agreement with the neighboring plant which allows the farm to utilize the non-potable water to be used for irrigated farming purposes. The appraisers were not provided any details regarding the terms of the agreement. It was apparent during the physical inspection by the current alfalfa crop planted and the flood irrigation infrastructure situated upon the subject property that the water amenities of the property under the current agreement are sufficient for irrigated farming. Additionally, the owner and operator disclosed to the appraisers during the inspection that the subject farm has received a range of 4.0 to 6.0 water acre feet over the last several years. For the purpose of this analysis, we have assumed that the current agreement will continue perpetually.

The appraisers are not experts in determining water rights. It is recommended that an attorney or expert in determining water right acreage and/or legality of use be consulted to verify subject's water rights.

Fencing

The subject's perimeter is partially fenced with net wire fencing on metal posts. Fencing observed appeared to be in average condition.

Utilities

Electric service is provided to the subject area.

Improvements

No improvements with contributory value were noted on subject property other than the flood irrigation infrastructure which is considered a component of the land.

Surrounding Uses

The area immediately surrounding subject property is irrigated land, municipal uses, and scattered rural residences.

Flood Plain

According to FEMA Map #35005C1390D, dated September 25, 2009, portions of this tract are situated within Zone X of the flood plain. *However, it is recommended that a survey, by a registered surveyor be performed to determine exact elevations, flood status, and the amount of acreage that might be affected.*

Definitions of FEMA Flood Zone Designations

Flood zones are geographic areas that the FEMA has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map. Each zone reflects the severity or type of flooding in the area.

Moderate to Low Risk Areas

In communities that participate in the NFIP, flood insurance is available to all property owners and renters in these zones:

Zone	Description
B and X (shaded)	Area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. B Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile.
C and X (unshaded)	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Zone C may have ponding and local drainage problems that don't warrant a detailed study or designation as base floodplain. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.

High Risk Areas

Zone	Description
A	Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30 year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.
AE	The base floodplain where base flood elevations are provided. Areas subject to inundation by the 1% annual chance flood event determined by detailed methods. Zones are now used on new format FIRMs instead of A1-A30 zones.

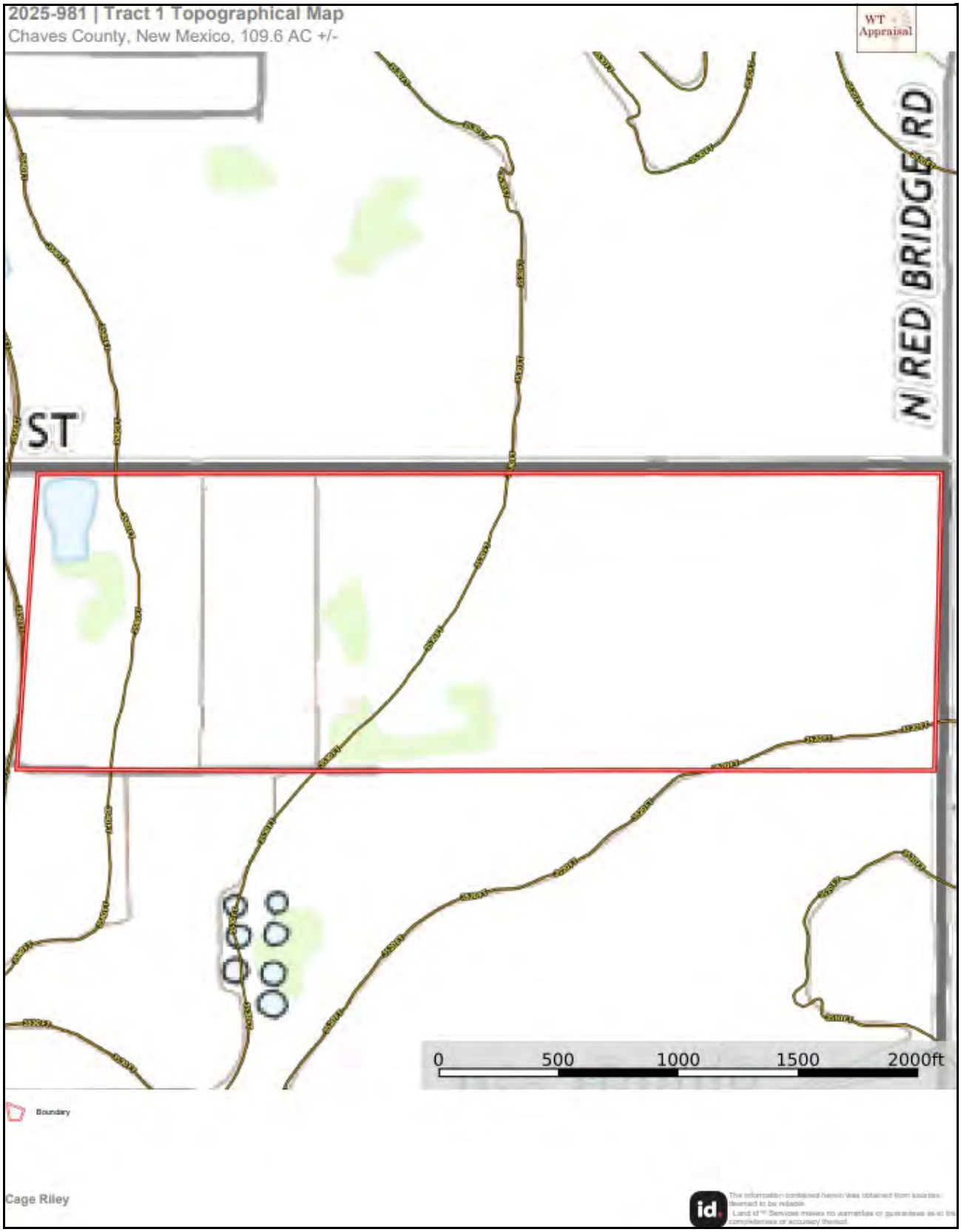
Summary

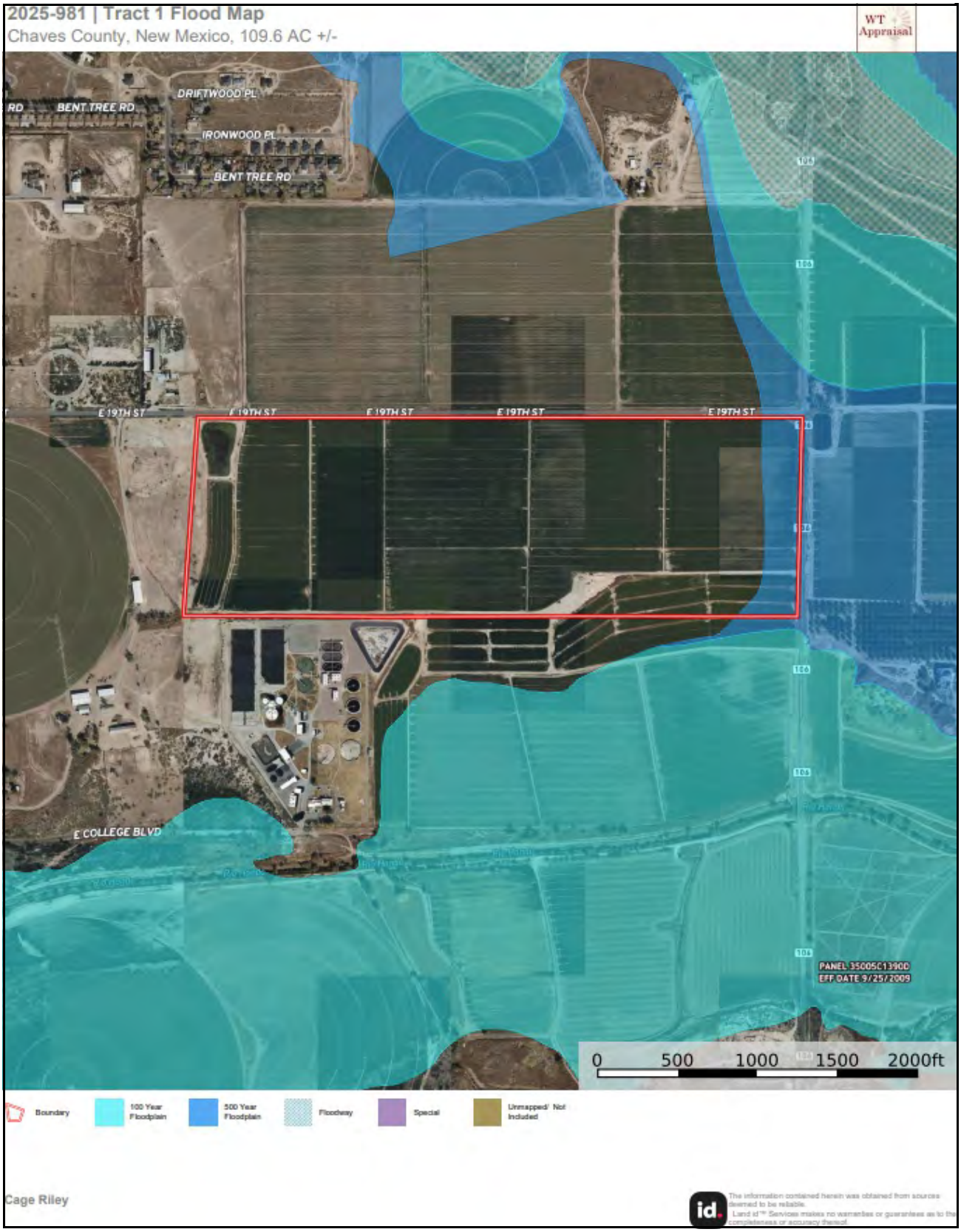
In conclusion, the size, access, location, terrain and soil types of the subject property, allow for utilization primarily as agricultural, irrigated cropland use.


2025-981 | Tract 1 Map
Chaves County, New Mexico, 109.6 AC +/-
WT Appraisal
IRONWOOD PL
BENT TREE RD
E 19TH ST
E 19TH ST
E 19TH ST
E 19TH ST
E 19TH ST
106
106
106
106
106
Rio Hondo
Rio Hondo
Rio Hondo
Rio Hondo
0
500
1000
1500
2000ft
Boundary
Cage Riley


2025-981 | Tract 1 Soil Map
Chaves County, New Mexico, 109.6 AC +/-
WT Appraisal
DRIFTWOOD PL
IRONWOOD PL
BENT TREE RD
E 19TH ST
E 19TH ST
E 19TH ST
E 19TH ST
E 19TH ST
REA
RKA
ATB
RKB
RKB
REB
BGB
TG
106
106
106
104
E COLLEGE BLVD
Rio Hondo
Rio Hondo
Rio Hondo
Rio Hondo
0
500
1000
1500
2000ft
Boundary
Cage Riley

Code	Description	Acres	%	CPI	NCCPI	CAP
ReA	Reakor loam, 0 to 1 percent slopes	84.63	76.98%	-	20	7c
RkB	Reeves loam, 1 to 3 percent slopes	18.70	17.01%	-	12	7e
ReB	Reakor loam, 1 to 3 percent slopes	3.25	2.96%	-	20	7e
Tg	Tencee-Upton complex	1.38	1.26%	-	8	7e
RkA	Reeves loam, 0 to 1 percent slopes	0.76	0.69%	-	12	7s
BgB	Bigetty loam, 1 to 3 percent slopes	0.71	0.65%	-	22	7e
AtB	Atoka loam, 1 to 3 percent slopes	0.50	0.45%	-	15	7e
Totals 109.94 ac		**0 CPI Average**			**18.42 NCCPI Average**	**7 Cap. Average**


2025-981 | Tract 1 Topographical Map
Chaves County, New Mexico, 109.6 AC +/-
WT Appraisal
N RED BRIDGE RD
ST
0
500
1000
1500
2000ft
Boundary
Cage Riley


2025-981 | Tract 1 Flood Map
Chaves County, New Mexico, 109.6 AC +/-
WT Appraisal
BENT TREE RD
DRIFTWOOD PL
IRONWOOD PL
BENT TREE RD
E 19TH ST
E 19TH ST
E 19TH ST
E 19TH ST
E 19TH ST
E COLLEGE BLVD
PANEL 35005C1390D
EFF DATE 9/25/2009
0 500 1000 1500 2000ft
Boundary
100 Year Floodplain
500 Year Floodplain
Floodway
Special
Unmapped/ Not Included
Cage Riley

TRACT 2 - 77.8 ACRES

Location

The subject property is located on west side of North Red Bridge Road, approximately 1 mile east of Roswell, Chaves County, New Mexico.

