Regular Governing Body Meeting
City of Rio Rancho
AGENDA
March 13, 2025
6:00 PM
Council Chambers

Governing Body Members

Greggory D. Hull, Mayor	Paul Wymer, Councilor District 4
Deb Dapson, Councilor District 1	Karissa Culbreath, Councilor District 5
Jeremy Lenentine, Councilor District 2	Nicole List, Councilor District 6
Bob Tyler, Councilor District 3	

Meeting Information
This meeting will be conducted in-person and virtually, as well as, streamed live on the City of Rio Rancho website at https://rrnm.gov/2303/Watch-and-Download-City-Meetings

Join by Computer: https://us06web.zoom.us/j/83338157719?pwd=ST55whY8GCTELqBoGjYG1ipM1F5Uer.1
Meeting ID: 833 3815 7719
Passcode: 554297

Join by Phone:
Dial +1 720 707 2699 US (Denver)

Pursuant to the Governing Body Rules of Procedures, any person wishing to address the Governing Body related to an item listed under Second Reading of Ordinances, First Reading of Ordinances, or Discussion and Deliberation, shall register in person with the City Clerk no later than fifteen (15) minutes prior to the scheduled start time of a meeting. No more than two (2) hours in total will be allotted for comments pertaining to a specific agenda item at any meeting. A majority vote of the Governing Body members present may approve to extend the total amount of time allotted for public input related to a specific agenda item at a meeting.

Public input can be submitted in writing to the City Clerk, as clerk of the Governing Body, prior to the date of the meeting in which the item is scheduled to be heard; however, only public input received before 4 p.m. on the day of the meeting will be entered into the record prior to the meeting.

Call to Order and Pledge of Allegiance

Proclamations and Awards of Merit

Public Forum
Pursuant to the Governing Body Rules of Procedure, any person wishing to address the Governing Body related to a non-agenda item shall register in person with the City Clerk no later than fifteen (15) minutes prior to the scheduled start time of a meeting. No more than two (2) hours in total will be allotted for public forum comments at any meeting. A majority vote of the Governing Body members present may approve to extend the total amount of time allotted for public forum at a meeting.

Comments by Councilors

Consent Calendar
There will be no discussion of these items unless a Governing Body Member so requests, in which event the item will be moved to a discussion item on the regular agenda.

1 Minutes of February 27, 2025 Regular Meeting
Minutes of February 27, 2025 Regular Meeting

2 R24, Resolution Authorizing the Donation of a Vehicle to La Clinica Del Pueblo De Rio Arriba EMS/Ambulance Special Hospital District Board
Resolution_R24
Letter to Rio Rancho Fire Department

3 R25, Resolution Authorizing a Budget Adjustment to the General Fund (101)
Resolution_R25

4 R26, Resolution Authorizing a Budget Adjustment to the State Appropriations Capital Fund (315)
Resolution_R26

Boards/Commissions/Committee Reports

Public Hearings

Second Reading of Ordinances

5 O5, Ordinance Amending Chapter 37.02 Lodger's Tax
Ordinance_O5

First Reading of Ordinances

6 O6,Ordinance Authorizing the Issuance and Sale of the City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025 in an Aggregate Principal Amount Not to Exceed $32,000,000 (Excluding Premium, if any, Paid in Connection with the Original Purchase of the Bonds) for the Purposes of Paying Costs of (1) the Design, Construction, Acquisition, Installation and Equipping of (a) Road and Street Improvements and Related Utility Infrastructure Within the City, and (b) City Buildings and Public Facilities, (2) the Funding of a Debt Service Reserve Fund, to the Extent Applicable, and (3) Expenses Relating to the Issuance of the Bonds; Approving the Form of and Other Details Concerning the Bonds, Including but not Limited to Covenants and Agreements in Connection with the Bonds; Providing for the Payment of the Principal of, Interest, and Premium, if Any, on the Bonds; Providing that Bonds will be Payable from Certain Gross Receipts Taxes Distributed to the City; Delegating Authority to Certain Authorized Officers of the City to Determine the Final Terms and Related Features of the Bonds Pursuant tot Section 6-14-10.25 NMSA 1978; Ratifying Action Previously Take in Connection Therewith; Repealing All Actions in Conflict Herewith; and Authorizing the Taking of Other Actions in Connection with the Issuance and Sale of the Bonds
Ordinance_O6
2025 Revenue Bond Timeline
Disclosure Responsibilities Memo
Premilinary Official Statement

7 O7, Ordinance Amending Chapter 51 Water and Wastewater Rules and Rates
Ordinance_O7
February Work Session Rate Study Presentation
M. Jackovich Public Comment

8 O8, Ordinance Amending Chapter 30 Governing Body, Chapter 31 City Officials, & Chapter 34

Municipal Court
Ordinance_O8
Municipal Judge Salary Discussion
O18 2024 Signed
2024 Constitutional Amendment
4-44-4 NMSA 1978

9 O9, Ordinance Amending Ordinance No. 8, Enactment No. 24-08 Relating to the Issuance and Sale of City of Rio Rancho, New Mexico Taxable Industrial Revenue Bonds (Quail Ranch Energy Storage LLC Project), in a Maximum Principal Amount of up to $140,000,000, for the Purpose of Updating and Approving the Annual Payments In Lieu Of Taxes to the City of Rio Rancho, Rio Rancho Public Schools and Albuquerque Public Schools in Conformity with the Requirements of Section 3-32-6 NMSA 1978; Authorizing Execution and Delivery of the Bonds with Updated Series Designation to Reflect the Date of Issuance and Delivery; Ratifying Certain Actions Taken Previously; and Repealing All Actions Inconsistent with this Ordinance
Ordinance_O9
O8 2024 Signed
2024 Pilot Payment Distribution Schedule

10 O10, Ordinance Amending Ordinance No. 9, Enactment No. 24-09 Relating to the Issuance and Sale of City of Rio Rancho, New Mexico Taxable Industrial Revenue Bonds (Quail Ranch Solar LLC Project), in a Maximum Principal Amount of up to $110,000,000, for the Purpose of Updated and Approving the Annual Payments in Lieu of Taxes to the City of Rio Rancho, Rio Rancho Public Schools and Albuquerque Public Schools in Conformity with the Requirements of Section 3-32-6 NMSA 1978; Authorizing Execution and Delivery of the Bonds with Updated Series Designation to Reflect the Date of Issuance and Delivery; Ratifying Certain Actions Taken Previously; and Repealing All Actions Inconsistent with this Ordinance
Final Ordinance Solar 09 March 2025.doc
O9 2024 Signed
2024 Pilot Payment Distribution Schedule

Discussion and Deliberation

11 R27, Resolution Authorizing a Budget Adjustment to the General Fund (101) and the City Facility Improvement Fund (313)
Resolution_R27

City Manager

Adjournment

CITY OF RIO RANCHO
COVER PAGE

Legislation Item:

AGENDA DATE:
March 13, 2025

DEPARTMENT:
City Clerk

SUBJECT:
Minutes of February 27, 2025 Regular Meeting

BACKGROUND AND ANALYSIS:

IMPACT:

ALTERNATIVES:

DEPARTMENT RECOMMENDATION:

ATTACHMENT: Minutes of February 27, 2025 Regular Meeting

Governing Body
of the
City of
Rio Rancho
MINUTES
FEBRUARY 27, 2025
6:00 p.m.
Council Chambers

MEMBERS PRESENT:	**STAFF**
Deb Dapson, Councilor Dist. 1	Matt Geisel, City Manager
Jeremy Lenentine, Dist. 2	Peter Wells, Deputy City Manager
Bob Tyler, Councilor Dist. 3	Josh Rubin, City Attorney
Paul Wymer, Councilor Dist. 4	Noel Davis, City Clerk
Karissa Culbreath, Councilor Dist. 5	Carol Jaramillo, Director of Financial Services
Nicole List, Councilor Dist. 6	Connie Peterson, Director of Parks, Rec. & Comm. Services
	James DeFillippo, Fire Chief
MEMBERS ABSENT:	Stewart Steele, Police Chief
Greggory D. Hull, Mayor	Loyola Martinez, Director of Human Resources
	Jason Shoup, Library Director
	Yolanda Lucero, Deputy City Clerk

Call to Order and Pledge of Allegiance

Deputy Mayor Lenentine called the meeting to order at 6:00 p.m.

Proclamations and Awards of Merit

Public Forum

The following individual spoke under this item:

Jeff Lopez

Comments by Councilors

Consent Calendar

1) Minutes of February 13, 2025 Regular Meeting
2) Minutes of February 18, 2025 Work Session Meeting
3) R14, Resolution Authorizing a Budget Adjustment to the State Appropriations Capital Fund (315)
4) R15, Resolution Authorizing a Budget Adjustment to the Federal Grant Fund (259)
5) R16, Resolution Authorizing the Disposal of Damaged and/or Obsolete Public Works Department Property
6) R17, Resolution Decommissioning and Allowing for Disposal of a Vehicle
7) R18, Resolution Authorizing Disposal (Transfer to Handler) of Police Department Property (K-9)

DRAFT

8) R19, Resolution Authorizing Budget Adjustments to the State Grants Fund (252) and the Federal Grants Fund (259)
9) R20, Resolution Authorizing the Disposal of Office Furniture and Equipment
10) D15, Appointment of Anand Iyer to the Public Infrastructure Advisory Board
11) R21, Resolution Authorizing a Budget Adjustment to the Convention and Visitors Bureau Fund (225)

Deb Dapson moved to approve consent calendar. Seconded by Karissa Culbreath

The motion carried by a vote of 6 FOR and 0 AGAINST.
YES: Deb Dapson, Jeremy Lenentine, Bob Tyler, Paul Wymer, Karissa Culbreath, Nicole List
NO: None

Boards/Commissions/Committee Reports

Public Hearings

12) R22, Resolution Amending the Impact Fee Capital Improvement Plan (IFCIP) Per the Impact Fee Capital Improvement Policy

Matt Geisel, City Manager presented this item. The Infrastructure Capital Improvement Plan (ICIP) is created to present projections on infrastructure needs of the City and to prioritize projects and funding. The projects are the Idalia Rd. NE which is a minor arterial that diagonally bisects Rio Rancho from Southern Blvd. SW to NM 528 NE and provides "east/west" connectivity through the City with connections to the major north/south corridors. The system level improvement for the expansion of Idalia from Northern Blvd. NE to Iris Rd. NE is identified in the Idalia Road Corridor Study. Idalia Rd. reconstruction from Iris Rd to NM 528 was completed in the fall of 2016. This expansion will continue the access management from the previous Idalia Rd. project and to accommodate future traffic demands, improve safety, provide multi-modal travel options, and correct physical deficiencies. Along with the road expansion, improvements of water and sewer infrastructure are necessary to accommodate new development along Idalia Rd. and the second project is Sierra Norte II Park is located off of Pine Rd. NE, in between Sierra Norte Units 1 and 2. It is approximately 7.17 acres in size, but is still largely undeveloped. The system level improvement for the expansion of Sierra Norte II Park is necessary to accommodate new development and incoming residents to the area. The Capital Improvement Plan Citizens Advisory Committee reviewed this Resolution on January 27, 2025 and recommended approval.

Karissa Culbreath moved to approve R22. Seconded by Nicole List

The motion carried by a vote of 6 FOR and 0 AGAINST.
YES: Deb Dapson, Jeremy Lenentine, Bob Tyler, Paul Wymer, Karissa Culbreath, Nicole List

DRAFT

NO: None

13) O4, Ordinance Amending the Zoning Classification and Official Zoning Map for the Property Legally Described as Rio Rancho Estates Unit 13, Block 77, Lots 39 and 40, From R-4: Single-Family Residential to C-1: Retail Commercial; Identifying Conditions of Development, Providing for Severability and an Effective Date

Mr. Geisel stated the applicant, is requesting approval of a Zone Map Amendment physically located at 1724 and 1732 Inca Rd NE. The subject property totals approximately 2 acres and is zoned R-4: Single-Family Residential. The request is to change the zoning from R-4: Single-Family Residential, to C-1: Retail Commercial. The Planning and Zoning Board reviewed this item at their January 28, 2025 and recommended approval.

Deb Dapson moved to approve O4. Seconded by Paul Wymer

The motion carried by a vote of 6 FOR and 0 AGAINST.
YES: Deb Dapson, Jeremy Lenentine, Bob Tyler, Paul Wymer, Karissa Culbreath, Nicole List
NO: None

Second Reading of Ordinances

14) O3, Ordinance Amending Chapter 96 Use of Public Right-of-Way

Mr. Geisel explained this is the second reading amending Chapter 96 Use of Public Right-of-Way. There have been new franchise agreements that necessitate the use of public right-of-way by internet providers to put in new fiber line infrastructure in the public utility easements. While evaluating these new agreements, staff reviewed Municipal Code Chapter 96. As the right-of way permits are being processed and inspected, it is important to account for the large volume of staff time that is needed to regulate, review, inspect and ensure proper adherence to City standards. Increased fees for cost recovery purposes, and increased clarity on procedures. The proposed ordinance would have an effective date of July 1, 2025.

Paul Wymer moved to approve O3. Seconded by Nicole List

The motion carried by a vote of 6 FOR and 0 AGAINST.
YES: Deb Dapson, Jeremy Lenentine, Bob Tyler, Paul Wymer, Karissa Culbreath, Nicole List
NO: None

First Reading of Ordinances

15) O5, Ordinance Amending Chapter 37.02 Lodger's Tax

DRAFT

Peter Wells, Deputy City Manager presented this item. This is the first reading proposing an amendment to Chapter 37.02, Lodgers Tax. The ordinance necessitated after the recent approval to allow for short-term rentals in July. Changes to Chapter 37.02, Lodger's Tax are recommended to include and account for short-term rental units as taxable premises on which an occupancy tax may be collected. If the Ordinance is adopted, the City will collect occupancy tax on stays in permitted short-term rental units. Based on the number and frequency of short-term rental stays at the time the regulations were adopted, it is estimated that the collection of occupancy/lodger's tax on short-term rental stays will generate $150,000 in revenue annually. Under State statute, half of this revenue is required to be spent on publicizing and promoting tourist-related facilities and attractions and tourist-related events. The remaining revenue can be used for administration, including salaries and capital expenditures. However, all lodger's tax proceeds are required to be used within two years of the close of the fiscal year. Again, the effective date of the Ordinance is July 1, 2025, to coincide with the implementation of the short-term rental regulations.

Karissa Culbreath moved to approve O5. Seconded by Paul Wymer

The motion carried by a vote of 6 FOR and 0 AGAINST.
YES: Deb Dapson, Jeremy Lenentine, Bob Tyler, Paul Wymer, Karissa Culbreath, Nicole List
NO: None

Discussion and Deliberation

16) D16, Advice and Consent of the Governing Body to Award a Contract to US Digital Designs

Fire Chief DeFilippo presented this item. The G2 Fire Alerting System provided by US Digital Designs will replace a system currently in use that is used to alert and dispatch fire and rescue personnel to emergency response calls. The replacement system will provide enhancements related to dispatching staff across the City to varying calls for service with backup protocols established. In addition, the replacement system will isolate and notify necessary staff for call response needs, which will eliminate potential redundancy and confusion. Funding for this contract (one-time setup and installation), $545,000, was included in Mid-Year 2025 Budget approved by the Governing Body. The contract was secured utilizing a Cooperative Agreement procurement.