GPS Coordinates:

Tract 2: Latitude - 33° 24' 38.03" North
Longitude - 104° 28' 28.25" West

Size

Total acreage is approximately 77.8 acres, more or less, contained in one, contiguous tract of land. *Acreage size of the property is based on data from the client. A survey was not provided. The appraisers have relied on this data. If subsequent data indicates a different acreage amount, the appraisers reserve the right to modify the conclusions reached in this appraisal.*

Topography

The subject property is basically level to gently sloping. The irrigated portion of the subject property is basically level and gently sloping. Overall, there is a general slope from northwest to southeast. Elevation ranges from approximately 3,509 feet above sea level in the southeast corner to 3,532 feet above sea level in the northwest corner. The subject topography is considered to be typical for the immediate area.

Access

Access to the subject property is provided by North Red Bridge Road, an asphalt paved roadway that runs along the east side of the subject tract. Overall access for the subject is considered average.

Current Use

At the time of inspection the entire subject tract is currently used as irrigated farmland. The appraisers were not provided crop history, production history or FSA data concerning the subject property.

Zoning

The subject is not located within the boundaries of an incorporated city and therefore is not subject to municipal zoning regulations. However, the subject is within two miles of the city

limits and falls within the zoning regulations of the Roswell-Chaves County Extraterritorial Zoning Ordinance. The purpose of this Ordinance is to promote public health, safety, morals, and the general welfare within the Roswell-Chaves County Extraterritorial Zone (ETZ). In accordance with recommendations of the Chaves County Comprehensive Land Use Planning and Zoning Report, the Chaves County Land Use Policies Plan, an update thereto, and the City of Roswell Comprehensive Master Plan, this Ordinance is designed to lessen congestion in the streets or public ways; provide safety from fire, flood waters, and other dangers; provide adequate light and air; prevent the overcrowding of land; facilitate adequate provision for schools, transportation, water, sewerage, parks, and other public requirements; and control and abate the unsightly use of buildings or land. In order to accomplish this purpose, this Ordinance provides for the administration, interpretation, enforcement, and amendment of this Ordinance and divides the territory within the ETZ into zoning districts. This Ordinance regulates the height, number of stories, and size of buildings and other structures; the percentage of a lot that may be occupied; the size of yards, courts, and other open spaces; the density of population; the location and use of buildings, structures, and land; and the erection, construction, reconstruction, alteration, or use of buildings, structures, and land in each zoning district.

Shape

The subject is rectangular in shape. The subject tract measures approximately 2,638 feet from east to west and approximately 1,370 feet from north to south.

Soils

The soil types present on the subject property were acquired from the USDA's, Natural Resource Conservation Service website. The primary soil types identified by the NRCS and their capability classes are listed in the following table.

Subject Soil Information		
Code	**Description**	**Percent Coverage**
PfA	Pecos silty clay loam, nonsaline, 0 to 1% slopes	26.58%
ReB	Reakor loam, 1 to 3% slopes	13.22%
Bd	Balmorhea loam, drained	34.88%
Tg	Tencee-Upton complex	0.58%
RkB	Reeves loam, 1 to 3% slopes	5.01%
BgB	Bigetty loam, 1 to 3% slopes	19.73%

Subject contains several other soils to a lesser extent. Overall, the subject property appears to possess typical, average soil types for the area.

The Reeves series consists of very deep soils that are moderately deep to gypsum material. They are well drained, moderately permeable soils that formed in calcareous and gypsiferous fine textured alluvium derived from gypsum beds. These soils are on hillslopes, plateaus, and basin floors with slopes ranging from 0 to 9 percent. Grazing and irrigated cropland. Crops are mostly cotton, alfalfa, sorghum, and small grains. Vegetation is mainly burrograss, tobosa, alkali sacaton, blue grama, threeawn, fourwing saltbush, and snakeweed.

The Balmorhea series consists of deep, somewhat poorly drained, moderately permeable soils. These soils are on nearly level to depressional areas that are, or were formerly, spring fed marshes. Slopes range from 0 to 2 percent. The soil formed in recent calcareous silty and loamy alluvium. Mean annual precipitation is about 12 inches Mean annual temperature is about 62 degrees F. Uses include irrigated cropland and pasture, and rangeland. Crops are cotton, barley, alfalfa, and grain sorghum. Present native vegetation consists of alkali sacaton, fourwing saltbush, mesquite trees, broom snakeweed, and salt cedar.

The Reakor series is very deep, well drained soils that formed in loamy alluvium derived from mixed sources. Reakor soils are on broad plains and alluvial fans and have slopes of 1 to 5 percent. Used mainly for rangeland. Large areas are irrigated and used for growing cotton, alfalfa, sorghum and small grains. Native vegetation is mainly burrograss, tobosa, blue grama, bush muhly, mat muhly, alkali sacaton, threeawns, vine mesquite and mesquite.

The Tencee series consists of shallow to petrocalcic, well drained, moderately permeable soils that formed in gravelly alluvium derived from mixed sources on terrace remnants and sides of ridges. These areas are generally idle, but may have some limited livestock grazing. Present vegetation is sparse consisting usually of a few creosotebush in places with scattered mariola, snakeweed, or tarbush. Some areas are barren of vegetation.

The Bigetty series consists of very deep, well drained soils that formed in alluvium on the flood plain of intermittent streams. Permeability is moderately slow. Grazing and irrigated cropland. Crops are mainly alfalfa, cotton and sorghum. Native vegetation is mainly giant sacaton, alkali sacaton, vine-mesquite, tobosa, blue grama, buffalograss, burrograss and widely spaced mesquite and cholla cactus.

The Pecos series consists of very deep, moderately well drained, slowly permeable soils that formed in clayey alluvium. These soils are on nearly level flood plains. Rangeland of low carrying capacity. Some areas were formerly used for cropland but are now largely abandoned. The principal vegetation includes alkali sacaton, fourwing saltbush, pickleweed, salt cedar, and some mesquite.

Water/Water Rights

The subject property is located in the Roswell Artesian Basin region. Deeded water rights are typically required for irrigated use to be physically possible. The appraisers were unaware of any water rights associated with the subject tract, nor any water wells utilized in the current irrigation. Thus, no water rights have been considered within our analysis. Nevertheless, the subject property is situated adjacent to the city of Roswell Wastewater Treatment facilities and associated stabilization ponds utilized in conjunction with the wastewater facility. The subject farmland is under an agreement with the neighboring plant which allows the farm to utilize the non-potable water to be used for irrigated farming purposes. The appraisers were not provided any details regarding the terms of the agreement. It was apparent during the physical inspection by the current alfalfa crop planted and the flood irrigation infrastructure situated upon the subject property that the water amenities of the property under the current agreement are sufficient for irrigated farming. For the purpose of this analysis, we have assumed that the current agreement will continue perpetually.

The appraisers are not experts in determining water rights. It is recommended that an attorney or expert in determining water right acreage and/or legality of use be consulted to verify subject's water rights.

Fencing

The subject's perimeter is partially fenced with net wire fencing on metal posts. Fencing observed appeared to be in average condition.

Utilities

Electric service is provided to the subject area.

Improvements

No improvements with contributory value were noted on subject property other than the flood irrigation infrastructure which is considered a component of the land.

Surrounding Uses

The area immediately surrounding subject property is irrigated land, municipal uses, and scattered rural residences.

Flood Plain

According to FEMA Map #35005C1390D, dated September 25, 2009, portions of this tract are situated within Zone X and Zone AE of the flood plain. Additionally, the southeastern

corner of Tract 2 contains the Rio Hondo Draw which, during heavy rainfall and flooding can run full and overfill the draw. *However, it is recommended that a survey, by a registered surveyor be performed to determine exact elevations, flood status, and the amount of acreage that might be affected.*

Definitions of FEMA Flood Zone Designations

Flood zones are geographic areas that the FEMA has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map. Each zone reflects the severity or type of flooding in the area.

Moderate to Low Risk Areas

In communities that participate in the NFIP, flood insurance is available to all property owners and renters in these zones:

Zone	Description
B and X (shaded)	Area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. B Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile.
C and X (unshaded)	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Zone C may have ponding and local drainage problems that don't warrant a detailed study or designation as base floodplain. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.

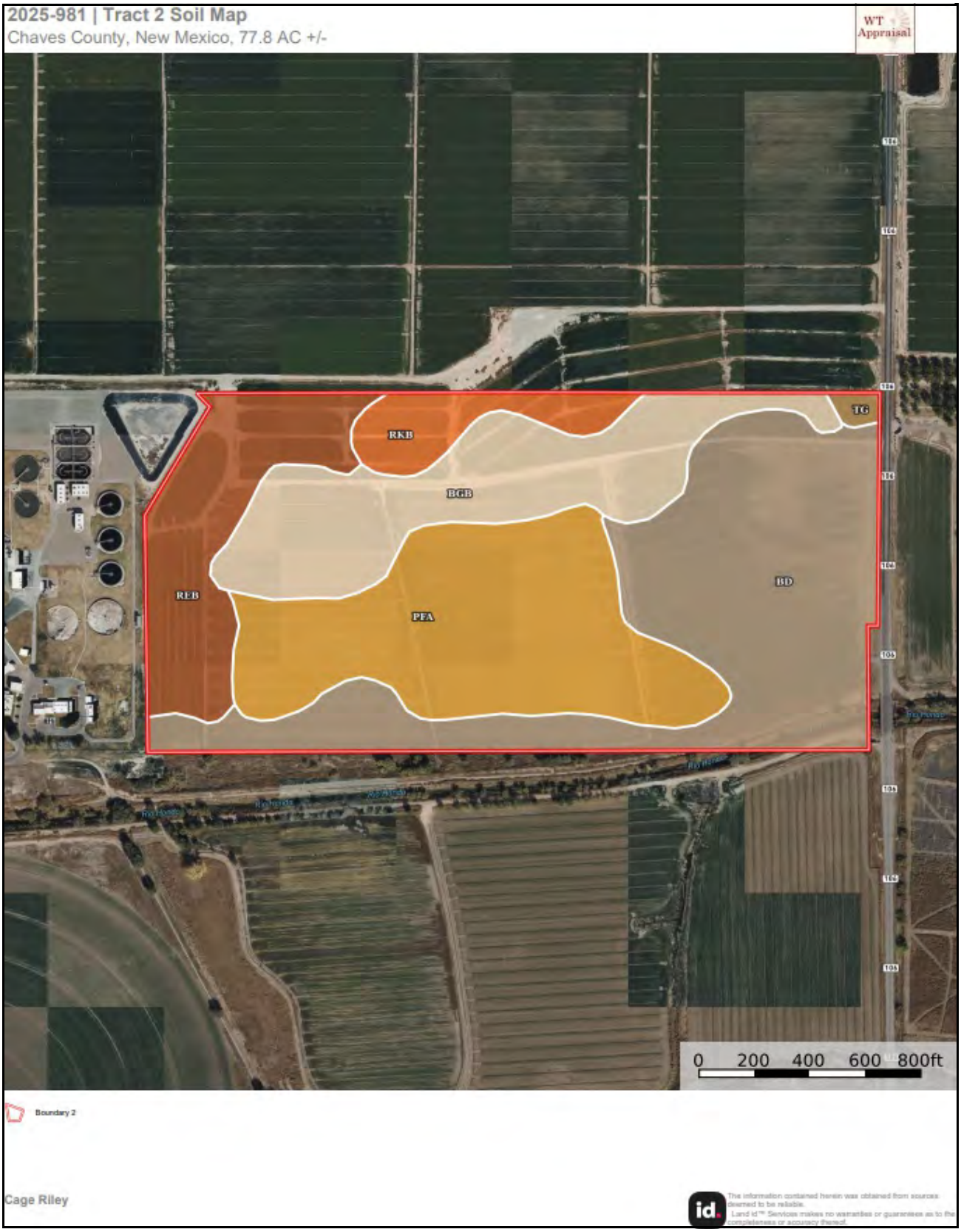
High Risk Areas

Zone	Description
A	Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30 year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.
AE	The base floodplain where base flood elevations are provided. Areas subject to inundation by the 1% annual chance flood event determined by detailed methods. Zones are now used on new format FIRMs instead of A1-A30 zones.