Paul Wymer moved to approve D16. Seconded by Deb Dapson

The motion carried by a vote of 6 FOR and 0 AGAINST.
YES: Deb Dapson, Jeremy Lenentine, Bob Tyler, Paul Wymer, Karissa Culbreath, Nicole List
NO: None

17) R23, Resolution to Write-Off and Remove Uncollectible Ambulance, Utilities, Parks

DRAFT

and Recreation, Alarm, and Library Accounts from the City's Accounts Receivable

Carol Jaramillo, Director of Financial Services presented this item. The proposed Resolution will allow for the write-off and removal of $429,220.62 in uncollectible ambulance, utilities, parks and recreation, alarm, and library accounts from the City's financial records. Accounts proposed to be written off are four years old, or in some cases, older. The proposed Resolution will remove uncollectible accounts from the City's financial books and records to more accurately reflect its financial condition.

Paul Wymer moved to approve R23. Seconded by Deb Dapson

The motion carried by a vote of 6 FOR and 0 AGAINST.
YES: Deb Dapson, Jeremy Lenentine, Bob Tyler, Paul Wymer, Karissa Culbreath, Nicole List
NO: None

City Manager

Mr. Geisel welcomed the Boy and Girl Scouts for attending the meeting today.

Adjournment

6:58 p.m.

APPROVED THIS MARCH 13, 2025

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel Davis, City Clerk
(SEAL)

DRAFT

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: R24

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Fire and Rescue

SUBJECT:
R24, Resolution Authorizing the Donation of a Vehicle to La Clinica Del Pueblo De Rio Arriba EMS/Ambulance Special Hospital District Board

BACKGROUND AND ANALYSIS:
The Rio Rancho Fire and Rescue Department owns a 2003 Ford Expedition that was originally used to respond to emergency calls as a Battalion Chief unit and then used as an administrative vehicle for the training division.

The vehicle is due for disposal as it has been replaced with a newer unit; however, La Clinica Del Pueblo De Rio Arriba EMS/Ambulance Special Hospital District Board has inquired about the possibility of acquiring an SUV. A donation from one governmental entity to another governmental entity is permissible per State Statute.

The Rio Rancho Fire and Rescue Department would like to donate the vehicle since it has fully depreciated as a City asset.

The disposal of personal property is governed by Section 3-54-2 (option A) NMSA 1978 requiring Governing Body approval for property that does not exceed $2,500, and (option D), which addresses government to government transactions, including donations.

IMPACT:
The vehicle proposed for donation has been replaced. Another governmental entity can benefit from the donation.

ALTERNATIVES:
Approve the Resolution.

Do not approve the Resolution.

DEPARTMENT RECOMMENDATION:
Staff recommends the approval of the Resolution.

ATTACHMENT: Resolution_R24
ATTACHMENT: Letter to Rio Rancho Fire Department

CITY OF RIO RANCHO
RESOLUTION

RESOLUTION NO. **ENACTMENT NO.**

RESOLUTION AUTHORIZING THE DONATION OF A VEHICLE TO THE LA CLINICA DEL PUEBLO DE RIO ARRIBA EMS/AMBULANCE SPECIAL HOSPITAL DISTRICT BOARD

WHEREAS: the Rio Rancho Fire and Rescue Department owns a 2003 Ford Expedition that has been replaced and is no longer being utilized; and

WHEREAS: the Rio Rancho Fire and Rescue Department desires to donate the vehicle to the La Clinica Del Pueblo De Rio Arriba Ems/Ambulance Special Hospital District Board; and

WHEREAS: the disposal of personal property is governed by Section 3-54-2, NMSA 1978 (A) requiring Governing Body approval for property that does not exceed $2,500, and option (D) which addresses government to Government transactions, including donations.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF RIO RANCHO:

That authorization is given to allow the donation of a 2003 Ford Expedition (VIN # FMPU16535LA38612) from the City of Rio Rancho to La Clinica Del Pueblo de Rio Arriba.

ADOPTED THIS _____DAY OF _____, 2025.

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel C. Davis, City Clerk
(SEAL)

La Clinica del Pueblo de Rio Arriba

EMS/Ambulance Special Hospital District

January 27, 2025

Rio Rancho Fire/Rescue
1526 Stephanie Rd SE
Rio Rancho, NM 87124

Dear Chief Defillippo;

I hope this letter finds you well. On behalf of the LCDPRA EMS/Ambulance Board, I am reaching out with a request that we believe will positively impact our community's emergency medical services and enhance our ability to respond effectively to medical emergencies.

As you know, LCDP EMS service is committed to providing high-quality, timely, and life-saving care in Northern Rio Arriba County, covering around 1000 Sq. miles. As part of our efforts to improve and expand the resources available to our crews, we are currently exploring ways to bolster our vehicle fleet, ensuring we can continue to meet the growing demands of our community's emergency medical needs.

We would like to formally request your consideration of such a donation. We believe this command vehicle could be a vital addition to our fleet, enabling us to better serve the public and ensure that we have the necessary equipment for emergency situations. The vehicle would be put to immediate and effective use, directly contributing to the safety and well-being of our residents.

We are aware of the challenges departments face in maintaining their vehicle fleets, and we are truly grateful for your continued service to the community.

Thank you for considering our request, and for all that you and your crews do for the City of Rio Rancho. We look forward to the possibility of collaborating with you to continue delivering excep-tional emergency services.

Warm regards,

David M. Martinez
David M. Martinez (Jan 29, 2025 19:51 MST)

David M. Martinez, Chairman
LCDPRA EMS/Ambulance Special Hospital District Board
505-506-8886

RR Letter

Final Audit Report 2025-01-30

Created:	2025-01-28
By:	Guadalupe Mercure (GMercure@lcdpra-shd.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAA5jKplKwK3NDIASnCv342R91_rpjn8KKc

"RR Letter" History

Document created by Guadalupe Mercure (GMercure@lcdpra-shd.org)
2025-01-28 - 3:39:10 PM GMT

Document emailed to David M. Martinez (dmartinez@noraelectric.org) for signature
2025-01-28 - 3:39:14 PM GMT

Email viewed by David M. Martinez (dmartinez@noraelectric.org)
2025-01-30 - 2:50:43 AM GMT

Document e-signed by David M. Martinez (dmartinez@noraelectric.org)
Signature Date: 2025-01-30 - 2:51:22 AM GMT - Time Source: server

Agreement completed.
2025-01-30 - 2:51:22 AM GMT

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: R25

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Police Department

SUBJECT:
R25, Resolution Authorizing a Budget Adjustment to the General Fund (101)

BACKGROUND AND ANALYSIS:
The Police Department purchased radio equipment in January 2025 at a cost of less than $5,000 per unit for an approximate total cost of $24,400.

The funding for these radios was originally approved by the Governing Body, but was expected to be capital expenditures of more than $5,000 per unit.

A budget adjustment is necessary to properly classify the expenditures.

IMPACT:
No financial impact; administrative correction.

ALTERNATIVES:
Approve the Resolution.

Do not approve the Resolution.

DEPARTMENT RECOMMENDATION:
Staff recommends approval of the Resolution.

ATTACHMENT: Resolution_R25

CITY OF RIO RANCHO
RESOLUTION

RESOLUTION NO. **ENACTMENT NO.**

RESOLUTION AUTHORIZING A BUDGET ADJUSTMENT TO THE GENERAL FUND (101)

WHEREAS: the Fiscal Year 2025 Budget included $24,400 for law enforcement radio equipment in the capital account for major equipment more than $5,000; and

WHEREAS: the Police Department purchased radio equipment in January 2025 at a cost of less than $5,000 per unit; and

WHEREAS: a budget adjustment is necessary to properly classify the expenditures.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF RIO RANCHO:

That authorization is given for the following budget adjustment:

General Fund (101)

Account	Project No.	Revised Budget	Increase	Decrease	Adjusted Budget
101-6025-424.60-70 Minor Equipment	No Project	$281,209	$24,400		$305,609
101-6025-424.70-25 Major Equipment	No Project	$240,800		$24,400	$216,400
Total		$522,009	$24,400	$24,400	$522,009

ADOPTED THIS _____DAY OF _____, 2025.

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel C. Davis, City Clerk
(SEAL)

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: R26

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Financial Services

SUBJECT:
R26, Resolution Authorizing a Budget Adjustment to the State Appropriations Capital Fund (315)

BACKGROUND AND ANALYSIS:
The Governing Body adopted Resolution 84, Enactment 24-083 accepting a grant award from the New Mexico Legislature for the Government Results and Opportunity Fund (GRO Fund) to purchase public safety equipment and vehicles in the amount of $320,000.

A budget adjustment is necessary to move funds between accounts to properly classify expenditures for a police vehicle ($30,000) as a capital asset.

IMPACT:
There is no impact to the General Fund.

Funds will be transferred between accounts in the State Appropriations Capital Fund (315).

ALTERNATIVES:
Approve the Resolution.

Do not approve the Resolution.

DEPARTMENT RECOMMENDATION:
Staff recommends approval of the Resolution.

ATTACHMENT: Resolution_R26

CITY OF RIO RANCHO
RESOLUTION

RESOLUTION NO. **ENACTMENT NO.**

RESOLUTION AUTHORIZING A BUDGET ADJUSTMENT TO THE STATE APPORPRIATIONS CAPITAL FUND (315)

WHEREAS: the City has entered into an agreement with the Mid-Region Council of Government (MRCOG) to manage and implement the Government Results and Opportunity Fund (GRO Fund) projects for fire/rescue and police equipment and vehicles; and

WHEREAS: a budget adjustment is necessary to properly classify expenditures.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF RIO RANCHO:

That authorization is given for the following budget adjustment:

State Appropriations Capital Fund (315)

Account	Project No.	Revised Budget	Increase	Decrease	Adjusted Budget
315-0000-416.60-70 Minor Equipment	PS2564	$95,793		$30,000	$65,793
315-0000-416.70-15 Vehicles and Equipment	PS2564	$1,971,648	$30,000		$2,001,648
Total Uses		$2,067,441	$30,000	$30,000	$2,067,441

ADOPTED THIS _____DAY OF _____, 2025.

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel C. Davis, City Clerk
(SEAL)

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: O5

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Administration

SUBJECT:
O5, Ordinance Amending Chapter 37.02 Lodger's Tax

BACKGROUND AND ANALYSIS:
Second reading of an Ordinance. Two readings with approval required for adoption. The Governing Body approved the first reading at its February 27, 2025 meeting.

On October 10, 2024, the Governing Body of the City of Rio Rancho adopted Ordinance No. O22, establishing Chapter 123, Regulations for Short-Term Rentals, which was subsequently amended via Ordinance No. 01 on February 13, 2025. The regulations establish standards and procedures for the issuance of a permit to operate Short-Term Rental Units within the City. The regulations further enable the City to collect a five percent (5%) occupancy or lodger's tax on short-term rental stays.

Consequently, corresponding changes to Chapter 37.02, Lodger's Tax are recommended to include and account for short-term rental units as taxable premises on which an occupancy tax may be collected. These amendments include:

- expanding the meaning of "lodgings" in §37.02(B);
- adding "short-term rental unit" to the definition of "Taxable Premises" in §37.02(C); and
- exempting short-term rental operators from the requirement to obtain a vendor license in §37.02(E), as the requirements to obtain a short-term rental permit under Chapter 123 are inclusive of and more extensive than the requirements to obtain a vendor license.

Additional updates to the Lodger's Tax Section are recommended to more closely conform to the language of the Lodger's Tax Act NMSA §§ 3-38-13 50 3-38-25. These amendments include:

- updating the permissible penalty for failure to properly remit occupancy tax to the City at §37.02(I)(1);
- requiring the City Clerk or Treasurer to furnish property owners with a certificate showing lien amounts upon request at §37.02(I)(4); and
- eliminating duplicative provisions describing the appointment and responsibilities of the lodger's tax board that are described in §33.25.

The effective date of the Ordinance is July 1, 2025, to coincide with the implementation of the short-term rental regulations.

IMPACT:

If the Ordinance is adopted, the City will collect occupancy tax on stays in permitted short-term rental units.

Based on the number and frequency of short-term rental stays at the time the regulations were adopted, it is estimated that the collection of occupancy/lodgers tax on short-term rental stays will generate $150,000 in revenue annually. Under State statute, half of this revenue is required to be spent on publicizing and promoting tourist-related facilities and attractions and tourist-related events. The remaining revenue can be used for administration, including salaries and capital expenditures. However, all lodger's tax proceeds are required to be used within two years of the close of the fiscal year.

ALTERNATIVES:

Approve to the Ordinance.

Do not approve the Ordinance.

DEPARTMENT RECOMMENDATION:

Staff recommends approval of the Ordinance as presented

ATTACHMENT: Ordinance_O5

CITY OF RIO RANCHO
ORDINANCE

ORDINANCE NO. **ENACTMENT NO.**

ORDINANCE AMENDING CHAPTER 37.02 LODGER'S TAX

WHEREAS: the City of Rio Rancho collects a 5% lodger's tax on hotel lodging receipts, which is used to fund the advertising, publicizing and promoting of tourist-related attractions, facilities and events of the City; and

WHEREAS: on October 10, 2024, the Governing Body of the City of Rio Rancho adopted Ordinance No. O22, establishing Chapter 123, Regulations for Short-Term Rentals, which was subsequently amended via Ordinance No. 01 on February 13, 2025; and

WHEREAS: these regulations enable the City to collect Lodger's Tax on short-term rental stays to aid in administration and enforcement; and

WHEREAS: changes to the Lodger's Tax Section are necessary to include and account for Short-Term rental units as taxable premises.

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

Section 1. Chapter 37.02 LODGER'S TAX, is hereby amended as follows (underline new text and strikethrough deleted text):

37.02 LODGER'S TAX.

(A) This section shall be known as and may be cited as the "Lodger's Tax Section." ('87 Code, § 7-8-1)

(B) The purpose of this section is to impose a tax which will be borne by persons using ~~commercial~~ lodging<u>s</u> ~~accommodations~~, which tax will provide revenues for the purpose of advertising, publicizing and promoting facilities authorized in division (M) of this section, tourist attractions, and acquisition, construction and maintenance of tourist attractions and recreational facilities. ~~('87 Code, § 7-8-2)~~

(C) For the purpose of this section, the following definitions shall apply unless the context clearly indicates or requires a different meaning:

~~**BOARD.** The Advisory Board established herein to make recommendations to the governing body, keep complete minutes of its proceedings, and submit its recommendations, correspondence and other pertinent documents to the governing body.~~

GROSS TAXABLE RENT. The total amount of rent paid for lodging, not including the state gross receipts tax or local sales tax.

LODGING. The transaction of furnishing rooms or other accommodations by a vendor to a vendee who, for a rent, uses, possesses or has the right to use or possess any room or rooms or the units of accommodations in or at a taxable premises.

LODGINGS. The rooms or other accommodations furnished by a vendor to a vendee by a taxable service of lodgings.

OCCUPANCY TAX. The tax on lodging authorized by this section.

PERSON. A corporation, firm, other body corporate, partnership, association or individual, includes an executor, administrator, trustee, receiver or other representative appointed according to law and acting in a representative capacity, but does not include the United States of America, the state, any corporation, department, instrumentality or agency of the federal government, or any political subdivision of the state.

RENT. The consideration received by a vendor in money, credits, property or other consideration valued in money for lodgings subject to an occupancy tax authorized herein.

TAXABLE PREMISES. A hotel, motel, short-term rental unit or other premises used for lodging that is not the vendee's household or primary residence.

TEMPORARY LODGING. Lodgings for the purpose of housing a vendee within proximity of the vendee's employment or job location.

TOURIST. A person who travels for the purpose of business, pleasure or culture to a municipality or county imposing an occupancy tax.

TOURIST-RELATED EVENTS. Events that are planned for, promoted to and attended by tourists.

TOURIST-RELATED FACILITIES AND ATTACTIONS. Facilities and attractions that are intended to be used by or visited by tourists.

TOURIST-RELATED TRANSPORTATION SYSTEMS. Systems that provide transportation for tourists to and from tourist-related facilities and attractions and tourist-related events.

TREASURER. The Treasurer of the city or their designee.

VENDEE. A natural person to whom lodgings are furnished in the exercise of the taxable service of lodging.

VENDOR. A person furnishing lodgings in the exercise of the taxable service of lodging.

~~('87 Code, § 7-8-3)~~

(D) There is hereby imposed an occupancy tax of revenues of five percent (5%) of gross taxable rent for lodging within the municipality paid to vendors. ~~('87 Code, § 7-8-4)~~

(E) (1) No vendor shall engage in the business of providing lodging in the city who has not first obtained a license as provided in this section. Short-term Rental Operators with a valid permit for the premises offered for rent, as described in Chapter 123, shall be exempt from the vendor license requirements

(2) Applicants for a vendor's license shall submit an application to the Treasurer stating:

(a) The name of the vendor including identification of any person, as defined in this section, who owns or operates or both owns and operates a place of lodging, the name or trade names under which vendor proposes to do business, and the post office address thereof;

(b) A description of the facilities, including the number of rooms and the usual schedule of rates therefor;

(c) A description of other facilities provided by vendor or others to users of the lodgings such as restaurant, bar, cleaning, laundry, courtesy car, stenographic, tailor or others, and a statement identifying the license issued, to whom issued, the authority issuing, and the period for which issued and if applicable, also the identification number provided by the Bureau of Revenue of the state;

(d) The nature of the business practices of the vendor and to what extent, if any, ~~his~~ that business is exempt from the lodger's tax; and

(e) Other information reasonably necessary to effect a determination of eligibility for the license.

(3) The Treasurer shall review applications for a license within ten (10) days of receipt thereof and grant the license in due course if the applicant is doing business subject to the lodger's tax.

(4) If the Treasurer finds the applicant not exempt under the terms of this section, the Treasurer shall, not more than ten (10) days after receipt of the application, advise the applicant of the decision and give the reasons therefor.

(5) An applicant who is dissatisfied with the decision of the Treasurer may appeal the decision to the governing body by written notice of appeal to the City Clerk within fifteen (15) days of the date of the decision of the Treasurer on the application. The matter shall be referred to the governing body for hearing at a regular or special meeting in the usual course of business. The City Clerk shall notify the appellant of the hearing at least ten (10) days prior to the meeting of the governing body, by certified mail, return receipt requested, and advertise notice of the meeting at least ten (10) days prior to the meeting of the governing body. The decision of the governing body made thereof shall be expressed in writing and be communicated in the same manner as the decision of the Treasurer is transmitted. The action of the governing body shall be deemed final.

(6) If the governing body finds for the applicant, the Treasurer shall issue the appropriate license or other notice conforming to the decision made by the governing body.

~~('87 Code, § 7-8-5)~~

(F) The occupancy tax shall not apply:

(1) If a vendee:

(a) Has been a permanent resident of the taxable premises for a period of at least thirty (30) consecutive days, unless those premises are temporary lodging; or

(b) Enters into or has entered into a written agreement for lodgings at the taxable premises for a period of at least thirty (30) consecutive days unless those premises are temporary lodging;

(2) If the rent paid by a vendee is less than two dollars ($2.00) a day;

(3) To lodging accommodations at institutions of the federal government, the state or any political subdivision thereof;

(4)To lodging accommodations at religious, charitable, educational or philanthropic institutions, including ~~without limitation~~ the accommodations at summer camps operated by ~~the~~ such institutions;

(5) To clinics, hospitals or other medical facilities; or

(6) To privately-owned or operated convalescent homes, or homes for the aged, infirm, indigent or chronically ill; or

~~('87 Code, § 7-8-6)~~

(G) (1) Every vendor providing lodgings shall collect the tax thereon on behalf of the city and shall act as a trustee therefor.

(2) The tax shall be collected from vendees in accordance with this section and shall be charged separately from the rent fixed by the vendor for the lodgings.

(3) Each vendor ~~licensed~~ under this section shall be liable to the city for the tax provided herein on the rent paid for lodging at his respective place of business.

(4) Each vendor shall make a report by the twenty-fifth (25th) day of each month, on forms provided by the Treasurer, of the receipts for lodging in the preceding calendar month, and shall remit the proceeds of the lodger's tax to the city and include sufficient information to enable the city to audit the report and shall be verified on an oath by the vendor.

~~('87 Code, § 7-8-7)~~

(H) Vendor shall maintain adequate records of facilities subject to the tax and of proceeds received for the use thereof. The records shall be maintained in the city, and shall be open to the inspection of the city during reasonable hours and shall be retained for three years. ~~('87 Code, § 7-8-8)~~

(I) (1) ~~If vendor makes a return as required by this section without paying the tax then due, he shall be liable for the tax and a penalty equal to 10% thereof, but not less than $10 penalty in addition to the tax, without notice from the city with regard thereto. Any penalty so assessed shall be added to the principal amount of tax due; the principal amount of tax due shall then accrue interest at the rate of 1% per month. This represents an annual percentage rate of 12%. Interest shall be assessed 15days after receipt of the return, and shall be computed from the date of receipt. The Treasurer will give the delinquent vendor written notice of the estimated tax, penalty and interest, which notice shall be mailed to the vendor's local address.~~ The vendor is liable for the payment of the proceeds of any occupancy tax that the vendor failed to remit to the city due to the vendor's failure to collect the tax or make a return or otherwise. A civil penalty shall be due in an amount equal to the greater of ten percent (10%) of the amount that was not duly remitted to the city or one hundred dollars ($100.00). The Treasurer will give the delinquent vendor written notice of the estimated tax, penalty and interest, which notice shall be mailed to the vendor's local address.

(2) If any vendor neglects or refuses to make a return and pay the tax as required by this section, the Treasurer ~~or designee~~ shall make an estimate based upon an examination of the vendor's books and records, or upon any information in its possession, or that may come into its possession, of the amount of the rent of the delinquent vendor, for the period with respect to which vendor has failed to make return, and upon the basis of the estimated amount shall compute and assess the tax payable by the delinquent vendor.~~, adding to the sum thus arrived at the penalty equal to 10% thereof, but not less than $10.~~

(3) If payments are not received within fifteen (15) days of the mailing of the notice, the Treasurer may bring an action in law or equity in ~~a~~ district court ~~of law~~ for the collection of any amounts due, including without limitation, penalties thereon, interest on the unpaid

principal balance at the rate of one percent (1%) per month, the cost of collections and reasonable attorneys' fee incurred in connection therewith. ~~This represents an annual percentage rate of 12%. If the city attempts collection through an attorney or the City Attorney for any purpose with regard to this section, the vendor shall be liable to the city for all costs, fees paid to the attorney or City Attorney, and all other expenses incurred in connection therewith. Any sums so paid to an attorney or the City Attorney, and all costs and other expenses, shall accrue interest at the same rate, and in the same manner, as interest assessed on the tax-plus-penalty, and the vendor shall be liable to the city therefor. Interest shall be computed from the date of payment to the attorney or City Attorney.~~

(4) The amount of any unpaid balance, plus penalties and interest as stated above, shall constitute a lien on the subject property which, at the city's option, may be foreclosed pursuant to NMSA § 3-36-6. The City Clerk or Treasurer shall furnish to any person applying for such a certificate, a certificate showing the amount of all liens in the city records against any vendor pursuant to NMSA § 3-38-1.

(5) Under process or order of court, no person shall sell property of a vendor without first ascertaining from the ~~City~~ Treasurer the amount of any occupancy tax due the ~~municipality~~ city. Subject to the United States Bankruptcy Code, any occupancy tax due the municipality shall be paid from the proceeds of the sale before payment is made to any judgment creditor or any other person with a claim on the proceeds of the sale.

~~('87 Code, § 7-8-9)~~

(J) If ~~any person~~ a vendor believes ~~he~~ the vendor has made payment of any lodger's tax in excess of that for which ~~he~~ the vendor was liable, ~~he~~ the vendor may claim a refund thereof by directing to the Treasurer, no later than ninety (90) days from the date payment was made, a written claim for refund. Every claim for refund shall state the nature of the ~~person's~~ vendor's complaint and the affirmative relief requested. The Treasurer shall allow the claim in whole or in part or may deny it. Refunds of tax and interest erroneously paid and amounting to one hundred dollars ($100) or more may be made only with the approval of the governing body. ~~('87 Code, § 7-8-10)~~

(K) The audit of vendors shall be conducted in accordance with NMSA § 3-38-17.1

~~('87 Code, § 7-8-11)~~

(L) It is unlawful for any employee of the city to reveal to any individual other than another employee of the city any information contained in the return or audit of any taxpayer, except to a court of competent jurisdiction in response to an order thereof in an action relating to taxes to which the city is a party, and in which the information sought is material to the inquiry; to the taxpayer himself or to his authorized representative; and in a manner, for statistical purposes, the information revealed is not identified as applicable to any individual taxpayer. ~~('87 Code, § 7-8-12)~~

(M) ~~The governing body shall administer the lodger's tax monies collected. The Mayor shall appoint a five-member advisory board, with approval of the City Council, that consists of two members who are owners or operators of lodgings subject to the occupancy tax with the city, two members who are owners or operators of industries located within the city that primarily provide services or products to tourists and one member who is a resident of the city and represents the general public. The Board shall advise the governing body on expenditure of funds authorized hereunder for advertising, publicizing and promoting tourist attractions and facilities in the city or surrounding area.~~ A lodger's tax advisory board shall be appointed and shall have such duties and responsibilities as provided in Section 33.25 of the Code. ~~('87 Code, § 7-8-13)~~

(N) The governing body shall administer the lodger's tax monies collected~~. Tax proceeds will be used~~ in accordance with relevant statutes to include NMSA §§ 3-38-15 and 3-38-21. ~~('87 Code, § 7-8-14)~~

(O) Any person violating this chapter shall be subject to the penalty described in Section 10.99 of the Code.

~~Penalty, see § 10.99~~

Section 2. Severability Clause. If any section, paragraph, clause, or provision of this Ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder shall for any reason be held to be invalid, unlawful, or enforceable, the invalidity, illegality, or unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the remaining portions of this Ordinance or the regulation so challenged.

Section 3. Compiling Clause. This Ordinance shall be incorporated in and compiled as part of the Revised Ordinances of the City of Rio Rancho, (R.O. 2003).

Section 4. Effective Date. This Ordinance shall become effective July 1, 2025.

ADOPTED THIS _____DAY OF _____, 2025.

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel C. Davis City Clerk
(SEAL)

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: O6

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Financial Services

SUBJECT:
O6,Ordinance Authorizing the Issuance and Sale of the City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025 in an Aggregate Principal Amount Not to Exceed $32,000,000 (Excluding Premium, if any, Paid in Connection with the Original Purchase of the Bonds) for the Purposes of Paying Costs of (1) the Design, Construction, Acquisition, Installation and Equipping of (a) Road and Street Improvements and Related Utility Infrastructure Within the City, and (b) City Buildings and Public Facilities, (2) the Funding of a Debt Service Reserve Fund, to the Extent Applicable, and (3) Expenses Relating to the Issuance of the Bonds; Approving the Form of and Other Details Concerning the Bonds, Including but not Limited to Covenants and Agreements in Connection with the Bonds; Providing for the Payment of the Principal of, Interest, and Premium, if Any, on the Bonds; Providing that Bonds will be Payable from Certain Gross Receipts Taxes Distributed to the City; Delegating Authority to Certain Authorized Officers of the City to Determine the Final Terms and Related Features of the Bonds Pursuant tot Section 6-14-10.25 NMSA 1978; Ratifying Action Previously Take in Connection Therewith; Repealing All Actions in Conflict Herewith; and Authorizing the Taking of Other Actions in Connection with the Issuance and Sale of the Bonds

BACKGROUND AND ANALYSIS:
First reading of an Ordinance. Two readings with approval required for adoption.

The City has received a commitment of $11,563,200 in Federal Transportation Improvement Program (TIP) funding from the Mid-Region Council of Governments to widen and reconstruct Unser Boulevard from Cherry Road to Paseo del Volcan. In order to complete this project and maintain the commitment of Federal funds, the City must finance the remaining portion of the proposed $32,000,000 project with a combination of cash financing, state grant funding and debt financing. If funding is secured, construction completion is estimated to be March 2027.

In addition, construction of Fire Station 8 on the southeast corner of Veranda Road and Cabezon Boulevard has been determined to be a high priority project for the City due to the volume of calls received in that area by existing stations. State funding paid the design cost ($726,000) with just a small amount remaining for construction. In order to move forward with this priority project to meet the rapidly growing needs of the City, debt financing is required for constructing and equipping the new fire station. If funding is secured, construction completion is estimated to be December 2026.

Any bond proceeds remaining after the above projects have been completed may be used for design costs for a multi-generational or other facility in the City or for servicing the debt.

The Ordinance authorizes the issuance and sale of Gross Receipt Tax Revenue Bonds in the aggregate principal amount not to exceed $32,000,000.

In order to issue revenue bonds, the Governing Body must approve an Ordinance that outlines the parameters of the bonds to be issued. The bonds will be sold at a negotiated sale to an underwriter pursuant to a bond purchase agreement, the final terms of which shall be within the parameters established in the ordinance. The Ordinance delegates authority to the Mayor, City Manager, and City Financial Services Director to execute and deliver the award certificate. Final terms of the award certificate must be within the parameters set forth in the Ordinance including specific principal amounts, interest rates, maturity dates, prices and other features.

The following are the authorized parameters: the bonds will be issues in an aggregate principal amount not to exceed $32,000,000, the net effective interest rate will not exceed 12 percent, and the final maturity of the bonds will be no later than June 1, 2045. The underwriter's discount shall not exceed 1 percent of the aggregate principal amount of the bonds. Repayment of the bonds is secured by a pledge of State Shared Gross Receipts Tax. If approved, the City will issue the bonds at such time as the market is as favorable as possible.

Revenue bonds and the proposed projects were discussed with the Governing Body at the February 2025 work session meeting (see attached presentation).