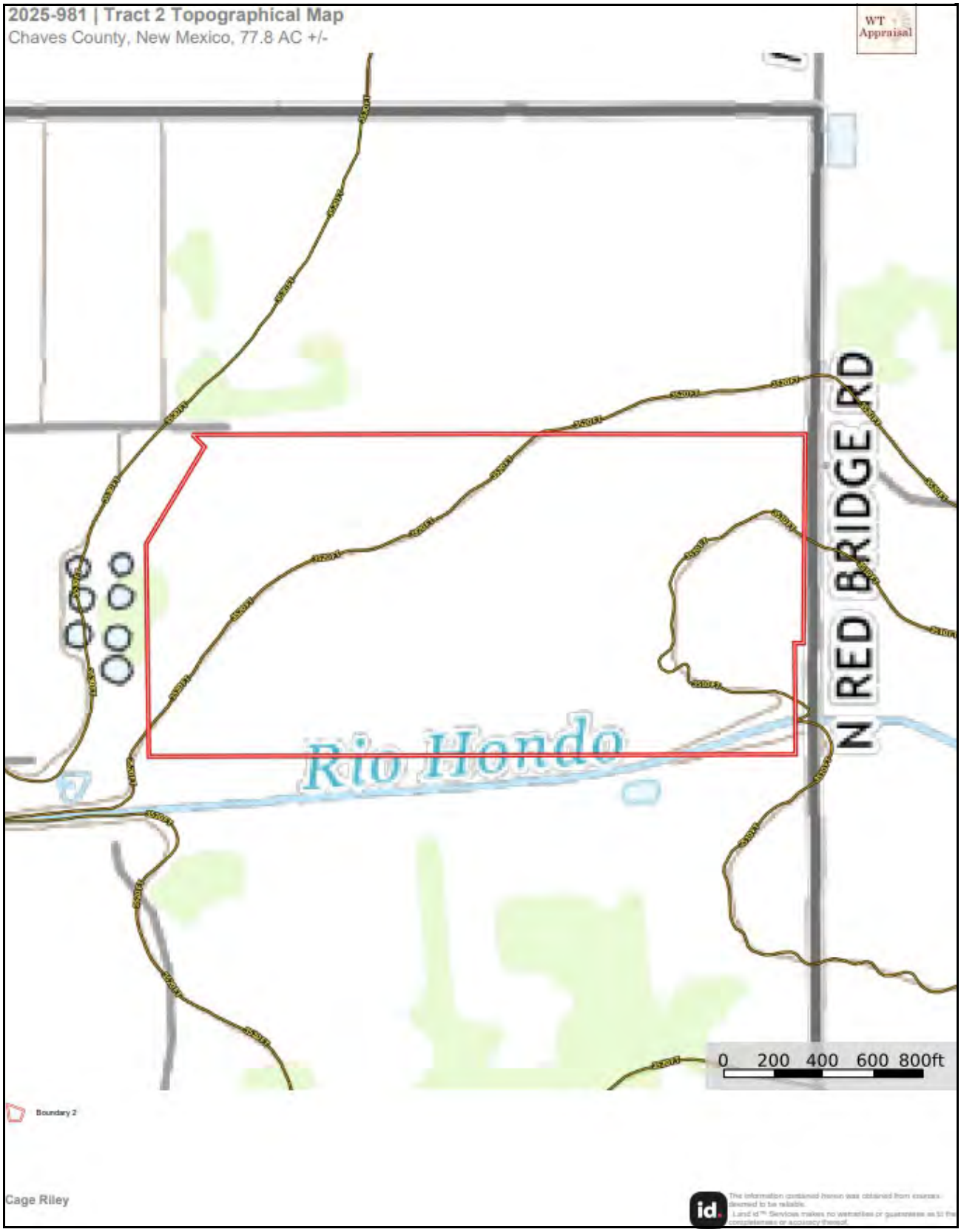
Summary

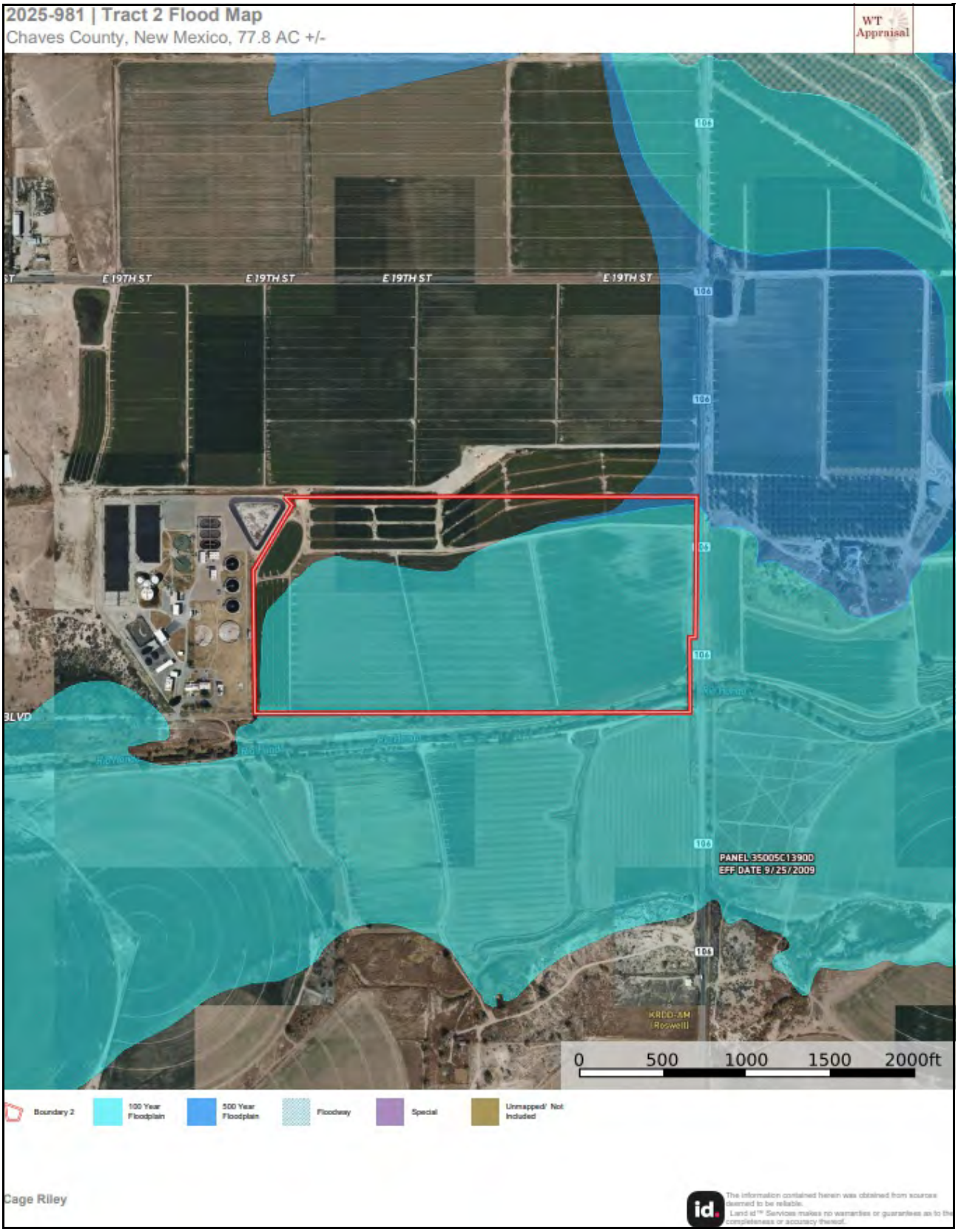
In conclusion, the size, access, location, terrain and soil types of the subject property, allow for utilization primarily as agricultural, irrigated cropland use.


2025-981 | Tract 2 Map
Chaves County, New Mexico, 77.8 AC +/-
WT Appraisal
0 200 400 600 800ft
Boundary 2
Cage Riley


2025-981 | Tract 2 Soil Map
Chaves County, New Mexico, 77.8 AC +/-
WT Appraisal
TG
RKB
BGB
REB
PFA
BD
0 200 400 600 800ft
Boundary 2
Cage Riley

Code	Description	Acres	%	CPI	NCCPI	CAP
Bd	Balmorhea loam, drained	27.09	34.88%	-	15	6s
PfA	Pecos silty clay loam, nonsaline, 0 to 1 percent slopes	20.64	26.58%	-	17	6s
BgB	Bigetty loam, 1 to 3 percent slopes	15.32	19.73%	-	22	7e
ReB	Reakor loam, 1 to 3 percent slopes	10.27	13.22%	-	20	7e
RkB	Reeves loam, 1 to 3 percent slopes	3.89	5.01%	-	12	7e
Tg	Tencee-Upton complex	0.45	0.58%	-	8	7e
Totals 77.66 ac		**0 CPI Average**			**17.38 NCCPI Average**	**6.39 Cap. Average**


2025-981 | Tract 2 Topographical Map
Chaves County, New Mexico, 77.8 AC +/-
WT Appraisal
N RED BRIDGE RD
Rio Hondo
0 200 400 600 800ft
Boundary 2
Cage Riley


2025-981 | Tract 2 Flood Map
Chaves County, New Mexico, 77.8 AC +/-
WT Appraisal
E 19TH ST
E 19TH ST
E 19TH ST
E 19TH ST
106
PANEL 35005C1390D
EFF DATE 9/25/2009
KRDD-AM (Roswell)
0
500
1000
1500
2000ft
Boundary 2
100 Year Floodplain
500 Year Floodplain
Floodway
Special
Unmapped/ Not Included
Cage Riley

Tax And Assessment Analysis

The property is located within the jurisdiction of Chaves County of New Mexico. The Chaves County Assessor estimates the assessed values for all properties in the county, and these values are utilized by all taxing authorities in the county as a basis for assessing taxes.

The 2019 full value and assessed value is listed in the chart below.

APPRAISAL DISTRICT ASSESSED VALUE - 2019						
Parcel No.	**Market Land Value**	**Market Improvement Value**	**Total Market Value**	**Assessed Land Value**	**Assessed Improvement Value**	**Total Assessed Value**
R013032	$46,987	$0	$46,987	$15,663	$0	$15,663
Total	$46,987	$0	$46,987	$15,663	$0	$15,663

We have utilized the assessed value of $15,663 to estimate the annual tax burden for the subject properties by multiplying this value by the overall 2018 tax rate (mill rate) of 0.023157 OUT-Roswell (Non-Residential). Thus, the estimated tax liability was $362.71. After analysis of the data within this report, it is our opinion that the assessed value of the subject is reasonable and similar to other property in the area. The Chaves County Assessors Office can be reached at 575-624-6603.

Highest and Best Use

Highest and best use is a basic premise of value. As with value, highest and best use is not an absolute fact; it reflects an appraiser's opinion of the best use of a property based on an analysis of prevailing market conditions. The term highest and best use, as used in this appraisal report, is defined as:

> The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value.[6]

Highest and best use has also been defined as that use which produces the greatest return to land over time.

Because existing improvements can limit the use of land, a determination of highest and best use for both 1) the site as if vacant and 2) the property as improved is based on the following four criteria:

1) *Legally permissible* - such use must be allowed under existing zoning, building codes, deed restrictions, and environmental regulations;
2) *Physically possible* - the size, shape, area and terrain of the property must be adequate to develop such use;
3) *Financially feasible* - the use must produce a positive return; and
4) *Maximally productive* - the use must produce a value, consistent with the rate of return indicated by the market, higher than all other uses which meet the first three criteria.[7]

The analysis of these four criteria is based on consideration of several factors. These factors include any legal restriction on its utilization, the property's physical attributes, current supply and demand conditions, potential gross income and market derived rates or return.

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[6] The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, pg. 277-278.

[7] Ibid.

As Vacant

Land, as vacant, is a fundamental concept of valuation theory and the basis for the cost approach. There are two primary reasons to identify the highest and best use of the land as vacant: 1) to estimate a land value and 2) to identify comparable sales of vacant land.[8]

The highest and best use of land is generally that use which, among all reasonable, alternative uses, provides the highest land value. The estimation of highest and best use, as vacant, is accomplished by applying the four criteria previously listed.

Physically Possible Use

This criterion is dictated by the physical features of the subject property. The size, shape, frontage, topography and subsoil conditions affect the uses to which it can be utilized. The total size of the subject acreage is 187.4 acres, more or less. The size and shape of the subject tract is considered to be adequate to support most of the legally permissible forms of use and development.

The subject property generally conforms with the size, shape and topography of other sites and tracts in the area. We could find no market evidence that would suggest that subject is at a physical disadvantage with other properties in the area. In our opinion, a variety of uses are physically possible for the subject tract.

Legally Permissible Use

The subject property does not lie within a municipality, therefore, it is not subject to any city zoning regulations. In addition, Chaves County does not have comprehensive zoning regulations. Thus, a wide variety of uses are legally permissible on subject property.

The property is subject to the typical county flood restrictions and rural septic system inspections which are enforced by the county environmental department. We are not aware of any private deed restrictions or environmental regulations which would limit property type or use.

[8] The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, Chicago, Illinois, 2001, p. 309.

Financially Feasible Use

Financial feasibility relates to all uses that are physically possible and legally permissible which are likely to produce some income, or return, greater than the combined income needed to satisfy operating expenses, financial expenses, and capital amortization. All uses expected to produce a positive return with a satisfactory equity yield are regarded as financially feasible.

In considering the financial feasibility of the subject's most probable uses, several factors must be considered. These factors include, but are not limited to the surrounding land uses, the physical characteristics of the site itself, the supply and demand forces which influence property values, and the cost of development.

As mentioned, the subject property is located in a farming area, northeast of Roswell. Subject property is level to slightly sloping, has soil types capable of crop production, and is located in an area with good underground irrigation water. Due to the above mentioned reasons, it is our opinion that the subject property is most likely to remain in agricultural use throughout the foreseeable future. Therefore, the most feasible use of the subject is determined to be agricultural use, specifically irrigated cropland use and for livestock production; this use also conforms to the general make-up of the immediate area.

Maximally Productive Use

It has been concluded that the most probable use to which the subject could be put is ongoing agricultural use. Because the property has access to irrigation water, the most productive use would be agricultural use as irrigated cropland. Thus, the most productive use determined for the subject, as of the date of this appraisal, is for irrigated cropland use.

The Valuation Process

An appraisal is defined as "the act or process of developing an opinion of value."[9] The valuation process is a systematic procedure an appraiser follows to provide answers to a client's questions about real property value. The valuation process is applied to develop a well supported opinion of a defined value based on an analysis of pertinent general and specific data. The estimation of a real property's market value involves a systematic process. This process involves the interpretation of the economic, sociological, physical and political forces that have an effect upon a specific property.

The first step in the process is to define the appraisal problem, i.e., identify the real estate, the property rights being appraised and the type of value sought. Once this has been accomplished, the factors that affect the market value of the subject are collected and analyzed. These factors are addressed in the city and area section, the neighborhood section, the site and improvement sections and the highest and best use section. In this process, the basic approaches to value, when applicable, are utilized: the cost approach, the income approach, and the sales comparison approach.

1) In the cost approach, value is estimated as the current cost of reproducing or replacing the improvements (including an appropriate entrepreneurial incentive or profit) minus the loss in value from depreciation plus land or site value.
2) In the sales comparison approach, value is indicated by recent sales of comparable properties in the market and other supporting transactional information.
3) In the income capitalization approach, value is indicated by a property's earning power, based on the capitalization of income.

Traditionally, specific appraisal techniques are applied within the three approaches to derive indications of real property value. One or more approaches to value may be used depending on which approaches are necessary to produce credible assignment results, given the intended use.[10]

The final step in the valuation process is the reconciliation of the values indicated. In the final reconciliation, consideration is given to the relative significance, defensibility and applicability of each approach as it pertains to the type of property being appraised. The most weight is given to the approach that appears to produce the most reliable solution to the appraisal problem.

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[9] Appraisal Institute, The Appraisal of Real Estate, Thirteenth Edition, 2008.

[10] The Appraisal of Real Estate, Thirteenth Edition, The Appraisal Institute, 2008, pg. 129-130.

Cost Approach

The cost approach to value is one of the three methods used in the valuation process. It is based on the understanding that market participants relate value to cost. The principle of substitution is basic to the cost approach. This principle affirms that a knowledgeable buyer would pay no more for a property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility without undue delay.[11]

The applications of the approach to a specific property involves the following steps:

- Estimate the value of the site as though vacant and available to be developed to its highest and best use.
- Estimate the reproduction cost or replacement cost new of all the improvements
- Estimate direct, and indirect costs of improvements, and entrepreneurial profit
- Add estimated direct and indirect costs, and entrepreneurial profit to cost of improvements.
- Estimate amount of depreciation from all causes {physical deterioration, functional obsolescence and economic (external) obsolescence}.
- Deduct estimated depreciation from the total cost new of the improvements to arrive at a depreciated value of the improvements.
- Add the site (land) value (Step 1) to the depreciated value of the improvements (Step 7) to arrive at a value indicated by the cost approach.
- Adjust value conclusion if any personal property or intangible assets are included in the appraisal assignment.

The reproduction cost is the cost to reproduce the improvements with the exact or similar materials as subject property - to produce a replica. The replacement cost is the cost associated with replacement of the improvements with equivalent utility using modern materials and current standards, design, and layout. The accrued depreciation is measured by estimating the physical deterioration, functional obsolescence, and the economic obsolescence. When the reproduction cost and the accrued depreciation are accurately estimated, then the indicated value by the cost approach will be comparable to the values indicated by the sales comparison and the income approaches.

Site improvements include typical livestock perimeter fencing, Artesian water well for irrigation and concrete irrigation canals. There improvements are considered components of the land. Thus, the Cost Approach was not utilized in this analysis.

[11] The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, pg. 142, 377-385.

The Sales Comparison Approach to Value

The Sales Comparison Approach to value is an opinion of market value developed by comparing properties similar to the subject property that have recently sold, are listed for sale, or are under contract. This approach to value is premised on the principle of *Substitution*, which holds that the value of property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time.[12]

The applicability of this approach is based upon the collection of similar sales and offerings for comparison, from which market derived adjustments for relevant factors can be extracted. The sales data is compared to the subject on the basis of significant characteristics exhibited in the subject property. Considerations for such factors as time, location, size, building quality, age-condition, and amenities, as well as the terms of the transaction, are all related to the subject property. Because the adjustments are primarily market-derived, the desires and actions of typical buyers and sellers are reflected in the comparison process.

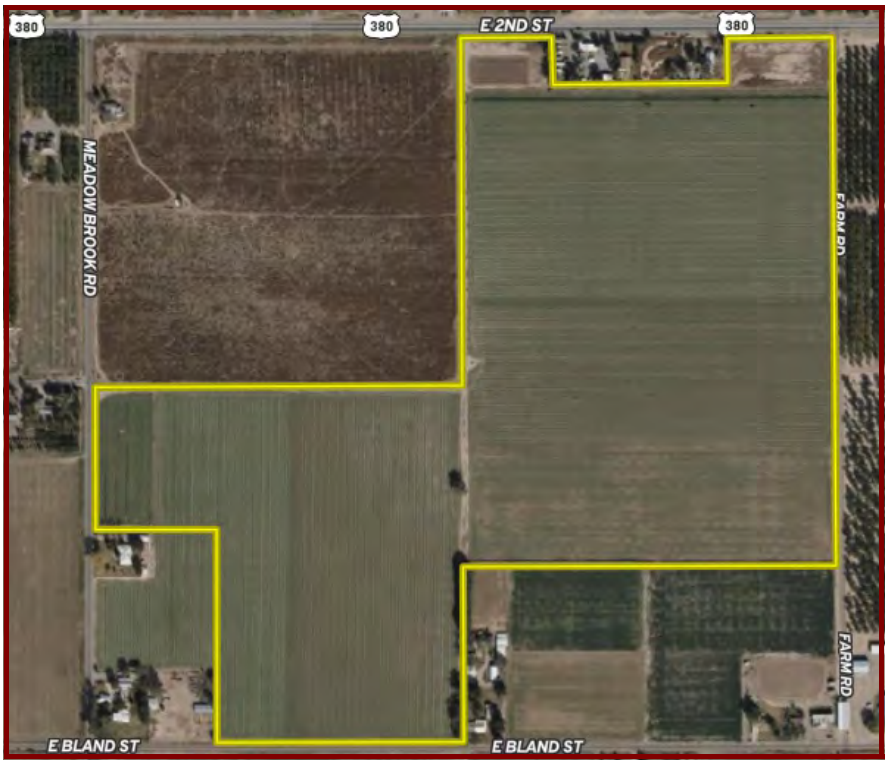
In the Sales Comparison Approach, value is estimated by comparing recent sales of similar properties to the property appraised. Preferably, all properties are located in the same area, and are of similar size, quality, and age. One premise of the Sales Comparison Approach is that the market will determine a price for the property being appraised in the same manner that it determines the prices of comparable, competitive properties.

In estimating the value of the subject property, via the Sales Comparison Approach, we utilized the Price Per Unit Method, which derives a market value by utilizing an analysis of the sales and concludes an adjusted price per unit, which is then applied to the subject property in order to derive a current estimate of value.

The analysis and comparison of the market information utilized in this approach is included in this section of the report. A summary of each sale follows.

[12] The Appraisal of Real Estate, Thirteenth Edition, The Appraisal Institute, Chicago, 2008, pg. 298-299.

COMPARABLE SALE NO. 1



PROPERTY DATA:

Location:	Just east of Roswell, along the south side of US Hwy 380 also known as E. 2nd Street, Chaves County, New Mexico.
Legal Description:	Being 92.32 acres, out of Section 2, Township 11 South, Range 24 East, Chaves County, New Mexico.
Land Area:	92.32 Acres

TRANSACTION DATA:

Grantor:	Mays Estate
Grantee:	Allegiance Farms, LLC
Date of Sale:	August 29, 2025
Consideration:	$1,338,640
Unit Price:	$14,500/Ac $14,500 per Water Right Acre
Terms:	Cash to seller
Recording:	202506110 Chaves County Deed Records

OTHER DATA:

Rangeland / Cultivated:	Entirely irrigated cropland.
Improvements:	None
Zoning:	None
Topography:	Level to sloping.
Road Access:	Accessible along the south side of US Hwy 380 (also known as East 2nd Street), the east side of Meadow Brook Road, and the north side of East Bland Street.

COMMENTS: Side roll irrigated. This property conveyed 92.32 Artesian water right acres from RA-00326 file, with a priority date of December 31, 1904.

COMPARABLE SALE NO. 2



PROPERTY DATA:

Location:	Just east of Roswell, along the north side of US Hwy 380 also known as E. 2nd Street, Chaves County, New Mexico.
Legal Description:	Being approximately 31.60 acres, known as Tract 2 out of the Amended Bostick Boundary Survey, in Section 35, Township 10 South, Range 24 East, Chaves County, New Mexico.
Land Area:	31.60 acres

TRANSACTION DATA:

Grantor:	Bostick Trust
Grantee:	Royaume Properties, Inc.
Date of Sale:	September 16, 2025
Consideration:	$478,500
Unit Price:	$15,142 per Acre $16,500 per Water Right Acre
Terms of Sale:	Cash to Seller
Recording:	202506503 Chaves County Deed Records

OTHER DATA:

Rangeland/Cultivated:	Entirely irrigated by side rolls.
Topography:	Level
Improvements:	None
Minerals:	None
Frontage:	US Hwy 380 (E. 2nd Street)
Flood Hazard:	Yes
Utilities:	Electricity, water, and telephone

COMMENTS: 29.0 acres of Artesian water rights from RA-00126 with December 1907 and March 1908 priority dates.