IMPACT:

Adoption of the Ordinance will enable the City to leverage Federal funding for the widening of Unser Boulevard from Cherry Road to Paseo del Volcan, enable construction of Fire Station 8, and allow for contingency and/or design of a multi-generational or other facility for the benefit of the residents of the City. Debt service will come from the State Shared GRT (General Fund) and has been programmed into the five-year financial plan.

ALTERNATIVES:

Adopt the Ordinance to move forward with the planned capital projects.

Do not adopt the Ordinance, forego the Federal funding, and delay all projects until alternative financing becomes available.

DEPARTMENT RECOMMENDATION:

Staff recommends adoption of the Ordinance.

ATTACHMENT: Ordinance_O6
ATTACHMENT: 2025 Revenue Bond Timeline
ATTACHMENT: Disclosure Responsibilities Memo
ATTACHMENT: Premilinary Official Statement

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF RIO RANCHO, NEW MEXICO GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2025 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $32,000,000 (EXCLUDING PREMIUM , IF ANY, PAID IN CONNECTION WITH THE ORIGINAL PURCHASE OF THE BONDS) FOR THE PURPOSES OF PAYING COSTS OF (1) THE DESIGN, CONSTRUCTION, ACQUISITION, INSTALLATION AND EQUIPPING OF (a) ROAD AND STREET IMPROVEMENTS AND RELATED UTILITY INFRASTRUCTURE WITHIN THE CITY, AND (b) CITY BUILDINGS AND PUBLIC FACILITIES, (2) THE FUNDING OF A DEBT SERVICE RESERVE FUND, TO THE EXTENT APPLICABLE, AND (3) EXPENSES RELATING TO THE ISSUANCE OF THE BONDS; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE BONDS, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION WITH THE BONDS; PROVIDING FOR THE PAYMENT OF PRINCIPAL OF, INTEREST, AND PREMIUM, IF ANY, ON THE BONDS; PROVIDING THAT THE BONDS WILL BE PAYABLE FROM CERTAIN GROSS RECEIPTS TAXES DISTRIBUTED TO THE CITY; DELEGATING AUTHORITY TO CERTAIN AUTHORIZED OFFICERS OF THE CITY TO DETERMINE THE FINAL TERMS AND RELATED FEATURES OF THE BONDS PURSUANT TO SECTION 6-14-10.2 NMSA 1978; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; REPEALING ALL ACTIONS IN CONFLICT HEREWITH; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS.

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

WHEREAS: The City is a legally and regularly created, established, organized and existing municipal corporation under the general laws of the State of New Mexico; and is operating as a home rule City pursuant to Article X, Section 6 of the Constitution of the State and the Charter of the City; and

WHEREAS: Pursuant to City Ordinance No. 7, Enactment No. 13-05 adopted by the Governing Body on April 15, 2013, the City issued its City of Rio Rancho, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2013 (the "2013 Bonds") in an original aggregate principal amount of $13,420,000, payable from and constituting a first lien on the Pledged Revenues, of which $1,535,000 in principal remains outstanding; and

WHEREAS: Pursuant to City Ordinance No. 18, Enactment No. 17-20 adopted by the Governing Body on August 23, 2017, the City executed and delivered a New Mexico Finance Authority Loan Agreement (3765-PP) in the original aggregate principal amount of $3,370,000 (the "2017 NMFA Loan"), payable from and constituting a first lien on the Pledged Revenues, of which $1,305,000 in principal remains outstanding); and

WHEREAS: Pursuant to City Ordinance No. 35, Enactment No. 20-32 adopted by the Governing Body on October 22, 2020, the City issued its City of Rio Rancho, New Mexico Subordinate Lien Gross Receipts Tax Refunding Revenue Bonds, Series 2021 (the "2021 Bonds") in an original aggregate principal amount of $21,000,000, payable from and constituting a subordinate lien on the Pledged Revenues, of which $14,245,000 in principal remains outstanding;

WHEREAS: Except for the 2013 Bonds, the 2017 NMFA Loan and the 2021 Bonds, the Pledged Revenues are not pledged to the payment of any bonds or other obligations which are presently outstanding; and

WHEREAS: The Governing Body hereby determines that there is a need for the Project as herein defined, and that the Bonds shall be issued for the Project; and

WHEREAS: The City expects to receive an offer to purchase the Bonds from an underwriter or underwriting group (collectively, the "Underwriter") pursuant to the Bond Purchase Agreement as herein defined; and

WHEREAS: The City Governing Body has determined and hereby determines that it is in the best interests of the City and its residents that the Bonds be issued with a first lien, but not an exclusive first lien, on the Pledged Revenues on a parity with the lien thereon of Parity Bonds; and

WHEREAS, The Governing Body has determined and hereby determines that, if determined pursuant to the Pricing Certificate to be advisable and in the best interest of the City and its citizens, a Bond Insurance Policy shall be acquired from the Bond Insurer to enhance the marketability of the Bonds, thereby resulting in lower net debt service payments on the Bonds; and

WHEREAS, The Governing Body has determined and hereby determines that, if determined pursuant to the Pricing Certificate to be advisable and in the best interest of the City and its citizens, a Reserve Fund Insurance Policy shall be acquired from the Reserve Fund Insurer in lieu of a deposit of proceeds of the Bonds or other legally available funds to the Reserve Fund, as herein defined; and

WHEREAS, A proposed form of Preliminary Official Statement has been provided to the Governing Body for its review and comment, which the Governing Body intends to approve and authorize for distribution to the Underwriter and potential investors, and to authorize the preparation and delivery of the Official Statement following the pricing of the Bonds; and

WHEREAS: the Governing Body has determined and hereby determines that it is in the best interests of the City and its residents that the Bonds be issued with a first lien, but not an exclusive first lien, on the Pledged Revenues on a parity with the lien thereon of Parity Bonds; and

WHEREAS: The City anticipates that it will receive federal funding in the amount of up to approximately $11,500,000 in reimbursement for eligible costs of the Project ("Federal Reimbursements"), and will utilize Federal Reimbursements to redeem Bonds, and that consequently, the Bonds should include provisions for extraordinary early redemption to enable the use of Federal Reimbursements to redeem outstanding Bonds; and

WHEREAS: there has been on deposit with the City Clerk and presented to the Governing Body:

(A) the proposed form of Bond Ordinance; and

(B) the proposed form of Continuing Disclosure Undertaking; and

WHEREAS: the Governing Body has determined that it is in the best interests of the City to authorize the issuance of the Bonds pursuant to this Bond Ordinance.

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

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

"Acquisition Fund" means the "City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025 Acquisition Fund" established in Section 16 of this Bond Ordinance.

"Bond Insurance Policy" means any policy of insurance, surety bond, letter of credit or other financial instrument issued to the City by an Insurer, insuring the timely payment of principal of and interest on the Bonds as the same become due.

"Bond Ordinance" or "Ordinance" means Ordinance No.6 Enactment No. ____, adopted by the Governing Bond on March 27, 2025.

"Bond Purchase Agreement" means the bond purchase agreement to be entered into between the City and the Underwriter.

"Bondholder," "holder," "owner" or "Owner" means the registered owner of any Bond as shown on the registration books of the City for the Bonds, from time to time, maintained by the Registrar. Any reference to a majority or a particular percentage or proportion of the Bondholders shall mean the Holders at the particular time of a majority or of the specified percentage or proportion in aggregate principal amount of all Bonds then outstanding.

"Bonds" means the "City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025" authorized by this Bond Ordinance.

"Business Day" means a day on which commercial banks in the city in which the principal office of the Paying Agent and Registrar is located are open for conduct of substantially all of their business operations.

"Charter" means the home rule charter of the City, as amended and supplemented.

"City" means the City of Rio Rancho, in the County of Sandoval and State of New Mexico.

"Continuing Disclosure Undertaking" means the continuing disclosure agreement with respect to the Bonds to be executed on the day of issuance and delivery of the Bonds to the Underwriter, and approved pursuant to this Bond Ordinance.

"Costs of Issuance Account" means the "City of Rio Rancho Gross Receipts Tax Improvement Revenue Bonds, Series 2025, Costs of Issuance Account" established in Section 16 of this Ordinance.

"Debt Service Fund" means the "City of Rio Rancho Gross Receipts Tax Improvement Revenue Bonds, Series 2025, Debt Service Fund" established in Section 16 of this Ordinance.

"Depository" means The Depository Trust Company, New York, New York, or such other securities depository as may be designated by an officer of the City.

"Event of Default" means any of the events stated in Section 25 of this Bond Ordinance.

"Expenses" means the reasonable and necessary fees, costs and expenses incurred by the City with respect to the issuance of the Bonds, including the fees, compensation, costs and expenses paid or to be paid to the Paying Agent, Registrar and municipal advisor, escrow verification fees, escrow agent fees, bond and disclosure counsel fees, and other legal and accounting fees and expenses.

"Federal Reimbursements" means moneys received by the City from the United States of America as reimbursement for eligible costs of the Project.

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

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

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

"Hold Harmless Distribution" means the distribution to the City made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the gross receipts tax revenues received pursuant to Section 7-1-6.4 NMSA 1978, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year beginning on July 1, 2015 until the distribution is eliminated after July 1, 2029.

"Independent Accountant" means (A) an accountant employed by the State of New Mexico and under supervision of the State Auditor of the State of New Mexico, or (B) any certified public accountant, registered accountant, or firm of such accountants duly licensed to practice and practicing as such under the laws of the State of New Mexico, appointed and paid by the City who (i) is, in fact, independent and not under the domination of the City, (ii) does not have any substantial interest, direct or indirect, with the City, and (iii) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or similar audits of the books or records of the City.

"Insured Bank" means a bank or savings and loan association insured by an agency of the United States.

"Insurer" means the provider of a Bond Insurance Policy or a Reserve Fund Insurance Policy, if any, to be identified in the Pricing Certificate.

"Interest Payment Date" means each semi-annual date on which interest on the Bonds is due.

"Minimum Reserve" means the maximum annual debt service coming due on the outstanding Bonds in any succeeding Fiscal Year.

"Moody's" means Moody's Investors Service, its successors and their assigns, and, if such

corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

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

"Official Statement" means the final disclosure document to be used by the Underwriter in connection with the sale of the Bonds to the public.

"Outstanding" or "outstanding" when used in reference to bonds means, on any particular date, the aggregate of all Bonds delivered under this Bond Ordinance except:

A. those cancelled at or prior to such date or delivered or acquired by the City at or prior to such date for cancellation;

B. those otherwise deemed to be paid in accordance with Section 32 of this Bond Ordinance;

C. those in lieu of or in exchange or substitution for which other Bonds shall have been delivered, unless proof satisfactory to the City and the Paying Agent is presented that any Bond for which a new Bond was issued or exchanged is held by a bona fide holder or in due course.

"Parity Bonds", "Parity Obligations" or "Parity Gross Receipts Tax Obligations" means the Bonds, the 2013 Bonds and the 2017 NMFA Loan, and any other obligations hereafter issued or incurred payable from the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with the lien thereon of the Bonds.

"Paying Agent" means BOKF, NA, Albuquerque, New Mexico, , as agent for the City for the payment of the Bonds or any other entity at the time appointed Paying Agent by resolution of the Governing Body.

"Permitted Investments" means investments permitted by applicable laws of the State, the Charter or ordinances of the City.

"Pledged Gross Receipts Tax Revenues" or "Pledged Revenues" means the revenues from the State gross receipts tax derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted to the City monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6 and 7-1-6.4 NMSA 1978, and which remittances currently equal one and two hundred twenty-five thousandths percent (1.225%) of the taxable gross receipts reported for the City for the month for which such remittances is made; provided that if a greater amount of such gross receipts tax revenues are hereafter provided to be remitted to the City under applicable law, such additional amounts shall be included as revenues pledged pursuant to this Bond Ordinance; and provided further that the amount of revenues pledged pursuant to this Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City by the State as set forth above, or (ii) the maximum amount at any time provided hereafter to be remitted to the City under applicable law, and includes the Hold Harmless Distribution; provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to this Bond Ordinance (the term "Pledged Gross Receipts Tax Revenues" does not include any local option gross receipts tax income received by the City); and provided further that the term "Pledged Revenues" does not include Federal Reimbursements as herein defined.

"Preliminary Official Statement" means the disclosure document used by the Underwriter in connection with the initial offering of the Bonds to the public which document shall be deemed final as of its date by the City for purposes of Securities and Exchange Commission Rule 15c2-12.

"Pricing Certificate" means the certificate setting forth the maturity dates, principal amounts, prices, redemption features and other final terms of the Bonds, including, without limitation, provisions required in connection with a Bond Insurance Policy or a Reserve Fund Insurance Policy, and approving the inclusion of the final terms of the Bonds in the Official Statement.

"Project" means (1) the design, construction, acquisition, installation and equipping of (a) road and street improvements and related utility infrastructure within the City, and (b) City buildings and public facilities, (2) the funding of the Reserve Fund as provided in the Pricing Certificate, and (3) the payment of Expenses.

"Purchaser" means the Underwriter.

"Registrar" means BOKF, NA, as agent for the City for transfer and exchange of the Bonds or any other entity at the time appointed by resolution of the Governing Body.

"Registrar, Depository Agent and Paying Agent Agreement" means the agreement by and between the City and BOKF, NA, Albuquerque, New Mexico, pursuant to which BOKF, NA will perform the duties of Registrar and Paying Agent in connection with the Bonds, and will maintain certain accounts in connection with the deposit of proceeds of the Bonds.

"Related Documents" means the Bond Purchase Agreement, the Pricing Certificate, the Continuing Disclosure Undertaking, the Preliminary Official Statement, the Official Statement, the Registrar, Depository Agent and Paying Agent Agreement, agreements or other documentation required in connection with the issuance of a Bond Insurance Policy or a Reserve Fund Insurance Policy, and any other document or agreement containing an obligation of the City as may be required in connection with the issuance of the Bonds.

"Reserve Fund" means the "City of Rio Rancho Gross Receipts Tax Improvement Revenue Bonds, Series 2025, Reserve Fund."

"Reserve Fund Insurance Policy" means any policy of insurance, surety bond, letter of credit or other financial instrument issued to the City by an Insurer, the proceeds of which shall be used to prevent deficiencies in the payment of the principal of or interest on the Bonds resulting from insufficient amounts being on deposit in the Debt Service Fund to make the payment of principal of and interest on the Bonds as the same become due. Each policy shall be written by a bank, insurance company or any financial institution experienced in insuring or guaranteeing municipal bonds whose policies of insurance, surety bond, letter of credit or other financial instrument would not adversely affect the rating of the Bonds by Moody's and/or S&P to the extent that the Bonds are or are to be so rated.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

"Sale Price" means the amount paid by the Purchaser for its purchase of the Bonds, set forth

in the Pricing Certificate and the Bond Purchase Agreement.

"State" means the State of New Mexico.

"Subordinate Obligations" or "Subordinate Tax Obligations" means the 2021 Bonds and any other bonds or obligations outstanding from time to time with a lien on Pledged Revenues subordinate to the lien thereon of the Bonds.

"2013 Bonds" means the City of Rio Rancho, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2013 in the original aggregate principal amount of $13,420,000, payable from and constituting a first (but not an exclusive first) lien on the Pledged Gross Receipts Tax Revenues (of which $1,535,000 in principal of such 2013 Bonds remains outstanding).

"2017 NMFA Loan" means the New Mexico Finance Authority Loan (3765-PP) in the original aggregate principal amount of $3,370,000, payable from and constituting a first (but not an exclusive first) lien on the Pledged Gross Receipts Tax Revenues (of which $1,305,000 in principal of such 2017 NMFA Loan remains outstanding).

"2021 Bonds" means the City of Rio Rancho, New Mexico Taxable Subordinate Lien Gross Receipts Tax Refunding Revenue Bonds, Series 2021 in the original aggregate principal amount of $21,000,000, payable from and constituting a subordinate (but not an exclusive subordinate) lien on the Pledged Gross Receipts Tax Revenues (of which $14,245,000 in principal of such 2021 Bonds remains outstanding).

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Bond Ordinance) by the Governing Body and the officers of the City, directed toward the Project, the preparation of the Preliminary Official Statement, the issuance of the Bonds and the sale of the Bonds to the Purchaser be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of Project. The Project and the method of financing the Project are hereby authorized and ordered at a total cost estimated not to exceed the amount of the Bond proceeds and any investment earnings thereon, excluding any such cost defrayed or to be defrayed by any source other than Bond proceeds. The City is the owner of the Project, and the Project will be used solely by and for the benefit of the City and its residents.

Section 4. Findings. The Governing Body 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 City and its inhabitants.

B. Moneys available for the Project from all sources other than the issuance of revenue bonds are not sufficient to defray the cost of the Project.

C. The Pledged Revenues may lawfully be pledged to secure the payment and redemption of the Bonds.

D. It is economically feasible to defray, in part, the cost of the Project by the issuance of the Bonds.

E. The issuance of the Bonds pursuant to the Act, to provide funds for the financing of the Project, is necessary and in the interest of the public health, safety and welfare of

the residents of the City.

F. The City is current in the accumulation of all amounts which are required to have been accumulated in the debt service fund and the reserve fund for the Outstanding Parity Obligations, as provided in the ordinances authorizing issuance, execution and delivery of such Parity Obligations.

Section 5. Bonds – Authorization, Detail and Delegation of Authority.

A. Authorization. This Ordinance has been adopted by the affirmative vote of a three-fourths majority of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the citizens of the City, it is hereby declared necessary that the City, pursuant to the Act, issue its negotiable, fully registered, revenue bonds to be designated "City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025," in an aggregate principal amount not to exceed $32,000,000, and the issuance, sale and delivery of the Bonds to the Purchaser is hereby authorized.

B. Details of Bonds; Parameters. There is hereby authorized and created a series of bonds designated as the City of Rio Rancho, New Mexico, Gross Receipts Tax Improvement Revenue Bonds, Series 2025.

The Bonds shall be issued in an aggregate principal amount not to exceed $32,000,000 (exclusive of premium, if any, paid in connection with the original purchase of the Bonds) for the Project. The forms, terms, and provisions of the Bonds in the form set forth in Section 13 of this Bond Ordinance are hereby approved with only such changes therein as are not inconsistent with this Bond Ordinance and the Pricing Certificate.

The Bonds shall be negotiable instruments but shall be issued only as fully registered bonds, in such numbers and denominations as may be requested by the Underwriter, but exchangeable for other fully registered Bonds of any denominations which are multiples of $5,000. The Bonds shall be numbered separately and consecutively and shall be dated the date of their delivery to the Underwriter. The Bonds shall bear the rates of interest, shall pay interest semi-annually, and shall mature as provided in the Pricing Certificate and Bond Purchase Agreement, within the following parameters:

(1) The maximum par amount of the Bonds shall not be more than $32,000,000 (excluding any premium paid in connection with the original purchase of the Bonds).

(2) The final maturity of the Bonds shall be no later than June 1, 2045.

(3) The net effective interest rate on the bonds shall not exceed the statutory maximum of twelve percent (12%).

(4) The Bonds shall be payable solely from Pledged Revenues.

(5) The Bonds shall be sold at a negotiated sale to the Underwriter pursuant to the Bond Purchase Agreement, the final terms of which shall be within the parameters established in this Section, and shall be as set forth in the Pricing Certificate and the Bond Purchase Agreement.

(6) The Underwriter's discount shall not exceed 1% of the aggregate principal amount of the Bonds.

(7) The Bonds shall be in substantially the form set forth in this Ordinance.

(8) The City hereby appoints BOKF, NA as the paying agent and registrar for the Bonds.

C. Delegation of Authority. The Mayor or, in the Mayor's absence, the City Manager or City Financial Services Director, is hereby authorized pursuant to this Ordinance to approve the final terms of the Bonds as permitted by Section 6-14-10.2 NMSA 1978, and to execute and deliver the Bond Purchase Agreement and Pricing Certificate.

Section 6. Prior Redemption.

A. Optional Redemption. The Bonds maturing on and after June 1, 20__ are subject to prior redemption at the City's option in one or more units of principal of $5,000 on and after June 1, 20__ in whole or in part at any time, in such order of maturities as the City may determine (and by lot if less than all of the bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner considered appropriate and fair), for the principal amount of each $5,000 unit of principal so redeemed plus accrued interest to the redemption date. Redemption shall be made upon prior notice mailed to each registered owner of each bond selected for redemption as shown on the registration books kept by the Registrar in the manner and upon the conditions provided in this Bond Ordinance.

B. Extraordinary Optional Redemption. Subject to the provisions for Notice of redemption set forth below, following receipt of Federal Reimbursements, the City may at any time call Bonds for extraordinary optional redemption in such order of maturities as the City may determine (and by lot if less than all of the bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner considered appropriate and fair), for the principal amount of each $5,000 unit of principal so redeemed plus accrued interest to the redemption date.

C. Notice. Notice of redemption shall be given by the Registrar by sending a copy of such notice by first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the Registrar on the fifth day prior to the mailing of notice on the registration books kept by the Registrar. The City shall give notice of optional redemption of the Bonds to the Registrar at least forty-five (45) days prior to the redemption date (unless such deadline is waived by the Registrar). The Registrar's failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Bonds to be redeemed (if less than all are to be redeemed) and if less than the full amount of any Bond is to be redeemed, the amount of such Bond to be redeemed, the date fixed for redemption, and that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent,

the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption with funds deposited with the Paying Agent by the City.

D. Conditional Redemption. If money or Defeasance Obligations (as defined in Section 31) sufficient to pay the optional redemption price of the Bonds to be called for optional redemption or extraordinary optional redemption are not on deposit with the Paying Agent prior to the giving of notice of optional redemption or extraordinary optional redemption pursuant to paragraph B of this Section, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Bonds to be redeemed shall be selected in the manner deemed reasonable and fair by the City and the Registrar shall give notice, in the manner in which the original notice or optional redemption was given, that such money was not received and the information required by paragraph B of this Section. In that event, the Registrar shall promptly return to the Owners thereof the Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

Section 7. Filing of Signatures. Prior to the execution of any Bond pursuant to Sections 6-9-1 to 6-9-6 NMSA 1978, as amended, the Mayor or Deputy Mayor and City Clerk may each file with the New Mexico Secretary of State his or her manual signature certified by him or her under oath; provided that filing shall not be necessary for any officer where any previous filing may have legal application to the Bonds.

Section 8. Execution and Authentication of Bonds.

A. Execution. The Bonds shall be signed with the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature, or the manual signature, of the Mayor or Deputy Mayor and shall be attested with the facsimile or manual signature of the City Clerk or Deputy City Clerk, if so authorized by the City Clerk. There shall be affixed to each Bond the printed, engraved, stamped or otherwise placed facsimile of, or imprint of, the City's corporate seal. The Bonds shall be authenticated by the manual signature of an authorized officer of the Registrar. The Bonds when authenticated and bearing the manual or facsimile signatures of the officers in office at the time of signing thereof shall be valid and binding special obligations of the City, notwithstanding that before delivery thereof and payment therefor, any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. The Mayor or Deputy Mayor and City Clerk or Deputy City Clerk, if so authorized by the City Clerk, at the time of the execution of the Bonds and the signature certificate, each may adopt as and for his or her own facsimile signature, the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds or certificates pertaining to the Bonds.

B. Authentication. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication has been duly executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been fully executed if manually signed and inscribed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 9. Negotiability. The Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the Bondholders shall possess all rights enjoyed by the holders of

negotiable instruments under the provisions of the Uniform Commercial Code-Investment Securities. Except as set forth herein, the Bonds outstanding shall in all respects be equally and ratably secured, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds.

Section 10. Payment and Presentation of Bonds for Payment. Principal and interest on the Bonds shall be payable in lawful money of the United States of America, without deduction for exchange or collection charges. Principal shall be payable in immediately available funds at maturity or redemption thereof upon presentation and surrender of such Bond at the principal office of the Paying Agent or at the designated office of any successor Paying Agent. Upon any partial prior redemption of any Bond, the registered owner, in its discretion, may request the Registrar to authenticate a new Bond or to make a notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment. Interest on the Bonds shall be payable by check or draft mailed to the registered owner thereof (or in such other manner as may be agreed upon by the Paying Agent and the registered owner), as shown on the registration books maintained by the Registrar at the address appearing therein on the 15th day of the calendar month next preceding the Interest Payment Date (the "Record Date"). Any interest which is not timely paid or provided for shall cease to be payable to the owner thereof (or of one or more predecessor Bonds) as of the Record Date, but shall be payable to the owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to Bond owners not less than ten days prior thereto. If any Bond presented for payment remains unpaid at maturity or redemption, it shall continue to bear interest at the rate or rates designated in, and applicable to, such Bond from time to time. If any Bond is not presented for payment at maturity or redemption when funds available therefor have been deposited with the Paying Agent, it shall cease bearing interest on and from the date of maturity or redemption.

Section 11. Registration, Transfer, Exchange and Ownership of Bonds.

A. Registration, Transfer and Exchange. The City shall cause books for registration, transfer, and exchange of the Bonds as provided herein to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any fully registered Bond at the principal office of the Registrar duly endorsed by the registered owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Registrar and duly executed, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or registered owner, as appropriate, a new Bond or Bonds in authorized denominations, in fully registered form of the same aggregate principal amount, maturity and interest rate.

B. Limitations. The Registrar shall not be required to transfer or exchange any Bond (i) during the period of fifteen (15) days next preceding the mailing of notice calling any Bonds for redemption as herein provided, or (ii) after the mailing to registered owners of notice calling such Bonds or portion thereof for redemption as herein provided. The Registrar shall close books for change of registered owners' addresses on each Record Date; transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued Interest payable.

C. Owner of the Bonds. The person in whose name any Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either the principal of or interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative as stated herein, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

E. Additional Bonds. Executed but unauthenticated Bonds are hereby authorized to be delivered to the Registrar in such quantities as may be convenient to be held in custody by the Registrar pending delivery as herein provided.

F. Charges. For each new Bond issued in connection with a transfer or exchange, the Registrar may make a charge to the owner of the Bond requesting such exchange or transfer sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

G. Successor Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign or is prohibited by law from continuing as Registrar or Paying Agent, or if the City shall reasonably determine that said Registrar or Paying Agent has become incapable of fulfilling its duties hereunder, the City may, upon notice mailed to the Bond Insurer and upon notice mailed to each registered owner of Bonds at the address last shown on the registration books, appoint a successor Registrar or Paying Agent, or both. Every such successor Registrar or Paying Agent shall be a bank or trust company located in and in good standing in the United States and having a shareholders' equity (e.g., capital stock, surplus and undivided profits), however denominated, not less than $50,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

H. Book Entry. The Bonds may be issued or registered, in whole or in part, in book-entry form from time to time with no physical distribution of bond certificates made to the public, with a Depository acting as securities depository for the Bonds. A single certificate for each maturity date of the Bonds issued in book-entry form will be delivered to the Depository and immobilized in its custody. The book-entry system will evidence ownership of the Bonds in authorized denominations, with transfer of ownership effected on the books of the Depository and its participants ("Participants"). As a condition to delivery of the Bonds in book-entry form, the Purchaser will, immediately after acceptance of delivery thereof, deposit, or cause to be deposited, the Bond certificates with the Depository, registered in the name of the Depository or its nominee. Principal, premium, if any, and interest will be paid to the Depository or its nominee as the registered owner of the Bonds. The transfer of principal, premium, if any, and interest payments to Participants will be the responsibility of the Depository; the transfer of principal, premium, if any, and interest payments to the beneficial owners of the Bonds (the "Beneficial Owners") will be the responsibility of Participants and other nominees of Beneficial Owners maintaining a relationship with Participants

(the "Indirect Participants"). The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Depository, Participants or Indirect Participants.

If (i) the Bonds are not eligible for the services of the Depository, (ii) the Depository determines to discontinue providing its services with respect to the Bonds or (iii) the City determines that a continuation of the system of book-entry transfers through the Depository ceases to be beneficial to the City or the Beneficial Owners, the City will either identify another Depository or certificates for the Bonds will be delivered to the Beneficial Owners or their nominees, and the Beneficial Owners or their nominees, upon authentication of Bonds and registration of those Bonds in the Beneficial Owners' or nominees' names, will become the owners of the Bonds for all purposes. In that event, the City shall mail an appropriate notice to the Depository for notification to Participants, Indirect Participants and Beneficial Owners of the substitute Depository or the issuance of bond certificates to Beneficial Owners or their nominees, as applicable.

Officers of the City are authorized to sign agreements with the Depository relating to the matters set forth in this Section.

Notwithstanding any other provision of this Bond Ordinance, so long as all of the Bonds are registered In the name of the Depository or its nominee, all payments of principal, premium, If any, and interest on the Bonds, and all notices with respect to the Bonds, shall be made and given by the Paying Agent, Registrar or the City to the Depository as provided in this Bond Ordinance and by the Depository to its Participants or Indirect Participants and notices to the Beneficial Owners of the Bonds in the manner provided in an agreement or letter of the City to the Depository.

Section 12. Special Limited Obligations. All of the Bonds and all payments of principal, premium, if any, and interest thereon whether at maturity or on a redemption date, together with any interest accruing thereon, shall be special limited obligations of the City and shall be payable and collectible solely from the Pledged Revenues, which revenues are so pledged and are payable as set forth in Section 17 of this Bond Ordinance. The owner or owners of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt of the City within the meaning of any constitutional, charter or statutory provision or limitation, nor shall they be considered or held to be general obligations of the City, and each of the Bonds shall recite that it is payable and collectible solely out of the Pledged Revenues, pledged as set forth in the Bond Ordinance, and that the holders thereof may not look to any general or other municipal fund for the payment of the principal of and interest on the Bonds. Nothing herein shall prevent the City from applying other funds of the City legally available therefor to the payment of the Bonds, in its sole discretion.

Section 13. Form of Bonds. The forms, terms and provisions of the Bonds shall be substantially in the form set forth below, with such changes therein as are not inconsistent with the Bond Ordinance.