COMPARABLE SALE NO. 3



PROPERTY DATA:

Location:	Southeast of Roswell, along the north side of E. McGaffey Street and the west side of S. Red Bridge Road, Chaves County, New Mexico.
Legal Description:	Being approximately 42.3 acres, known as Tract 1, out of the Maude Pirtle Revocable Trust Boundary Retracement Survey, in Section 2, Township 11 South, Range 24 East, Chaves County, New Mexico.
Land Area:	42.30 acres

TRANSACTION DATA:

Grantor:	Patrick Fox
Grantee:	Confidential
Date of Sale:	Under Contract
Consideration:	$665,000; $719,000 - less improvements
Unit Price:	$15,721/Ac; $16,998/Ac - less improvements $15,721 per Water Right Acre - less improvements
Terms of Sale:	Cash to Seller
Recording:	Not Yet Recorded

OTHER DATA:

Rangeland/Cultivated:	Irrigated farmland
Topography:	Level
Improvements:	5,000 square foot hay barn. Estimated contributory value of $55,000.
Minerals:	None
Frontage:	S. Red Bridge Rd. & E. McGaffey St.
Flood Hazard:	Yes
Utilities:	Electricity, irrigation well, and telephone

COMMENTS: 42.30 acres of Artesian water rights being part of the following permits: RA-00842 with priority dates of May 1921.

COMPARABLE SALE NO. 4



PROPERTY DATA:

Location:	Located on the corner of Horse Center Road and S. Wyoming Avenue, approximately 2.0 miles southwest of Roswell, Chaves County, New Mexico.
Legal Description:	Being 41.5 acres, more or less, out of Section 7, Township 11S, Range 24E, in Chaves County, New Mexico.
Land Area:	41.5 Acres

TRANSACTION DATA:

Grantor:	Gents Cattle Co.
Grantee:	Cross H Farm, LLC
Date of Sale:	June 18, 2024
Consideration:	$679,000; $775,000 - less improvements
Unit Price:	$16,361/Ac; $18,675/Ac - less improvements $16,975 per Water Right Acre - less improvements
Terms:	Cash to seller
Recording:	#202403977 Chaves County Records

OTHER DATA:

Land Mix:	Irrigated cropland (96%)
Improvements:	40.0 Acres of Drip Irrigation with RCN of $120,000 and 20% depreciation for a contributory value of $96,000 at the time of transaction
Zoning:	None
Topography:	Level to sloping
Road Access:	Horse Center Road and S. Wyoming Avenue

COMMENTS: There is 40.0 acres of senior artesian rights. There are 40.0 acres under NMOSE file RA-480D with a December 1900 priority date on Senior Artesian rights. Irrigation water is provided by one off-site well located west of the property on a neighbors parcel and is a reported 1,000 GPM well.

COMPARABLE SALE NO. 5



PROPERTY DATA:

Location:	809 Meadow Brook Road; located on the south side of East Bland Street, the east side of Meadow Brook Road, and the north side of East McGaffey Street, approximately 2 miles southeast of the city of Roswell, Chaves County, New Mexico.
Legal Description:	Being 83.8 acres, out of Section 2, Township 11 South, Range 24 East, Chaves County, New Mexico.
Land Area:	83.8 Acres

TRANSACTION DATA:

Grantor:	Karl Hendricks
Grantee:	Pirtle Farms
Date of Sale:	August 31, 2024
Consideration:	$993,600; $1,242,000 - less improvements
Unit Price:	$11,857/Ac; $14,821/Ac - less improvements $12,000 per Water Right Acre - less improvements
Terms:	Cash to seller
Recording:	202405860; Chaves County Records

OTHER DATA:

Rangeland / Cultivated:	Irrigated cropland.
Improvements:	An 1,830 square foot residence, 900 square foot garage, shop building, and 2 four-tower Zimmatic pivots. Estimated contributory value of $248,400.
Zoning:	None.
Topography:	Level to sloping.
Road Access:	Accessible along the south side of East Bland Street, the east side of Meadow Brook Road, and the north side of East McGaffey Street.

COMMENTS: This sale sold together with priority Artesian water rights of 82.8 Water Right Acres from two wells combined for 900 GPM from water right subfile on shared sourcing.

COMPARABLE SALE NO. 6



PROPERTY DATA:

Location:	Located the east side of Red Bridge Road and the north side of Highway 380, approximately 2 miles east of the city of Roswell, Chaves County, New Mexico.
Legal Description:	Being part of the West ½ of Section 36, Township 10 South, Range 24 East, Chaves County, New Mexico.
Land Area:	323.621 Acres

TRANSACTION DATA:

Grantor:	DeGroot Dairy
Grantee:	Chase Farms LLC
Date of Sale:	May 18, 2022
Consideration:	$2,610,500
Unit Price:	$8,067 per acre $11,500 per Water Right Acre
Terms:	Cash to seller
Recording:	202203624; Chaves County Records

OTHER DATA:

Rangeland/Cultivated:	Irrigated farmland.
Improvements:	None of contributory value.
Zoning:	None
Topography:	Level to sloping.
Road Access:	Red Bridge Road & Highway 380

COMMENTS: This property conveyed 227 water right acres, with a 681 acre-foot per annum; priority dates 1914 and 1917 under RA-248 and RA-4663. The sale price was based upon a quoted $11,500 per water right acre quoted by a reputable third party.


2025-981 | Comparable Sales Map
Chaves County, New Mexico, 77.8 AC +/-
WT Appraisal
SUBJECT TRACT 1
SUBJECT TRACT 2
SALE 1
SALE 2
SALE 3
SALE 4
SALE 5
SALE 6
Roswell
Fairbanks
South Spring Acres
Mountain View
South Spring
Leprino Foods
East Grand Plains
E MESCALERO RD
W COUNTRY CLUB RD
E 19TH ST
E COLLEGE BLVD
W 8TH ST
W 5TH ST
E 5TH ST
W WALNUT ST
W TILDEN ST
W DEMING ST
W MCGAFFEY ST
E MCGAFFEY ST
E WILDY ST
E HOBBS ST
HOBBS RD
MILKY WAY RD
W POE ST
W GAYLE ST
W BRASHER RD
E BRASHER RD
MONKSDALE RD
E BLAND ST
ZINNIA RD
0 2000 4000 8000ft
mapbox
Boundary 2
Comps Boundary
Boundary
Cage Riley

SUMMARY CHART OF COMPARABLE LAND SALES						
Sale #	**1**	**2**	**3**	**4**	**5**	**6**
Location	E of Roswell, Chaves Co. NM	E of Roswell, Chaves Co. NM	SE of Roswell, Chaves Co. NM	SW of Roswell, Chaves Co., NM	SE of Roswell, Chaves Co. NM	E of Roswell, Chaves Co., NM
Date	8/29/25	9/16/25	UC	6/18/24	8/31/24	5/18/22
Price*	$1,338,640	$478,500	$665,000	$679,000	$993,600	$2,610,500
Size (Ac)	92.3200	31.6000	42.3000	41.5000	83.8000	323.6210
$/Acre*	$14,500	$15,142	$15,721	$16,361	$11,857	$8,067
Rights	F-Simple	F-Simple	F-Simple	F-Simple	F-Simple	F-Simple
Fin.	Similar	Similar	Similar	Similar	Similar	Similar
Cond.	Similar	Similar	Similar	Similar	Similar	Similar
Topo.	Level - Sloping	Level	Level	Level - Sloping	Level	Level - Sloping
Land Use	Irr Cropland	Irr Cropland	Irr Cropland & Hay Barn	Irr. Cropland	Irr Cropland & Residence	Irr Cropland
Improvements	None	None	$1,300/Ac	$2,313/Ac	$2,964/Ac	None
Frontage	US Hwy 380, and Bland St	US Hwy 380	S. Red Bridge & E McGaffey	Horse Ctr Rd & Wyoming Ave	E. Bland St, Meadow Brook & E. McGaffey St.	US 380 & Red Bridge
%WR to Area	100%	100%	100%	96%	99%	70%
Water Right Acres	92.32	29.00	42.30	40.00	82.80	227.00
Price Per WR Acre*	$14,500	$16,500	$15,721	$16,975	$12,000	$11,500

*Sales price with improvement contribution removed.

Units of Comparison

After an investigation of the market, there are a several units of comparison that can be extracted from available sales data. However, the most common unit of comparison in the marketplace for industrial/agricultural land is the overall sales price per acre.

Elements of Comparison

Elements of comparison generally used to estimate the value of industrial/agricultural land are numerous. The elements considered are 1) property rights conveyed, 2) financing conditions, 3) conditions of sale, 4) market conditions (date of sale), 5) topography, 6) size, 7) utilities, 8) frontage and access, and 9) water rights.

Real Property Rights Conveyed

All of the comparable properties sold herein were based on fee simple transactions, thus, no adjustment for this factor was indicated.

Financing Terms

Financing terms are significant, since cash or financing often influences the consideration paid for a particular property. The transaction price of one property may differ from that of an identical property due to different financing arrangements. All of the comparable sales were cash transactions or terms equivalent to cash.

Conditions of Sale

Adjustments for conditions of sale typically reflect the motivations of the buyer and the seller. For example, a buyer may pay more than market value for a property located adjacent to one already owned for assemblage purposes. Conversely, a sale may be transacted at below market value because the seller needs cash in a hurry. A financial, business, or family relationship between the parties may also affect the price of the property. When non-market conditions of sale are detected in a transaction, the sale must be adjusted accordingly. Sale No. 1 occurred with the seller under duress to settle the estate as reported by the broker and required a positive adjustment as a result. Sale No. 4 occurred with a motivated buyer as an act of assemblage and required a negative adjustment. None of the remaining sales were impacted by non-typical conditions to our knowledge.

Market Conditions

Each of the previous sales have been given consideration for the market conditions between the date of sale and the effective date of this appraisal. The comparable sales occurred between May 2022 and September 2025. Sale No. 6 occurred in an inferior market and required a positive adjustment at 5% annually. Due to the respective dates represented by the data, no further adjustment for market conditions could be justified for the remaining sales, therefore none were made.

Physical Units of Comparison

The following adjustments refer to the physical features of a property. Exact adjustments could not be determined due to the variances in the properties; therefore, the appraiser has made adjustments based on the market data available and the appraiser's knowledge of these type properties.

Location

The location of a property is typically a primary factor in determining possible uses. The subject tracts are within a 5 mile radius and located surrounding Roswell, in Chaves County, New Mexico. All of the comparable sales were located just outside of the city limits of Roswell and were considered similar to the subject for location.

Frontage and Access

Subject Tract 1 is located on the south side of East 19th Street and the west side of North Red Bridge Road; while Tract 2 is located along the west side of North Red Bridge Road. These roadways are both paved and in average condition. All sales have frontage along county roads and were considered similar to the subject, thus requiring no adjustments.

Size

The size of the property is also considered to have a major impact on the value of rural land properties. Larger properties typically, but not always, receive lower per acre prices than do smaller properties with all other influences being similar. As noted previously, the sales range in size from 31.60 acres to 323.62 acres. The sales have been adjusted for physical differences and arrayed in the following table.

ARRAY OF SIZE (Acres)		
Sale No.	**Size (Ac)**	**Price Per Acre**
2	31.60	$13,628
4	41.50	$13,252
3	42.30	$14,149
Tract 2	77.80	N/A
5	83.80	$10,671
1	92.32	$15,008
Tract 1	109.60	N/A
6	323.62	$10,205

In analyzing the available market data, it appears that the relationship between size and price per acre is somewhat typical. In relation to Tract 1, Sale Nos. 1 and 5 were considered similar to the subject, while the Sale Nos. 2, 3, and 4 were considered superior requiring negative adjustments, and Sale No. 6 was considered inferior requiring a positive adjustment. a. Regarding Tract 2, Sale No. 5 was considered similar to the subject, while Sale Nos. 2, 3, and 4 were considered superior to the subject requiring negative adjustments, and Sale No. 1 and 6 were considered inferior requiring positive adjustments.

Topography, Soils and Terrain

The topography, soils and terrain of a property is a significant feature which may impact productivity. The subject tract is located in central Chaves County. All of the comparable sales utilized in this analysis are located very close in proximity to the subject tract with similar soils and terrain, thus, no adjustments were necessary for this feature.

Utilities

This adjustment reflects the relative differences in available utilities for each comparable sale property in comparison to the utilities available to the subject. The subject has access private water and electricity. All of the comparable sales were considered similar to the subject and required no adjustments for this feature.

Water Availability, Type and Water Rights

This adjustment reflects the relative differences in available water. As stated earlier, two main types of water rights are of concern in the area. Senior Artesian water rights and shallow water rights. Senior Artesian water rights are typically superior in production as well as priority date and sell for more per water right acre. The appraisers were unaware of any water rights associated with the subject tracts, nor any water wells utilized in the current irrigation. Thus, no water rights have been considered within our analysis. Nevertheless, the subject tracts are situated adjacent to the city of Roswell Wastewater Treatment facilities and associated stabilization ponds utilized in conjunction with the wastewater facility. The subject farmlands are under an agreement with the neighboring plant which allows the farm to utilize the non-potable water to be used for irrigated farming purposes. The appraisers were not provided any details regarding the terms of the agreement. It was apparent during the physical inspection by the current alfalfa crop planted and the flood irrigation infrastructure situated upon the subject property that the water amenities of the property under the current agreement are sufficient for irrigated farming. For the purpose of this analysis, we have assumed that the current agreement will continue perpetually. Though the subject tracts have access to sufficient water for irrigation, it was our opinion that all of the comparable sales were superior to the subjects since each included the conveyance of and utilized deeded water rights. Thus, these sales were considered superior to the subject tracts for this element requiring negative adjustments, respectively.

Improvements & Site Characteristics

The overall site characteristics of each sale have been compared to the subject site. These include traits such as railroad frontage/access, drainage, location in a flood hazard area, zoning, shape, site preparation, topography, and configuration. The subject property tracts were configured to allow for 99% irrigation. Sale No. 6 was configured with water rights and coverage for 70% of the acreage and was considered inferior, requiring a positive

adjustment. The remaining comparable sales were considered similar for these site characteristics and were not adjusted for this element. Regarding improvements, all of the comparable properties contain similar irrigation improvement in comparison to the subject tracts. Any of the comparable sales which contained any other structural improvements were previously adjusted within the write-up of each to reflect land only. Adjustments for the items of comparison are based on analysis of the comparable data, and therefore, are considered reasonable.

A sales comparison and adjustment chart for the subject site follows.

LAND SALES ADJUSTMENT GRID - TRACT 1 - 109.6 ACRES						
Sale No.	**1**	**2**	**3**	**4**	**5**	**6**
Price/AC	$14,500	$15,142	$15,721	$16,361	$11,857	$8,067
Property Rights	-0-	-0-	-0-	-0-	-0-	-0-
Financing	-0-	-0-	-0-	-0-	-0-	-0-
Condition of Sale	15%	-0-	-0-	-10%	-0-	-0-
Market Conditions	-0-	-0-	-0-	-0-	-0-	15%
Adjusted Price/AC	$16,675	$15,142	$15,721	$14,725	$11,857	$9,277
Location	-0-	-0-	-0-	-0-	-0-	-0-
Frontage/ Access	-0-	-0-	-0-	-0-	-0-	-0-
Size	-0-	(10)%	(10)%	(10)%	-0-	30%
Topography	-0-	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-	-0-	-0-
Water	(10)%	(10)%	(10)%	(10)%	(10)%	(10)%
Improvements	-0-	-0-	-0-	-0-	-0-	-0-
Site Characteristics	-0-	-0-	-0-	-0-	-0-	20%
Total Adjustments	(10)%	(20)%	(20)%	(20)%	(10)%	40%
Adjusted Price/AC	$15,008	$12,114	$12,577	$11,780	$10,671	$12,988
Mean Price/AC	$12,523					

Site Valuation Summary (Tract 1)

The price per acre method was utilized to provide a value indication. Six of the most recent sales that were the most similar were utilized. These sales were compared, analyzed and adjusted to the subject site, reflecting any dissimilarities between each sale and the subject site.

The adjusted range was $10,671 to $15,008 per acre with a mean of $12,523 per acre and a median of $12,346 per acre. Based on our analysis, and given the locational attributes of the subject, a value in the middle to upper portion of the range is considered to be reasonable and appropriate. Therefore, it is our opinion that the indicated value of the subject Tract 1, consisting of 109.6 acres, more or less, as of November 24, 2025, was as follows:

109.6 AC	X	$13,000	=	$1,424,800
Rounded To:			**=**	**$1,425,000**

LAND SALES ADJUSTMENT GRID - TRACT 2 - 77.8 ACRES						
Sale No.	**1**	**2**	**3**	**4**	**5**	**6**
Price/AC	$14,500	$15,142	$15,721	$16,361	$11,857	$8,067
Property Rights	-0-	-0-	-0-	-0-	-0-	-0-
Financing	-0-	-0-	-0-	-0-	-0-	-0-
Condition of Sale	15%	-0-	-0-	-10%	-0-	-0-
Market Conditions	-0-	-0-	-0-	-0-	-0-	15%
Adjusted Price/AC	$16,675	$15,142	$15,721	$14,725	$11,857	$9,277
Location	-0-	-0-	-0-	-0-	-0-	-0-
Frontage/ Access	-0-	-0-	-0-	-0-	-0-	-0-
Size	5%	(5)%	(5)%	(5)%	-0-	35%
Topography	-0-	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-	-0-	-0-
Water	(10)%	(10)%	(10)%	(10)%	(10)%	(10)%
Improvements	-0-	-0-	-0-	-0-	-0-	-0-
Site Characteristics	-0-	-0-	-0-	-0-	-0-	20%
Total Adjustments	(5)%	(15)%	(15)%	(15)%	(10)%	45%
Adjusted Price/AC	$15,841	$12,871	$13,363	$12,516	$10,671	$13,452
Mean Price/AC	$13,119					

Site Valuation Summary (Tract 2)

The price per acre method was utilized to provide a value indication. Six of the most recent sales that were the most similar were utilized. These sales were compared, analyzed and adjusted to the subject site, reflecting any dissimilarities between each sale and the subject site.

The adjusted range was $10,761 to $15,841 per acre with a mean of $13,119 per acre and a median of $13,117 per acre. Based on our analysis, and given the locational attributes of the subject, a value in the middle portion of the range is considered to be reasonable and appropriate. Therefore, it is our opinion that the indicated value of the subject Tract 2, consisting of 77.8 acres, more or less, as of November 24, 2025, was as follows:

77.8 AC	X	$13,500	=	$1,050,300
	Rounded To:		**=**	**$1,050,000**

The Income Approach To Value

In the income capitalization approach, the present value of the future benefits of property ownership is measured. To develop an opinion of market value with the income capitalization approach, the appraiser must be certain that all the data and forecasts used are market-oriented and reflect the motivations of a typical investor who would be willing to purchase the property as of the effective date of the appraisal.

In the income approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The steps involved in an income approach are as follows:

- Research the income and expense data for the subject property and comparables,
- Estimate the potential gross income of the property by adding the rental income and any other potential income,
- Estimate the vacancy and collection loss,
- Subtract vacancy and collection loss from total potential gross income to arrive at the effective gross income of the subject property,
- Estimate the total operating expenses for the subject by adding fixed expenses, variable expenses, and a replacement allowance (where applicable),
- Subtract the estimate of total operating expenses from the estimate of effective gross income to arrive at net operating income. (Deductions for capital items may also be necessary at various points in time through the projection period to calculate the cash flow used in discounted cash flow analysis),
- Apply one of the direct ore yield capitalization techniques to this data to generate an estimate of value via the income capitalization approach.

The income approach to value is based on the premise that a direct relationship exists between the income-producing potential of a property and its market value. Because typically, the Income Approach does not represent all of the motivations for purchasing agricultural land in the immediate area as the majority of the land in the area is typically owner utilized, and comparable leases of irrigated land and idle farmland could not be located, the Income Approach was not considered applicable.

Exposure / Marketing Time Analysis

In accordance with the market value definition contained herein, as requested by the client, consideration has been given to a reasonable estimated exposure period for the subject property **at the appraised value estimate herein**.

Exposure time may be defined as follows: The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. The reasonable exposure period is a function of price, time, and use, not an isolated opinion of time alone.

Based upon the historical activity of sales similar to the subject, and the appraiser's personal conversations with area agents/brokers, appraisers, and property owners familiar with the subject market, it is our opinion that a reasonable exposure time for agricultural properties in the value range of $1,000,000 to $3,000,000 in the Chaves County area of New Mexico, to be approximately 12 months.

Reconciliation and Final Estimate of Value

The purpose of the reconciliation of value is to evaluate the strengths and weaknesses of the individual approaches, and to develop a single value estimate for the subject. Typically, in the estimation of value for a given property, it is necessary for an appraiser to review and consider all available valuation techniques, applicable to a given property type. In the valuation of most real estate, it is necessary for the appraiser to consider all three of the traditional appraisal approaches which include the cost, comparable sales, and income approaches to value.

These three approaches normally provide individual indications of value for the property in question which are then correlated into a final opinion of value for the property by the appraisers. Whenever possible, all three approaches should be applied in making an estimate of value. One approach, however, will often be given greater consideration than the others, depending largely upon the type of property appraised and the quality of the data upon which the approach is based. The greatest consideration is normally given to the approach most typically used by buyers and sellers to determine sale prices for properties of the subject type in the local market.

In the preceding sections of this report, an indication of value based upon an abbreviated Cost Approach, the Sales Comparison Approach and the Income Approach were utilized to provide an indication of value of the subject's fee simple estate. The Income Approach was not considered applicable to subject property, due to a lack of comparable lease data but was included per the client's request. As a result, the following estimates of value were derived for subject property "as is":

SUBJECT PROPERTY VALUE	
Cost Approach	**N/A**
Sales Comparison Approach	
Tract 1	**$1,425,000**
Tract 2	**$1,050,000**
Income Approach	**N/A**

Cost Approach

The Cost Approach is important when estimating the market value of new or relatively new construction because cost and market value are closely related when properties are new. The Cost Approach is also used to estimate the market value of proposed construction, special-purpose properties, and other properties that are not frequently exchanged in the market. The Cost Approach was not utilized in this analysis.

Sales Comparison Approach

The Sales Comparison Approach estimates market value by comparing the sales prices of recent transactions with similar attributes of the property being appraised. The sales comparison approach was utilized to provide indications of value for the land, as vacant.

Limited data was available concerning sales of similar rural land properties in the area. Seven of the most similar sales were included for review and analysis, and the data obtained from these observations was considered to be accurate and reliable. These properties were analyzed on an overall per acre basis. When the market is dominated by purchasers who intend to occupy the property, the sales comparison approach is a strong indicator of value. Since the subject is agricultural farmland and there was adequate sale data for analysis, the Sales Comparison Approach was given the most weight.

Income Approach

The Income Approach to value is based on the premise that a direct relationship exists between the income-producing potential of a property and its market value. Because typically, the Income Approach does not represent all of the motivations for purchasing agricultural land in the immediate area as the majority of the land in the area is typically owner utilized, and comparable leases of irrigated land and idle farmland could not be located, the Income Approach was not considered applicable.

Conclusion

Because the rural agricultural land market is dominated by owner-occupants, and because we considered the information obtained within the Sales Comparison Approach to be sufficient, reasonable and reliable, the greatest weight was given to this approach. By reason of our investigation and analysis of data contained in this report, other information in our files, and our experience in the real estate and appraisal profession, it is our opinion that the market value of the fee simple estate in the subject property referred to as Tract 1, being 109.6 acres, as of November 24, 2025, was in round numbers:

ONE MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS
$1,425,000

Furthermore, by reason of our investigation and analysis of data contained in this report, other information in our files, and our experience in the real estate and appraisal profession, it is our opinion that the market value of the fee simple estate in the subject property referred to as Tract 2, being 77.8 acres, as of November 24, 2025, was in round numbers:

ONE MILLION FIFTY THOUSAND DOLLARS
$1,050,000

Certification

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3. The appraisers have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

4. The appraisers have not performed services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. The appraisers performed an appraisal valuation in September 2019 on the subject property of this report.

5. The appraisers have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

6. The appraisers engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. The appraisers compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.

8. The appraisers analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

9. Cage Riley and Sam Walker made a personal inspection of the property that is the subject of this report.

10. No one provided significant real property appraisal assistance to the persons signing this certification.

11. The reported analyses, opinions, and conclusion were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

13. As of the date of this report, Clint W. Bumguardner, MAI, ASA, has completed the requirements of the continuing education program of the Appraisal Institute.