(Form of Bond)

STATE OF NEW MEXICO COUNTY OF SANDOVAL

CITY OF RIO RANCHO, NEW MEXICO
GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS
SERIES 2025

Bond No. _____ $_____

INTEREST RATE % per annum	MATURITY DATE	DATE OF BOND	CUSIP
_____	June 1, _____	_____, 2025	

The City of Rio Rancho (the "City"), in the County of Sandoval and State of New Mexico, a municipal corporation duly organized and existing under the Constitution and laws of the State of New Mexico, for value received, hereby promises to pay, solely from the special funds available for the purpose as hereinafter set forth, to _____ or registered assigns, on the Maturity Date upon presentation and surrender hereof at the principal office of the City Financial Services Director, Rio Rancho, New Mexico, as paying agent, or any successor paying agent (the "Paying Agent"), the sum of _____ DOLLARS ($_____) and to pay from said sources interest on the unpaid principal amount at the Interest Rate on December 1, 2025, and on June 1 and December 1 of each year (each an "Interest Payment Date") thereafter to its maturity, or until redeemed if called for redemption prior to maturity. This bond will bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from its date. Interest on this bond is payable by check mailed to the registered owner hereof (or by such other arrangement as may be mutually agreed to by the Paying Agent and the registered owner) as shown on the registration books for this issue maintained by the City Financial Services Director, Rio Rancho, New Mexico, as registrar, or any successor registrar (the "Registrar") at the address appearing therein at the close of business on the fifteenth day of the calendar month next preceding the Interest Payment Date (the "Record Date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the owner hereof as of the Record Date but shall be payable to the owner hereof at the close of business on a special record date to be fixed by the Paying Agent for the payment of interest. The special record date shall be fixed by the Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to owners of Bonds (defined below) as then shown on the Registrar's registration books not less than ten days prior to the special record date. If, upon presentation at maturity or redemption, payment of this bond is not made as herein provided, interest hereon shall continue at the Interest Rate until the principal hereof is paid in full. The principal, premium, if any, and interest on this bond are payable in lawful money of the United States of America, without deduction for the services of the Paying Agent or the Registrar.

This bond is one of a duly authorized series of fully registered bonds of the City in the aggregate principal amount of $32,000,000 issued in denominations of $5,000 or integral multiples thereof, designated as City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025 (the "Bonds") issued under and pursuant to City Ordinance No. _____, as supplemented by a Pricing Certificate delivered on _____, 2025 (together, the "Bond Ordinance").

The Bonds maturing on and after June 1, 20__ are subject to redemption prior to maturity at the City's option in one or more units of principal of $5,000 on and after June 1, 20__ in whole or in

part at any time, in such order of maturities as the City may determine (and by lot if less than all of the bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner considered appropriate and fair), for the principal amount of each $5,000 unit of principal so redeemed plus accrued interest to the redemption date. The Bonds are also subject to extraordinary optional redemption prior to maturity by the City following receipt of Federal Reimbursements as set forth in the Bond Ordinance. Redemption shall be made upon prior notice mailed to each registered owner of each bond selected for redemption as shown on the registration books kept by the Registrar in the manner and upon the conditions provided in the Bond Ordinance.

Notice of redemption of this bond will be given by providing at least 30 days prior written notice by first-class postage prepaid mail to the owner hereof at the address shown on the registration books as of the fifth day prior to the mailing of notice as provided in the Bond Ordinance. Notices of redemption will specify the number or numbers and maturity date of the Bonds to be redeemed (if less than all are to be redeemed), the date fixed for redemption, the amount of such Bond to be redeemed (if Jess than the full amount of any Bond is to be redeemed), and shall further state that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount thereof plus accrued interest to the redemption date and that from and after such date, the redemption amount having been deposited and notice having been given, interest will cease to accrue. Upon any partial prior redemption of this bond, the registered owner, in its discretion, may request the Registrar to authenticate a new bond or to make an appropriate notation on this bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this bond must be presented to the Paying Agent prior to payment.

Books for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer or exchange of a Bond at the principal office of the Registrar, duly endorsed or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or owner a new Bond or Bonds in fully registered form of the same aggregate principal amount, maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of Bonds shall be without charge to the owner or any transferee, but the Registrar may require the payment by the owner of any Bond of any tax or other similar governmental charge required to be paid with respect to such exchange or transfer. The Registrar shall not be required (i) to transfer or exchange any Bond during the period of fifteen days next preceding the mailing of notice calling any Bonds for redemption, or (ii) to transfer or exchange any Bond or part thereof called for redemption. The Registrar will close books for change of registered owners' addresses on each Record Date; transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

The person in whose name any Bond is registered on the registration books kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes except as may otherwise be provided with respect to payment of interest in the Bond Ordinance; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

This Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the City, and is payable and collectible solely out of the revenues derived from the revenues from the State gross receipts tax derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted to the City monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6 and 7-1-6.4 NMSA 1978, and which remittances currently equal one and two hundred twenty-five thousandths percent (1.225%) of the taxable gross receipts reported for the City for the month for which such remittances is made, and which include the distribution to the City made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the gross receipts tax revenues received pursuant to Section 7-1-6.4, NMSA 1978, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93, NMSA 1978; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the City under applicable Jaws of the State, such additional amounts shall be included as revenues pledged pursuant to the Bond Ordinance; and provided further that the amount of revenues pledged pursuant to the Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City by the State as set forth above, or (ii) the maximum amount at any time provided hereafter to be remitted to the City under applicable Jaws of the State; and provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the term "Pledged Revenues" does not include any local option gross receipts tax income received by the City and does not include Federal Reimbursements) (the "Pledged Revenues"), and the bondholders may not look to any general or other municipal fund other than that described above for the payment of the interest and principal of this bond. The lien of the Bonds on the Pledged Revenues is an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged Revenues. Upon satisfaction of the conditions set forth in the Bond Ordinance, additional bonds may be issued and made payable from the Pledged Revenues having a lien thereon either on a parity with, or subordinate and junior to, the lien on the Pledged Revenues of the Bonds, but additional bonds may not be issued with a lien thereon superior to the lien thereon of the Bonds. Amounts and securities held in the Debt Service Fund and the Reserve Fund, as such terms are defined in the Bond Ordinance, have been exclusively pledged for payment of the principal of, premium, if any, and interest on the Bonds.

The Bonds are issued to provide funds to defray the cost of (1) design, construction, acquisition, installation and equipping of (a) road and street improvements and related utility infrastructure within the City, and (b) City buildings and public facilities, (2) a debt service reserve fund, to the extent applicable, and (3) expenses relating to the issuance of the Bonds.

The Bonds are equally and ratably secured by a first lien (but not an exclusive first lien) on the Pledged Revenues.

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

This Bond is subject to the condition, and every owner hereof by accepting the same agrees with the obligor and every subsequent owner hereof, that the principal of and interest on this bond shall be paid, and this bond is transferable, free from and without regard to any equities, set-offs or crossclaims between the obligor and the original or any other owner hereof.

It is hereby certified that all acts and conditions necessary to be done or performed by the City or to have happened precedent to and in the issuance of the Bonds to make them legal, valid and binding special obligations of the City have been performed and have happened as required by law, and that the Bonds do not exceed or violate any constitutional or statutory limitation of or pertaining to the City.

This bond shall not be valid or obligatory for any purpose until the Registrar shall have

manually signed the Certificate of Authentication.

IN WITNESS WHEREOF, the City of Rio Rancho, New Mexico has caused this bond to be signed and executed on the City's behalf with the facsimile or manual signature of the Mayor or Deputy Mayor and the facsimile or manual signature of the City Clerk and has caused the corporate seal of the City or a facsimile thereof to be affixed hereon, all as of the Date of Bond.

CITY OF RIO RANCHO, NEW MEXICO

By_____
Mayor or Deputy Mayor

By_____
City Clerk

(FACSIMILE SEAL)

(Form of Registrar's Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the Bond Ordinance, and this bond has been registered on the registration books kept by the undersigned as Registrar for the Bonds.

Date of Authentication: _____

BOKF, NA, Albuquerque, New Mexico,
as Registrar

By_____
Authorized Officer

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

(Form of Assignment)

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

_____ _____

Social Security or Tax Identification No. of
Assignee _____

Date:_____

Signature Guarantee:

_____

NOTE: The assignor's signature to this Assignment must correspond with the name as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment)

(End of Form of Bond)

Section 14. Period of Prior Project's Usefulness. It is hereby determined and recited that the weighted average maturity of the Bonds does not exceed 120% of the useful life of the Project.

Section 15. Disposition of Proceeds; Completion of Project. Except as herein otherwise specifically provided, the proceeds derived from the sale of the Bonds, shall be used and paid solely for the valid costs of the Project.

A. Accrued Interest. First, all moneys received as accrued interest on the Bonds, if any, shall be deposited into the Debt Service Fund, to apply to the payment of interest next due on the Bonds.

B. Expenses. Second, to the extent not paid by the Purchaser, an amount necessary, together with other legally available funds of the City, shall be used to pay Expenses.

C. Acquisition Fund. Third, all remaining proceeds derived from the sale of the Bonds shall be deposited promptly upon the receipt thereof in the Acquisition Fund. The money in the Acquisition Fund shall be used and paid out solely for the purpose of the Project in compliance with applicable law.

D. Reserve Fund. No deposit of proceeds of the Bonds, other City moneys or a Reserve Fund Insurance Policy into the Reserve Fund shall be required on the date of issuance of the Bonds or at any time thereafter, except in the circumstances and on the conditions described in paragraph E of Section 17 of this Bond Ordinance.

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

F. Underwriter Not Responsible. The Underwriter shall in no manner be responsible for the application or disposal by the City or by its officers of the funds derived from the sale thereof or of any other funds herein designated.

Section 16. Funds and Accounts. The City hereby creates and continues the following special and separate funds:

A. Acquisition Fund. The “City of Rio Rancho Gross Receipts Tax Improvement Revenue Bonds, Series 2025, Acquisition Fund” to be maintained by the City.

B. Income Fund. The “City of Rio Rancho, New Mexico Gross Receipts Tax Income Fund” continued by this Bond Ordinance and to be maintained by the City.

C. Debt Service Fund. The “City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025, Debt Service Fund” to be maintained by the City.

D. Reserve Fund. The “City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025, Reserve Fund” to be maintained by the City.

Section 17. Deposit of Pledged Revenues and Flow of Funds.

A. Income Fund. So long as any of the Bonds are outstanding either as to principal or interest, or both, the City shall credit all Pledged Revenues to the Income Fund. The payments set forth in the succeeding subsections of this Section 17 shall be made from the Income Fund.

B. Debt Service Fund. As a first charge on the Income Fund, the following amounts shall be withdrawn from the Income Fund and shall be credited to the Debt Service Fund:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of principal of the outstanding Bonds and monthly thereafter, commencing on each principal payment date, one-twelfth (1/12) of the amount necessary to pay the next maturing installment of principal on the Bonds then outstanding.

C. Credit. In making the deposits required to be made into the Debt Service Fund, if there are any amounts then on deposit in the Debt Service Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to paragraph B above shall be reduced by the amount available in such fund for such purpose.

D. Transfer of Money out of Debt Service Fund. Each payment of principal and interest becoming due on the Bonds shall be transferred from the Debt Service Fund to the Paying Agent on or before two Business Days prior to the due date of such payment.

E. Reserve Fund. No deposit shall be required in the Reserve Fund so long as the Pledged Revenues in each Fiscal Year equal or exceed 200% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding Parity Bonds. If the Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the City shall acquire a Reserve Fund Insurance Policy in an amount equal to the Minimum Reserve or shall begin making substantially equal monthly deposits in the Reserve Fund from the first legally available Pledged Revenues so that after 24 months an amount equal to the Minimum Reserve will be held in the Reserve Fund. After funding the Reserve Fund in an amount equal to the Minimum Reserve, no additional payments need be made into the Reserve Fund so long as the moneys therein shall equal not less than the Minimum Reserve. The moneys in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in paragraph F of this Section, only to prevent deficiencies in the payment of the principal of and interest on the Bonds resulting from failure to deposit into the Debt Service Fund sufficient funds to pay the principal and interest as the same accrue.

F. Defraying Delinquencies in the Debt Service Fund and Reserve Fund. If, in any month, the City shall, for any reason, fall to pay into the Debt Service Fund the full amount above stipulated from the Pledged Revenues, then an amount shall be paid into the Debt Service Fund in such month from the Reserve Fund (if moneys are then on deposit in the Reserve Fund) equal to the difference between that paid from the Pledged Revenues and the full amount so stipulated. If the moneys paid into the Debt Service Fund from the Reserve Fund are not equal to the amount required to be paid into the Debt Service Fund for such month, then in the following month, an amount equal to the difference between the amount paid and the amount required shall be deposited into the Debt Service Fund, in addition to the normal payment required to be paid in such month, from the first Pledged Revenues thereafter received and not required to be otherwise applied. The money deposited in the Debt Service Fund from the Reserve Fund, if any, shall be replaced in the Reserve Fund from the first Pledged Revenues thereafter received not required to be otherwise applied. If, in any month, the City shall, for any reason, fail to pay into the Reserve Fund the full amount required, the difference between the amount paid and the amount so stipulated

shall in a like manner be paid therein from the first Pledged Revenues thereafter received and not required to be otherwise applied. The moneys in the Reserve Fund shall be used. solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Bonds; provided, however, that any moneys at any time in excess of the Minimum Reserve in the Reserve Fund may be withdrawn therefrom and applied to any other lawful purpose. Cash accumulated in the Reserve Fund shall not be invested in a manner which could cause the Bonds to become arbitrage bonds within the meaning of the Code. Any investments held in the Reserve Fund shall be valued annually, on or about June 1, at their current fair market value and, if the amount then on deposit in the Reserve Fund exceeds the Minimum Reserve, all amounts in excess of the Minimum Reserve shall be transferred to the Debt Service Fund and used to pay principal of and interest on the Bonds.

G. Payment of Parity Gross Receipts Tax Obligations. Concurrently with the payment of the Pledged Revenues required by paragraphs B, E and F of this Section, any amounts on deposit in the Income Fund shall be used by the City for the payment of principal of, interest on and debt service reserve fund deposits relating to Parity Bonds now outstanding and to additional Parity Bonds, if any, hereafter authorized to be issued and payable from the Pledged Revenues, as applicable, as the same accrue. If funds on deposit in the Income Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Bonds and any other outstanding Parity Bonds, then the available funds in the Income Fund will be used, first, on a pro rata basis, based on the amount of principal and interest then due with respect to each series of outstanding Parity Bonds, for the payment of principal of and interest on an series of outstanding Parity Bonds and, second, to the extent of remaining available funds in the Income Fund, on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding Parity Bonds.

H. Termination Upon Deposits to Maturity. No payment shall be made into the Debt Service Fund or the Reserve Fund if the amounts (excluding any amount in the Reserve Fund represented by a Reserve Fund Insurance Policy) in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Bonds to their respective maturities or applicable redemption dates, in which case moneys in the Debt Service Fund and the Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same accrue, and any moneys in excess thereof in the Debt Service Fund and the Reserve Fund may be used as provided below.

I. Payment of Subordinate Obligations. After and subject to the payments required by, and provisions contained in, the preceding paragraphs of this Section, any remaining Pledged Revenues shall be used, as necessary, by the City for the payment of the principal of, and interest on, all Subordinate Obligations with a lien on the Pledged Revenues which is subordinate and junior to the lien of the Parity Obligations on Pledged Revenues.