By reason of our investigation and analysis of data contained in this report, other information in our files, and our experience in the real estate and appraisal profession, it is our opinion that the market value of the fee simple estate in the subject property referred to as Tract 1, being 109.6 acres, as of November 24, 2025, was in round numbers:

ONE MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS
$1,425,000

Furthermore, by reason of our investigation and analysis of data contained in this report, other information in our files, and our experience in the real estate and appraisal profession, it is our opinion that the market value of the fee simple estate in the subject property referred to as Tract 2, being 77.8 acres, as of November 24, 2025, was in round numbers:

ONE MILLION FIFTY THOUSAND DOLLARS
$1,050,000



Clint W. Bumguardner, MAI, ASA
State Certification No. NM-001579



Sam Walker, Appraiser
State Certification No. NM-03611-G



Cage Riley, Appraiser
State Certification No. NM-REA-2025-0142

ADDENDA

Assumptions and Limiting Conditions

This appraisal report has been made with the following general assumptions:

1. This Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(A) of the Uniform Standards of Professional Appraisal Practice. As such, it presents a level of discussion of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value that is consistent with the intended use. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

4. Responsible ownership and competent property management are assumed.

5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

10. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

11. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

12. All information, comments and conclusions pertaining to subject and other properties described represent the opinion of the appraiser formed after a personal examination of each.

13. The appraiser has no interest, present or prospective, in the subject property.

14. Sketches in this report are included to assist the reader in visualizing the property.

15. The appraiser assumes that there are no hidden or unapparent conditions of the appraised property, which would render it more or less valuable. Further, the appraiser assumes that there are no potentially harmful asbestos or other materials and/or site contaminants in, on, or near soil, subsoil, or structure of the appraised property and that there has been no disposal, discharge, leakage, or spillage of pollutants or contaminant which would render it more or less valuable, whether or not these materials or contaminants are apparent or hidden and unapparent.

    No responsibility is assumed by the appraiser for these conditions. In addition, no responsibility is assumed by the appraiser for the cost of engineering and/or laboratory studies which might be required to discover such materials or contaminants. And no such engineering or laboratory studies have been ordered for the appraised property.

16. Disclosure by the appraiser of the contents of this appraisal report is subject to review in accordance with the by-laws and regulations of The Appraisal Institute and The American Society of Farm Management & Rural Appraisers.

This appraisal report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

2. Possession of this report, or a copy thereof, does not carry with it the right of publication, unless prior arrangements have been made.

3. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraiser.

5. This appraisal was made in accordance with the Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation and the Appraisal Institute and The American Society of Farm Management & Rural Appraiser.

6. Acceptance of and/or use of this report constitutes acceptance of all assumptions and limiting conditions stipulated.

7. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

Key Definitions

Appraisal

An appraisal is an unbiased estimate of the nature, quality, value, or utility of an interest in, or aspect of, identified real estate and related personalty. Appraisal involves selective research into appropriate market areas; the assemblage of pertinent data; the application of appropriate analytical techniques; and the use of knowledge, experience, and professional judgment to develop an appropriate solution of the appraisal problem.[13]

Valuation

Valuation is the process of estimating the market value, fair value, insurable value, investment value, or other properly defined value of an identified interest or interests in a specific parcel or parcels of real estate as of a given date.[14]

Real Estate

Real estate is the physical land and appurtenances affixed to the land, e.g., structures. Real estate includes land and all things that are a natural part of the land, such as trees and minerals, as well as all things that are attached to it by people, such as buildings and site improvements. All permanent building attachments like plumbing, electrical wiring, HVAC equipment, cabinets, elevators, appliances and so on, are also usually considered part of real estate. Real estate differs from personal property which is not considered real estate.[15]

Real Property

Real property includes all interests, benefits, and rights inherent in the ownership of physical real estate. A right or interest in real property is also referred to as an estate.[16]

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[13] *The Appraisal of Real Estate,* Ninth Edition, American Institute of Real Estate Appraisers, page 8.

[14] Ibid, page 8.

[15] Ibid, page 5.

[16] Ibid, page 5.

Market Value

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1) Buyer and seller are typically motivated;
2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
3) A reasonable time is allowed for exposure in the open market;
4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales or concessions granted by anyone associated with the sale.[17]

Fee Simple Interest

The property rights appraised are the fee simple estate. Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.[18]

[17] Code of Federal Regulations; Title 12-Banks And Banking; Chapter 1-Comptroller Of The Currency, Department Of The Treasury; Part 34-Real Estate Lending And Appraisals-Subpart C-Appraisals Sec. 34.42 Definitions; Revised as of January 1, 2000.

[18] The Dictionary of Real Estate Appraisal, The Appraisal Institute (Chicago, Illinois, 1984).

Leased Fee Estate

The leased fee estate is the lessor's, or landlord's, estate. A leased fee estate is an ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.[19]

Leasehold Interest

The leasehold interest is the lessee's, or tenant's estate. A leasehold estate is the right to use and occupy real estate for a stated term and under certain conditions as conveyed by the lease.[20]

[19] *The Appraisal of Real Estate*, Ninth Edition, American Institute of Real Estate Appraisers, p. 111.

[20] Ibid, Pages 111 and 115.

QUALIFICATION OF APPRAISERS

QUALIFICATIONS
OF
CLINT W. BUMGUARDNER, MAI, ASA

Educational

Bachelor of Science, Texas A&M University, College Station, Texas, August, 1987.

Master of Agriculture, Land Economics and Real Estate, Texas A&M University, College Station, Texas, December, 1988.

Completed Course Work and Continuing Education:
- Capitalization Theory & Tech., Part A - Appraisal Institute
- Capitalization Theory & Tech., Part B - Appraisal Institute
- Basic Valuation Procedures - Appraisal Institute
- Real Estate Appraisal Principles - Appraisal Institute
- Standards and Professional Practice - Appraisal Institute
- Case Studies in Real Estate Valuation - Appraisal Institute
- Report Writing & Valuation Analysis - Appraisal Institute
- 3rd/4th Legal Seminar on Ad Valorem Taxation - TX A&M & State Bar Assoc.
- Condemnation in the 90's - Law Offices of Windle Turley
- Nevada Real Estate Statutes - Appraisal Institute
- Appraisers Complete Review - Appraisal Institute

Professional

Member, Appraisal Institute (MAI) No. 10161
Accredited Senior Appraiser (ASA), American Society of Appraisers
Licensed Texas Real Estate Broker, No. 0393607
Texas Certified General Real Estate Appraiser, Certification No. TX-1321020-G
New Mexico Certified General Real Estate Appraiser, Certification No. 001579-G
Certified General Appraiser, Arkansas, License No. CG2050N
Certified General Appraiser, Oklahoma, License No. 12547CGA
Certified General Appraiser, Kansas, License No. G-2075
Certified General Appraiser, Georgia, License No. 332280
Certified General Appraiser, Iowa, License No. CG03070
Certified General Appraiser, Colorado, License No. 100032989
Certified General Appraiser, Nebraska, License No. CG211103R
Certified General Appraiser, Indiana, License No. CG40801054
Certified General Appraiser, Arizona, License No. 31904
Certified General Appraiser, Utah, License No. 6219920-CG00
President, Texas Plains Chapter, Appraisal Institute, 2006-07
Real Estate Committee Member, Texas A&M Foundation

QUALIFICATIONS OF CLINT BUMGUARDNER, MAI, ASA (CONTINUED)

Experience

Principal, W.T. Appraisal, Inc., Abilene, 1992-present
Appraisal Associate, Dominion Property Advisors, 1999-
Appraiser, Wayne Austin, Associates, Abilene, 1992
Staff Appraiser, J.R. Kimball, Inc., Fort Worth, 1989-92.
Testified as expert witness in State Court proceedings
Testified as expert witness before State Property Tax Board
Testified as expert witness before various Appraisal Districts Review Boards in Texas and Oklahoma

Scope of Appraisal Assignments

- Apartment complexes
- Office and Industrial properties
- Shopping and Industrial Centers
- Farms and Ranches (5 acres to 165,000 acres)
- Residential Subdivisions
- Hotels & Motels
- Commercial Feedlots
- Nursing Homes & Long Term Care Facilities
- Special purpose properties including mini-warehouses, car dealerships, restaurants, convenience stores, water parks, churches, car washes, lumberyards, grocery stores, etc.
- Condemnation
- Appraisal Review
- Feasibility and Market Studies
- Property Inspections
- Provided real estate consulting and appraisal services throughout the Southwestern United States.
- Completed Annual Property Value Study for State Comptroller Property Tax Division

Personal

Ranching background - Eldorado, Schleicher County, Texas.
Active in local Church
Married with three children

THIS IS TO CERTIFY THAT

Clint W. Bumguardner

Real Estate Appraiser Board

is licensed / registered by the New Mexico Regulation and Licensing Department in accordance with provisions of laws in the State of New Mexico

License / Registration No.	License / Registration Type
1579-G	General Certified Appraiser

Issue Date	Expiration Date
06/22/1999	04/30/2027

The bearer is prohibited by law from using this identification card to give the impression that they are in any way connected with a governmental agency

Signature of holder:

Clint W. Bumguardner
1302 Petroleum Drive, Building B,
Abilene, TX 79602

NMRLD
NEW MEXICO
REGULATION &
LICENSING DEPARTMENT

State of New Mexico

Real Estate Appraisers

HEREBY CERTIFIES THAT

Clint W. Bumguardner

HAVING GIVEN SATISFACTORY EVIDENCE OF THE COMPLETION OF PROFESSIONAL AND OTHER REQUIREMENTS PRESCRIBED BY LAW IS GRANTED A LICENSE TO PRACTICE IN THE STATE OF NEW MEXICO

General Certified Appraiser

License No. 1579-G Issued 06/22/1999 Expires 04/30/2027

THIS LICENSE SHOULD BE CONSPICUOUSLY POSTED IN PLACE OF BUSINESS OR AS REQUIRED BY LAW

QUALIFICATIONS
OF
SAM WALKER

Educational

BBA - Marketing; Hardin Simmons University, Abilene, Texas, 2011.

Completed Course Work and Continuing Education:
Basic Procedures Course - *American School of Real Estate Express*
Basic Principles Course- *American School of Real Estate Express*
Uniform Standards of Professional Appraisal Practice - *American School of Real Estate Express*
Site Valuation and Cost Approach- *Appraisal Institute*
Market Analysis and Highest and Best Use- *Appraisal Institute*
Sales Comparison Approach- *Appraisal Institute*
Income Approach (Part 1)- *Appraisal Institute*
Income Approach (Part 2)- *Appraisal Institute*
Report Writing and Case Studies- *Appraisal Institute*
Business Practice and Ethics- *Appraisal Institute*
Real Estate Finance - *Hardin Simmons University*
Real Estate Principles I- *Champions School of Real Estate*
Real Estate Principles II- *Champions School of Real Estate*
Law of Contracts- *Champions School of Real Estate*
Law of Agency- *Champions School of Real Estate*
Commercial Real Estate #0531- *Champions School of Real Estate*
Farm and Ranch Real Estate- *Champions School of Real Estate*
Real Estate Finance Statistics and Valuation Modeling- *Appraisal Institute*
Commercial Appraisal Review (2015)- *McKissock*
Expert Witness for Commercial Appraisers- *McKissock*
Promulgated Contract- *Champions School of Real Estate*
Real Estate Brokerage- *Champions School of Real Estate*
Appraisal of Assisted Living Facilities- *McKissock*
Appraisal of Owner-Occupied Commercial Properties- *McKissock*
Appraising Small Apartments- *McKissock*
Basic Hotel Appraising- *McKissock*
Advanced Hotel Appraising- *McKissock*
The Basics of Expert Witness for Commercial Appraisers(2019)- *McKissock*

Professional

Authorized Texas Certified General Real Estate Appraiser
No. 1380450 G
Authorized New Mexico Certified General Real Estate Appraiser
No. 03611 G
Authorized Texas Real Estate Broker License (Active)
No. 613659

Experience

Appraiser, West Texas Appraisal Associates, Abilene, TX, September 2011-present.