J. Surplus Revenues. After making all the payments hereinabove required to be made by this Section, the remaining Pledged Revenues, if any, may be applied to any other lawful purpose, as the City may from time to time determine.

Section 18. General Administration of Funds. The funds designated in Section 16 shall be administered and invested as follows:

A. Places and Times of Deposits. The funds shall be separately maintained as a trust fund or funds for the purposes established and shall be deposited in one or more bank accounts in an Insured Bank or Banks. Each fund or account shall be continuously secured to the extent required by law and shall be irrevocable and not withdrawable by anyone for any purpose other than the designated purpose. Payments shall be made into the proper fund or account on the first day of the month except when the first day shall not be a Business Day, then payment shall be made on the next succeeding Business Day. No later than two Business Days prior to each Interest

Payment Date, moneys sufficient to pay interest and principal then due on the Bonds shall be transferred to the Paying Agent. Nothing in this Bond Ordinance shall prevent the City from establishing one or more bank accounts in an Insured Bank or Banks for all the funds required by this Bond Ordinance or shall prevent the combination of such funds and accounts with any other bank account or accounts or investments for other funds and accounts of the City.

B. Investment of Moneys. Moneys in the Reserve Fund shall be invested in accordance with paragraph C of this Section 18 and moneys in any other fund or account not immediately needed may be invested in any Permitted Investment. The obligations so purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account. The City Financial Services Director shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund.

C. Reserve Fund. Moneys, if any, in the Reserve Fund may be invested only in Permitted Investments with a maturity not greater than five years. The City shall annually on or about June 1 of each year, commencing on the first June 1 succeeding funding of the Reserve Fund, value the Reserve Fund on the basis of the current fair market value of deposits and investments credited to the Reserve Fund. For purposes of determining the amount on deposit in the Reserve Fund, any Reserve Fund Insurance Policy held , or the benefit of which is available to, the City as security for the Bonds shall be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, except that, if the amount available under a Reserve Fund Insurance Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Reserve Fund Insurance Policy and not reinstated or another Reserve Fund Insurance Policy provided, then, in valuing the Reserve Fund, the value of such Reserve Fund Insurance Policy shall be reduced accordingly. If upon any valuation, the value of the Reserve Fund exceeds the Minimum Reserve, the excess amount shall be withdrawn and deposited into the Debt Service Fund; if the value is less than the applicable requirement, the City shall replenish such amounts from the first Pledged Revenues thereafter received not required to be otherwise applied or other moneys legally available therefor.

At such time as the Bonds are paid in full or are deemed to be paid in full, the amount on deposit in the Reserve Fund may be used to pay the final installments of principal and interest on the Bonds and otherwise may be withdrawn and transferred to the City to be used for any lawful purpose, provided that, if such amounts are used for a purpose other than payment of the Bonds, there shall be delivered an opinion of nationally recognized bond counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the laws of the State of New Mexico and that such use shall not result in the inclusion of interest on any Bonds in gross income of the recipient thereof for federal income tax purposes.

If moneys have been withdrawn from the Reserve Fund or a payment has been made under a Reserve Fund Insurance Policy constituting all or a portion of the Reserve Fund, and deposited into the Debt Service Fund to prevent a default on the Bonds, then the City will pay, from Pledged Revenues or other moneys legally available therefor, the full amount so withdrawn, together with interest, if any, required under the terms of the Reserve Fund Insurance Policy, or so much as shall be required to restore the Reserve Fund to the Minimum Reserve and to pay such interest, if any. Such repayment shall be made as required by paragraph F of Section 17.

The City may in part, or in whole, replace amounts in the Reserve Fund with a Reserve Fund Insurance Policy.

Section 19. Lien on Pledged Revenues. The Pledged Revenues and the amounts and securities on deposit in the Debt Service Fund and the Reserve Fund, and the proceeds thereof, are hereby authorized to be pledged to, and are hereby pledged, and the City grants a security interest

therein for, the payment of the principal of, premium, if any, and interest on the Bonds, subject to the uses thereof permitted by, and the priorities set forth in, this Bond Ordinance. The Bonds constitute an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged Revenues on a parity with the lien thereon of the outstanding Parity Bonds and any Parity Bonds, if any, hereafter authorized to be issued and payable from the Pledged Revenues.

Section 20. Additional Bonds Payable from Pledged Revenues.

A. Parity Bonds Test. This Bond Ordinance shall not prevent the issuance of additional Parity Bonds payable from and constituting a lien upon the Pledged Revenues on a parity with the lien of the Bonds. Before any additional Parity Bonds are actually issued, it must be determined that:

(1) The City is then current in the accumulation of all amounts which are required to have then been accumulated in the Debt Service Fund and the Reserve Fund (if any accumulation is then required in the Reserve Fund) as required by Section 17 of this Bond Ordinance; and

(2) The Pledged Revenues received by the City in the Fiscal Year immediately preceding the date of issuance of the proposed additional Parity Bonds shall have been sufficient to pay an amount representing at least 125% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on (1) the outstanding Bonds, (2) other outstanding Parity Bonds payable from and constituting a lien upon the Pledged Revenues, and (3) the Parity Bonds proposed to be issued.

B. Certification or Opinion Regarding Revenues. A written certificate or opinion by the City Financial Services Director that the Pledged Revenues are sufficient to pay the required amounts under the test in Paragraph A of this Section, shall conclusively determine the right of the City to issue additional Parity Bonds. The City Financial Services Director may utilize the results of any annual audit to the extent it covers the applicable period.

C. Subordinate Obligations Permitted. Nothing in this Bond Ordinance shall prevent the City from issuing bonds or other obligations payable from the Pledged Revenues pledged by this Bond Ordinance and having a lien on the Pledged Revenues subordinate to the lien of the Bonds in accordance with the legislation authorizing the outstanding Subordinate Obligations.

D. Superior Obligations Prohibited. The City shall not issue any obligation having a lien on the Pledged Revenues pledged by this Bond Ordinance which is prior and superior to the Bonds.

Section 21. Refunding Bonds. The provisions of Section 20 of this Bond Ordinance are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time the City shall find it desirable to refund any outstanding obligations constituting a lien upon the Pledged Revenues, the Bonds or other obligations, or any part thereof, such obligations may be refunded, but only with the consent of the holders, unless the obligations shall then mature or be callable for redemption, or the plan of refunding calls for payment of the obligations at maturity or at a redemption date, regardless of whether the lien priority is changed by the refunding except that superior obligations are prohibited as provided in Paragraph D of Section 20 of this Ordinance and except as provided in Paragraphs B and C of this Section.

B. Limitation Upon Issuance of Parity Refunding Obligations. No refunding obligations shall be issued with a lien on the Pledged Revenues on a parity with the lien of the Bonds, unless:

(1) The lien on the Pledged Revenues of the outstanding obligations so refunded is on a parity with the lien on the Pledged Revenues of the Bonds; or

(2) The refunding obligations are issued in compliance with Paragraph A of Section 20 hereof.

C. Refunding Part of an Issue. The refunding bonds or other refunding obligations issued shall enjoy complete equality of lien with the portion of any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of such refunding bonds or other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the same issue refunded thereby. If only a part of any issue or issues is refunded, then there may be no refunding without the consent of the holders of the unrefunded portion of such obligations, unless:

(1) The refunding obligations do not increase the aggregate principal and interest requirements for any Fiscal Year commencing prior to the last maturity date of such unrefunded obligations; or

(2) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded; or

(3) The refunding bonds or other refunding obligations are issued in compliance with Paragraph A of Section 20 of this Bond Ordinance.

D. Limitation Upon Issuance of Any Refunding Obligations. Any refunding obligations payable from Pledged Revenues shall be issued with such details as the Governing Body may provide, subject to the inclusion of any such rights and privileges designated in Paragraph C of this Section but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue or issues, including the Bonds.

Section 22. Equality of Parity Bonds. The Parity Bonds from time to time outstanding shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of their issuance or the date incurred, it being the intention of the Governing Body that, except as set forth herein, there shall be no priority among Parity Bonds regardless of whether they are actually issued and delivered or incurred at different times.

Section 23. Protective Covenants. The City hereby covenants and agrees with each and every holder of the Bonds issued hereunder:

A. Use of Bond Proceeds. The City will proceed without delay to apply the proceeds of the Bonds as set forth in Section 15 of this Bond Ordinance.

B. Payment of Bonds Herein Authorized. The City will promptly pay the principal of and the interest on every Bond at the place, on the date and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

C. City's Existence. The City will maintain its corporate identity and existence so long as any of the Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the City, without adversely affecting to any substantial degree the privileges and rights of any owner of the Bonds.

D. Extension of Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the City will not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on any of the Bonds, and the City will not directly or indirectly be a party to or approve any arrangements for any such extension. If the time for payment of any such interest shall be extended, such installment or installments of interest, after

such extension or arrangement, shall not be entitled in case of default hereunder to the benefit or security hereof, except subject to the prior payment in full of the principal of all Bonds hereunder and then outstanding and of the matured interest on such Bonds, the payment of which has not been extended.

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

F. Audits and Budgets. The City will, within two hundred ten (210) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the Pledged Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues.

G. Other Liens. Other than as described and identified by this Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

H. Impairment of Contract. The City agrees that any law, ordinance or resolution of the City that in any manner affects the Pledged Revenues or the Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to Section 30 of this Bond Ordinance.

I. Debt Service Fund and Reserve Fund. The Debt Service Fund and Reserve Fund shall be used solely and only, and those funds are hereby pledged, for the purposes set forth in the Ordinance.

J. Surety Bonds. Each municipal official and employee being responsible for receiving Pledged Revenues shall be bonded at all times, which bond shall be conditioned upon the proper application of such funds.

K. Performing Duties. The City will faithfully and punctually perform all duties with respect to the Bonds required by the Constitution and laws of the State of New Mexico and the ordinances and resolutions of the City relating to the Bonds.

L. Tax Covenants. The City covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. The Mayor, Deputy Mayor and other officers of the City having responsibility for the issuance of the Bonds shall give an appropriate certificate of the City, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds.

The City covenants that it (a) will take or cause to be taken such actions which may be requited of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield on investment property acquired with those proceeds, (iii) make timely rebate payments to the federal government, if required, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Mayor, Deputy Mayor and other appropriate officers are hereby authorized and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, if any, as may

be required or appropriate to assure such exclusion of that interest.

In furtherance of the covenants set forth above, the City hereby establishes a fund separate from any other funds established and maintained hereunder designated as the Rebate Fund (the "Rebate Fund"). Money and investments in the Rebate Fund shall not be used for the payment of the Bonds and amounts credited to the Rebate fund shall be free and clear under any pledge under this Bond Ordinance. Money in the Rebate Fund shall be invested in a manner provided in Section 18 for investment of money, and all amounts on deposit in the Rebate Fund shall be held by the City, or a designated trustee, in trust, to the extent required to pay rebatable arbitrage to the United States of America. The City shall unconditionally be entitled to accept and rely upon the recommendation, advice, calculation and opinion of an accounting firm or other person or firm with knowledge of or experience in advising with respect to the provisions of the Code relating to rebatable arbitrage. The City shall remit all rebate installments and the final rebate payment to the United States of America as required by the provisions of the Code. Any moneys remaining in the Rebate Fund after redemption and payment of all the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and remitted to the City.

Section 24. Continuing Disclosure Undertaking. The officers of the City are authorized to sign such documents and to take such actions in the future with respect to the City's continuing disclosure obligations as are necessary or desirable to comply with the Continuing Disclosure Undertaking and the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Notwithstanding any other provisions of this Bond Ordinance, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an "event of default" under Section 25 hereof, and holders and beneficial owners of Bonds shall be entitled to exercise only such rights with respect thereto as are provided in the Continuing Disclosure Undertaking.

Section 25. Events of Default. Each of the following events is hereby declared an "event of default":

A. Nonpayment of Principal. Failure to pay the principal of any of the Bonds when the same becomes due and payable, either at maturity, or by proceedings for redemption, or otherwise.

B. Nonpayment of Interest. Failure to pay any installment of interest when the same becomes due and payable.

C. Incapable of Performing. The City shall for any reason be rendered incapable of fulfilling its obligations hereunder.

D. Default of any Provision. Default by the City in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in this Bond Ordinance on its part to be performed (other than a default set forth in subparagraphs A and B of this Section), and the continuance of such default for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the City by the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding.

E. Bankruptcy. The City (i) files a petition or application seeking reorganization or arrangement of debt under Federal bankruptcy law, or other debtor relief under the laws of any jurisdiction, or (ii) is the subject of such petition or application which the City does not contest or is not dismissed or discharged within sixty (60) days.

Section 26. Remedies Upon Default. Upon the happening and continuance of any of the events of default as provided in Section 25 of this Bond Ordinance, then and in every case, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the City, the Governing Body and its agents, officers and employees, but only in their official

capacities, to protect and enforce the rights of any holder of Bonds under this Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award relating to the execution of any power herein granted for the enforcement of any legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights provided above, or to enjoin any act or thing which may be unlawful or in violation of any right of any Bondholder, or to require the Governing Body to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Bonds then outstanding. The failure of any Bondholder so to proceed shall not relieve the City or any of its officers, agents or employees of any responsibility for failure to perform, in their official capacities, any duty. Each right or privilege of such holder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege.

Section 27. Duties Upon Default. Upon the occurrence of any of the events of default provided in Section 25 of this Bond Ordinance, the City, in addition, will do and perform all proper acts on behalf of and for the owners of the Bonds to protect and preserve the security created for the payment of the Bonds and to insure the payment of the principal of and interest on the Bonds promptly as the same become due. All proceeds derived from the Bonds, so long as any of the Bonds, either as to principal or interest, are outstanding and unpaid, shall be applied as set forth in Section 17 of this Bond Ordinance. In the event the City fails or refuses to proceed as provided in this Section, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of the owners of the Bonds as hereinabove provided.

Section 28. Bonds Not Presented When Due. If any Bonds shall not be duly presented for payment when due at maturity or on the redemption date thereof, and if moneys sufficient to pay such Bonds are on deposit with the Paying Agent for the benefit of the owners of such Bonds, all liability of the City to such owners for the payments of such Bonds shall be completely discharged, such Bonds shall not be deemed to be outstanding and it shall be the duty of the Paying Agent to segregate and to hold such moneys in trust, without liability for interest thereon, for the benefit of the owners of such Bonds as may be provided in any agreement hereafter entered into between the Paying Agent and an officer of the City.

Section 29. Delegated Powers. The officers of the City are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Bond Ordinance, including, without limiting the generality of the foregoing, the publication of the title and general summary of this Bond Ordinance set out in Section 37 (with such changes, additions and deletions as they may determine), the printing of the Bonds, the preparation, printing, execution and distribution of the Preliminary Official Statement and the final Official Statement, and the execution of the Continuing Disclosure Undertaking, a tax compliance certificate, and of such other documents or certificates as may be required by the Purchaser or bond counsel.