Scope of Appraisal Assignments

- Office properties (commercial, retail, and medical)
- Retail Shop Centers
- Apartment Complexes and townhomes
- Hotels & Motels
- Nursing Homes & Long Term Care Facilities
- Industrial properties (warehouse, office/warehouse facilities, etc.)
- Vacant Land
- Farms (Irrigated and Non-Irrigated)
- Ranches (100 acres to 50,000+ acres)
- Game Ranches (700 acres to 5,000 acres)
- Agricultural properties (dairies, feed lots, feed mills, processing facilities, poultry farms, etc.)
- Special purpose properties including mini-warehouses, storage units, car dealerships, restaurants, RV-parks, mobile home parks, grocery stores, convenience stores, etc.
-Commercial Evaluations
-Texas Department of Transportation Right of Way Projects (TX-DOT-ROW)
-Feasibility and Market Studies
-Electric Line and Underground Pipeline Right of Way Projects
-Testimony as Expert Witness (U.S. Bankruptcy Court, Special Commissioners Hearing)

Personal

Farming background- Taylor County and Jones County, Texas.
Member- Southside Baptist Church
Member - Board of Directors (Love & Care Ministries)
Member- Board of Young Associates (HSU)
Former Hardin Simmons Baseball Player 2008-2011
Married; three children

THIS IS TO CERTIFY THAT

Samuel Paul Walker

Real Estate Appraiser Board

is licensed / registered by the New Mexico Regulation and Licensing Department in accordance with provisions of laws in the State of New Mexico

License / Registration No.	License / Registration Type
03611-G	General Certified Appraiser
Issue Date	**Expiration Date**
05/18/2018	04/30/2026

The bearer is prohibited by law from using this identification card to give the impression that they are in any way connected with a governmental agency

Signature of holder:

Samuel Paul Walker
1302 Petroleum Drive, Building B,
Abilene, TX 79602

State of New Mexico

NMRLD
NEW MEXICO
REGULATION &
LICENSING DEPARTMENT

Real Estate Appraisers

HEREBY CERTIFIES THAT

Samuel Paul Walker

HAVING GIVEN SATISFACTORY EVIDENCE OF THE COMPLETION OF PROFESSIONAL AND OTHER REQUIREMENTS PRESCRIBED BY LAW IS GRANTED A LICENSE TO PRACTICE IN THE STATE OF NEW MEXICO

General Certified Appraiser

License No. 03611-G Issued 05/18/2018 Expires 04/30/2026

THIS LICENSE SHOULD BE CONSPICUOUSLY POSTED IN PLACE OF BUSINESS OR AS REQUIRED BY LAW

QUALIFICATIONS
OF
CAGE RILEY

Educational

B.S.- Agricultural Economics; Eastern New Mexico University, Portales, NM, 2009.

Completed Course Work and Continuing Education:
Basic Procedures Course - *McKissock*
Basic Principles Course - *McKissock*
Uniform Standards of Professional Appraisal Practice - *McKissock*
General Appraiser Site Valuation and Cost Approach - *McKissock*
General Appraiser Market Analysis and Highest and Best Use - *McKissock*
General Appraiser Sales Comparison Approach - *McKissock*
Real Estate Statistics, Modeling, and Finance - *McKissock*
General Appraiser Income Approach - *McKissock*
General Report Writing & Case Studies - *McKissock*
Commercial Appraisal Review - *McKissock*

Professional

New Mexico Certified General Appraiser
No. REA-2025-0142

American Society of Agricultural Appraisers
Appraiser No. 06260/08239/08506

Experience

Appraiser, West Texas Appraisal Associates, Abilene, TX
District Manager, ChampionX, Artesia, NM

Scope of Appraisal Assignments

- Farms (Irrigated & Non-Irrigated)
- Ranches (100 acres to 90,000 acres)
- Vacant Land
- Hotels & Motels
- Car Washes
- Apartment Complexes
- Industrial Properties
- Light Industrial Warehouses
- Service Stations
- Convenience Stores
- Restaurants
- Office Properties

Personal

Farming/Ranching Background - Curry/Roosevelt/De Baca County, New Mexico.
Oilfield Business Management - Permian Basin Area
Member- West Main Baptist Church, Artesia, NM
Member- American Society of Agricultural Appraisers
Married; Two Children

Cage W. Riley
Real Estate Appraiser Board

Cage W. Riley
3200 Yeso Rd.,
Roswell, NM 88201

REA-2025-0142 **General Certified Appraiser**

08/12/2025 **04/30/2027**

NMRLD
NEW MEXICO
REGULATION &
LICENSING DEPARTMENT

Real Estate Appraiser Board

HEREBY CERTIFIES THAT

Cage W. Riley

HAVING GIVEN SATISFACTORY EVIDENCE OF THE COMPLETION OF
PROFESSIONAL AND OTHER REQUIREMENTS PRESCRIBED BY LAW
IS GRANTED A LICENSE TO PRACTICE IN THE STATE OF NEW MEXICO

General Certified Appraiser

License No. REA-2025-0142 **Issued 08/12/2025** **Expires 04/30/2027**

THIS LICENSE SHOULD BE CONSPICUOUSLY POSTED IN PLACE OF BUSINESS OR AS REQUIRED BY LAW

LETTER OF ENGAGEMENT

AGREEMENT FOR PROFESSIONAL APPRAISAL SERVICES

Appraisal Assignment

DATE OF AGREEMENT: October 27, 2025

PARTIES TO AGREEMENT:

Client:
Mr. Todd Verciglio
Office: 575-637-6224
Cell: 575-626-1766

Appraiser:
WT Appraisal, Inc.
1302-B Petroleum Drive
Abilene, TX 79602
325-692-5039 office
800-340-5039
325-692-1587 fax
clintbum@wtappraisal.com

Client hereby engages Appraiser to complete an Appraisal assignment as follows:

PROPERTY IDENTIFICATION
108.6 acres and 77.8 acres located in Chaves County, New Mexico

PROPERTY TYPE
Irrigated Farmland

INTEREST VALUED
Fee Simple – Surface Only

INTENDED USERS
Mr. Todd Verciglio and associated parties.
Note: No other users are intended by Appraiser. Appraiser shall consider the intended users when determining the level of detail to be provided in the Appraisal Report.

PROPOSED DELIVERY DATE
30 Days from the date agreement is signed

NUMBER OF COPIES
PDF w/ Hard copies upon request

PAYMENT TO APPRAISER
$3,500 + NM TAX = ($ 3,786.56)

Please provide our firm with the following information if available.

- Name of person to contact for inspection
- Property Tax ID
- Survey / Plat – Building Plans
- Deed
- Mailing address for completed Appraisals
- Any additional information that would aid in our analysis of the property.

CONFIDENTIALITY
Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement with, any party other than Client, unless Client authorizes, except as stipulated in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP).

TESTIMONY AT COURT OR OTHER PROCEEDINGS
Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.

APPRAISER INDEPENDENCE
Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot ensure that the opinion of value developed because of this Assignment will serve to facilitate any specific objective by Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality, and objectivity.

GOVERNING LAW & JURISDICTION
The interpretation and enforcement of this Agreement shall be governed by the laws of the state in which the Appraiser's principal place of business is located, exclusive of any choice of law rules.

By Appraiser:

Clint W Bumguardner
(Signature)

Clint W. Bumguardner
(Printed name)

10/27/2025
(Date)

By Client:

(Signature)

Todd Vercig lio
(Printed name)

10/27/25
(Date)



Subject Property Overview



Wastewater Pump



Subject Irrigation System



Subject Southwest of E.19th and N. Red Bridge Intersection



Rio Hondo Draw

City of Roswell
Legal Committee Meeting

Thursday May 28, 2026, 2:00 PM

ITEM NO.
WASTE WATER EXPANSION:

Presented By:
Omarr Mendoza
Community Development
Property Tech

ITEM NO: ???????

Action Requested: Consider a recommendation to enter into a purchase and sale agreement of 77.8 acres of irrigated farmland for the expansion of the wastewater department (Omarr Mendoza)

Background: 77.8 acres will be utilized in the expansion of waste water department.



- Financial Consideration: Property appraised at $1,050,00, $850,000 purchase price

To: Legal Committee
From: Omarr Mendoza/ Property Tech
Date: 5.12.2026
Re: Waste water expansion project

Pursuant to applicable requirements, the following written communication is submitted regarding the proposed contract identified above.

1. Circumstances of the Contract

The proposed transaction includes the purchase of approximately 77.8 acres adjacent to the existing Wastewater Department property as part of an expansion project. A Purchase and Sale Agreement (PSA) has been executed by both the seller, L&K Waggoner LLC, and the buyer, City of Roswell, to facilitate the sale process. The transaction is being presented for approval with an anticipated closing date on or before June 30, 2026.

The subject property was appraised at fair market value by Clint Bumguardner of WT Appraisals in the amount of $1,050,000.00. Following negotiations, the PSA purchase price was established at $850,000.00, excluding water rights.

As part of the agreement, the seller will retain the ability to continue farming the irrigated portion of the property until such time as the City begins construction of the new facility.

2. Benefits of the Purchase

Benefits for future expansion for the wastewater treatment plant.

3. Responsibilities Under the Contract

The city is responsible for the completion of boundary survey prior to closing as well as paying for title insurance package through Landmark Title, said cost will not be included in the purchase price.

4. Advantages of the Contract/Purchase

Purchase for this property will allow for future growth and development and is cost effective based on property being adjacent to the existing plant

5. Appraised Value of the Property

The appraised value of the property subject to this contract is:
$1,050,000.00

Supporting appraisal documentation: property has been independently appraised by Clint Bumguardner of WT APPRAISALS

Recommendation

To: Legal Committee

From: Omarr Mendoza/ Property Tech
Date: 5.12.2026
Re: Waste water expansion project

Pursuant to applicable requirements, the following written communication is submitted regarding the proposed contract identified above.

1. Circumstances of the Contract

The proposed transaction includes the purchase of approximately 77.8 acres adjacent to the existing Wastewater Department property as part of an expansion project. A Purchase and Sale Agreement (PSA) has been executed by both the seller, L&K Waggoner LLC, and the buyer, City of Roswell, to facilitate the sale process. The transaction is being presented for approval with an anticipated closing date on or before June 30, 2026.

The subject property was appraised at fair market value by Clint Bumguardner of WT Appraisals in the amount of $1,050,000.00. Following negotiations, the PSA purchase price was established at $850,000.00, excluding water rights.

As part of the agreement, the seller will retain the ability to continue farming the irrigated portion of the property until such time as the City begins construction of the new facility.

2. Benefits of the Purchase

Describe the anticipated benefits associated with the contract, including any public, operational, financial, strategic, or community advantages.

3. Responsibilities Under the Contract

The city is responsible for the completion of boundary survey prior to closing as well as paying for title insurance package through Landmark Title, said cost will not be included in the purchase price.

4. Advantages of the Contract/Purchase

Provide an explanation of the specific advantages of entering into the contract, including efficiencies, cost savings, service improvements, or long-term value.

The overall advantages of expanding the waste water infrastructure is th

5. Appraised Value of the Property

The appraised value of the property subject to this contract is:
$1,050,000.00

Supporting appraisal documentation: property has been independently appraised by Clint Bumguardner of WT APPRAISALS

Recommendation

Based on the information provided above, it is recommended that the governing body approve the proposed contract.

Respectfully,

Omarr Mendoza
Property Tech
Community Development

Legal Committee

Meeting Date: 05/28/2026

COMMITTEE: Legal

CONTACT: C. Josh Nairn-Mahan **CHAIR:** Will Cavin

ACTION REQUESTED:

Closed Session-Hold a closed session pursuant to NMSA 1978 § 10-15-1(H)(7), to discuss Attorney-Client privileged information pertinent to threatened or pending litigation.

BACKGROUND:

Initiated by: Councilor Arnold

FINANCIAL CONSIDERATION:

There are no financial costs.

LEGAL REVIEW:

Pursuant to NMSA 1978, § 10-15-1(H)(7), a majority of a quorum of the City Council may vote to enter closed session to discuss a narrow range of topics. No action may be taken during the closed session.

BOARD AND COMMITTEE ACTION:

There is no board or committee review.

STAFF RECOMMENDATION:

Proceed as presented.