Section 30. Amendment of Bond Ordinance. This Bond Ordinance may be amended without the consent of the holder of any Bond to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained herein. Prior to the date of the initial delivery of the Bonds to the Purchaser, the provisions of this Bond Ordinance may be amended with the written consent of the Purchaser, with respect to any changes which are not inconsistent with the substantive provisions of this Bond Ordinance. In addition, this Bond Ordinance may be amended without receipt by the City of any additional consideration, but with the written consent of the holders of seventy five percent (75%) of the Bonds then outstanding (not including Bonds which may be held for the account of the City); but no ordinance adopted without the written consent of the holders of all outstanding Bonds shall have the effect of permitting:

A. An extension of the maturity of any Bond; or

B. A reduction of the principal amount or interest rate of any Bond; or

A. The creation of a lien upon the Pledged Revenues ranking prior to the lien or pledge created by this Ordinance; or

B. A reduction of the principal amount of Bonds required for consent to such amendatory ordinance; or

C. The establishment of priorities as between Bonds issued and outstanding under the provisions of this Bond Ordinance: or

D. The modification of or otherwise affecting the rights of the holders of less than all the outstanding Bonds.

Section 31. Defeasance. When all principal, interest and prior redemption premium, if any, in connection with the Bonds hereby authorized have been duly paid, the pledge and lien for the payment of the Bonds shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of this Bond Ordinance. Payment shall be deemed made with respect to any Bond or Bonds when the City has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations, as defined below) to meet all requirements of principal, interest and prior redemption premium, if any, as the same become due to their final maturities or upon designated redemption dates. Any Defeasance Obligations shall become due when needed in accordance with a schedule agreed upon between the City and such bank at the time of the creation of the escrow. Defeasance Obligations within the meaning of this Section, shall include only (1) cash, (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs"), and (3) obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

The City shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or the authorizing document, if no separate escrow agreement is utilized), the terms of the escrow agreement or authorizing document, if applicable, shall be controlling.

The Bonds shall be deemed outstanding within the meaning of this Bond Ordinance unless and until they are in fact paid and retired or the criteria set forth in this Section 31 is met.

Section 32. Ordinance Irrepealable. After any of the Bonds are issued, this Bond Ordinance shall be and remain irrepealable until the Bonds and the interest thereon shall be fully paid, canceled and discharged, as herein provided, or there has been defeasance of the Bonds as herein provided.

Section 33. Severability Clause. If any section, paragraph, clause or provision of this Bond Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Ordinance.

Section 34. 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 35. Effective Date. Upon due adoption of this Bond Ordinance, it shall be recorded in the book of ordinances of the City kept for that purpose, authenticated by the signatures of the Mayor or Deputy Mayor and City Clerk, and the title and general summary of the subject matter contained in this Bond Ordinance (set out in Section 37 below) shall be published in a newspaper which maintains an office and is of general circulation in the City and this Bond Ordinance shall be in full force and effect thereafter as provided by law.

Section 36. Prior Redemption and Prepayment and Notice of Prior Redemption and Prepayment for the Refunded Bonds. The City has elected and does hereby declare its intent to exercise on the behalf and in the name of the City its option to redeem and prepay the Refunded Bonds on June 1, 2015. The City is hereby obligated so to exercise such option, which option shall be deemed to have been exercised upon delivery of the Bonds. Notices of redemption and/or prepayment of the Refunded Bonds shall be provided as required by the ordinance for the 2005 City Hall Bonds.

Section 37. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Bond Ordinance shall be published in substantially the following form:

(Form of Summary of Ordinance for Publication)

City of Rio Rancho, 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 City Ordinance No. _____, duly adopted and approved by the Governing Body of the City of Rio Rancho, New Mexico, on March 27, 2025, relating to the authorization and issuance of the City's Gross Receipts Tax Improvement Revenue Bonds, Series 2025 (the "Bonds"). Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the City Clerk, Rio Rancho City Hall, Rio Rancho, New Mexico.

The title of the Ordinance is:

CITY OF RIO RANCHO

ORDINANCE NO. ____ ENACTMENT NO. ___

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF RIO RANCHO, NEW MEXICO GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2025 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $32,000,000 (EXCLUDING PREMIUM , IF ANY, PAID IN CONNECTION WITH THE ORIGINAL PURCHASE OF THE BONDS) FOR THE PURPOSES OF PAYING COSTS OF (1) THE DESIGN, CONSTRUCTION, ACQUISITION, INSTALLATION AND EQUIPPING OF (a) ROAD AND STREET IMPROVEMENTS AND RELATED UTILITY INFRASTRUCTURE WITHIN THE CITY, AND (b) CITY BUILDINGS AND PUBLIC FACILITIES, (2) THE FUNDING OF A DEBT SERVICE RESERVE FUND, TO THE EXTENT APPLICABLE, AND (3) EXPENSES RELATING TO THE ISSUANCE OF THE BONDS; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE BONDS, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION WITH THE BONDS; PROVIDING FOR THE PAYMENT OF PRINCIPAL OF, INTEREST, AND PREMIUM, IF ANY, ON THE BONDS; PROVIDING THAT THE BONDS WILL BE PAYABLE FROM CERTAIN GROSS RECEIPTS TAXES DISTRIBUTED TO THE CITY; DELEGATING AUTHORITY TO CERTAIN AUTHORIZED OFFICERS OF THE CITY TO DETERMINE THE FINAL TERMS AND RELATED

FEATURES OF THE BONDS PURSUANT TO SECTION 6-14-10.2 NMSA 1978; RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH; REPEALING ALL ACTIONS IN CONFLICT HEREWITH; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS.

A general summary of the subject matter contained in the Ordinance is set forth in its title. This notice constitutes compliance with§ 6 14-6 N.M.S.A. 1978.

(End of Form of Summary for Publication)

ADOPTED THIS _____ DAY OF _____, 2025.

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel C. Davis, City Clerk
(SEAL)

SEAL)

2025 Proposed Revenue Bond

Governing Body Work session 2/18/2025

What is a Revenue Bond?

General Obligation (GO) Bond

- Requires voter approval of specific uses (e.g. roads, public safety, QoL)
- Pledge of full faith and credit of the government
- Payable from property tax levy
- Outstanding GO debt as of June 30, 2024: $25.7m

Revenue Bond

- Does not require voter approval
- Requires Governing Body approval
- Limited obligation/pledge of specific revenue source
- Payable solely from revenue specifically pledged for the bonds (proposed pledge is State Shared GRT).

Outstanding Revenue Bonds/Loans

Pledge	Original Principal	Principal Outstanding
State Shared GRT	**$37,790,000**	**$17,085,000**
Higher Education GRT	$11,720,000	$6,935,000
Municipal GRT	$10,897,260	$4,811,754
TOTAL	$60,407,260	$28,831,754

- Outstanding State Shared GRT debt as of June 30, 2024: $17.1m
- Five Year Financial Plan programs $3m in additional annual debt service for proposed revenue bonds

Purpose	Maturity Date	Pledge	Original Principal	Principal Outstanding
Wastewater Infrastructure Loan	5/1/2025	Municipal GRT	$3,942,260	$325,754
City Hall Bond	**6/1/2025**	**State Shared GRT**	**$13,420,000**	**$1,535,000**
Hewlett Packard Infrastructure Loan	6/1/2028	Municipal GRT	$3,515,000	$1,440,000
Cleveland High School Infrastructure Loan	**6/1/2028**	**State Shared GRT**	**$3,370,000**	**$1,305,000**
UNM Health Sciences Facility Loan	6/1/2028	Higher Education GRT	$11,720,000	$6,935,000
Multi-Purpose Event Center Bond	**6/1/2032**	**State Shared GRT**	**$21,000,000**	**$14,245,000**
Westside Blvd/Los Diamantes Water & Wastewater Infrastructure Loan	5/1/2034	Municipal GRT	$3,440,000	$3,046,000

2025 Proposed Revenue Bond Sources and Uses

Sources	Amount
Bond Proceeds	$32,000,000

Uses	Amount
Unser Blvd	$16,195,784
Fire Station 8	$13,289,950
Bond Issuance/Contingency/ Multi-Generational Center	$2,514,266
TOTAL	$32,000,000

Unser Blvd Widening Phase IIB Cherry Rd to Paseo del Volcan (NM 347)

Reconstruction of Unser Blvd Phase IIB (Cherry Rd to Paseo del Volcan) includes roadway widening, intersection improvements, safety features, corridor lighting, signal timing and ITS coordination upgrades for the new pedestrian, multi-modal facilities, and landscaping.

Month/Year	Milestone
January 2025	Design Completed
April 2025	Revenue Bond Sale
May 2025	Revenue Bond Closing
June 2025	Plans, Specifications and Estimates (PS&E) Submittal to NMDOT
October 2025	Construction Start
March 2027	Construction to be Completed

Unser Blvd Sources and Uses

Sources	Amount
Federal Grants	$11,563,200
NM Local Match Fund	$1,970,508
Road Impact Fees	$1,970,508
Revenue Bond Proceeds	$16,195,784
Utility Net Revenue	$300,000
TOTAL	$32,000,000

Uses	Amount
Roadway	$31,700,000
Utilities	$300,000
TOTAL	$32,000,000

Fire Station 8

Construct, furnish and equip a new Fire Station 8 on the southeast corner of Veranda Rd and Cabezon Blvd. The approximately 12,500 square foot facility will feature three, one-hundred-foot bays with specialized equipment storage, living quarters for on-duty crews, kitchen, training areas, fitness room with equipment, a public use room, conference rooms and two administrative offices. The station will house a Fire Engine and Rescue.

Month/Year	Milestone
January 2025	Design Start
April 2025	Revenue Bond Sale
May 2025	Revenue Bond Closing
September 2025	Design to be Completed
January 2026	Construction Start
December 2026	Construction to be Completed

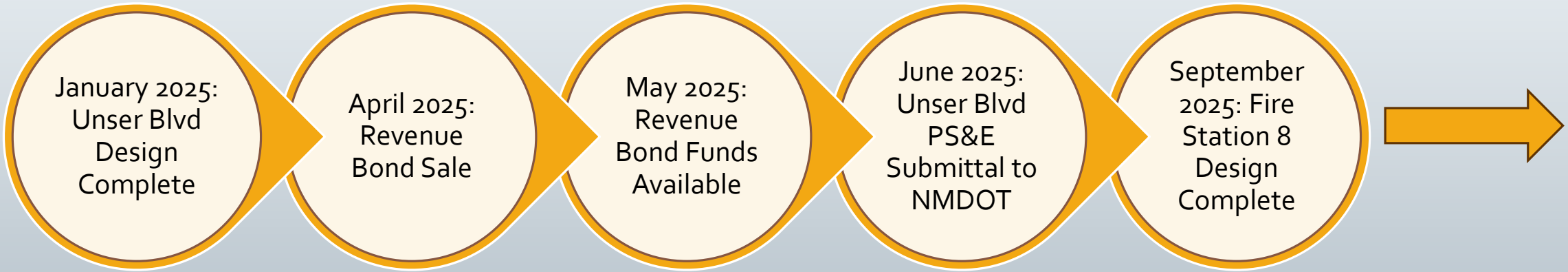
Fire Station 8 Sources and Uses

Sources	Amount
State Grants	$308,050[1]
General Fund Transfer	402,000[2]
Revenue Bond Proceeds	$13,691,950
TOTAL	$14,000,000

1.Balance of 2024 $1,034,250 grant award after design cost of $726,200.
2. Funds allocated in FY2024 Budget.

Uses	Amount
Construction	$14,000,000
TOTAL	$14,000,000

2025 Proposed Revenue Bond Timeline



- Net Cash: $32 million

2025 Proposed Revenue Bond Timeline



- To be complete in 18 months
- Net Cash: $22.3 million
- Net Cash: $3.2 million
- Net Cash: ($49k)

2025 Proposed Revenue Bond Timeline



- $9 million federal reimbursement

- $2.56 million federal reimbursement

Proposed Next Steps

- 1st Reading of Revenue Bond Ordinance 3/13/2025
- 2nd Reading of Revenue Bond Ordinance 3/27/2025
- Revenue Bond Sale April 2025
- Revenue Bond Closing May 2025: Funds Available

Rio Rancho Gross Receipts Tax Rates

Option Imposed	Rate
Municipal Gross Receipts Tax	1.8125%
Higher Education Gross Receipts Tax	0.25%
Total Local Options	2.0625%
State of New Mexico Shared Gross Receipts Tax	1.2250%
Total City of Rio Rancho	**3.2875%**
State of New Mexico Gross Receipts Tax	3.6500%
Sandoval County Gross Receipts Tax	0.3750%
Rio Metro Gross Receipts Tax (Mid Region Council of Governments)	0.1250%
TOTAL	7.4375%

To:	Members of the Governing Body of the City of Rio Rancho
From:	Carole Jaramillo, Financial Services Director
Date:	March 5, 2025
Re:	$32,000,000* City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025

The attached Preliminary Official Statement (the "POS") has been prepared in connection with the offering and sale of the $32,000,000* City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025 (the "Bonds"). The POS makes various disclosures about the City, its financial condition, property tax collections, operations and management, and the Bonds. The POS will be reviewed by bidders for the Bonds and a final Official Statement will be provided to the underwriter selected by the City as determined by the City Manager in a negotiated sale of the Bonds.

The attached POS is similar to the one used when the City issued gross receipts tax revenue bonds in 2021. The information has been updated by City staff and me. Peter Franklin of the Modrall Sperling Law Firm, the City's Bond and Disclosure Counsel and Erik Harrigan of RBC Capital Markets Corporation, the City's Financial Advisor, assisted in the disclosure process by assembling the information and reviewing the financial and economic data in the POS. We have discussed, confirmed and updated information contained in the POS, examined information for materiality, and identified additional information for inclusion. If you have any questions relating to the disclosure process and preparation of the POS, please contact me.

The POS is provided to you for review to as a result of enforcement actions by the U.S. Securities and Exchange Commission (the "SEC") against the board of Supervisors of Orange County, California, and more recently against other municipalities throughout the United States. The SEC has stated that:

> "Public entities that issue securities are primarily liable for the content of their disclosure documents…. In addition to the government entity issuing municipal securities, public officials of the issuer who have ultimate authority to approve the issuance of securities and related disclosure documents have responsibilities under the federal securities laws as well. In authorizing the issuance of the securities and related disclosure documents, a public official may not authorize disclosure that the official knows to be false; nor may the public official authorize disclosure while recklessly disregarding facts that indicate that there is a risk that the disclosure may be misleading."

Although City staff and the finance team collaborated in preparing the POS, each Councilor should review it carefully. The POS is a Governing Body document, and the City and Governing Body are responsible for its accuracy. Please use extra care in reviewing the sections labeled "INTRODUCTION "SECURITY AND SOURCES OF PAYMENT" and "THE CITY." In conducting your review, focus on whether the POS contains misleading statements of material facts or omits to state material facts. A material fact is one that could influence an investor in making a decision to purchase the Bonds.

*Preliminary and subject to change.

After reviewing the POS, please contact me if you have any reason to believe that the POS contains any inaccurate information or if you know of anything that might make any of the statements made in the POS incomplete or misleading. Thank you for your attention to this important matter.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED _____ 2025

NEW ISSUE **RATINGS: Moody's "____"**
Book-Entry Only **[S&P "___"]**

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in "TAX EXEMPTION" herein, interest on the Bonds (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax under the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of such Bonds, see "TAX EXEMPTION" herein.

$32,000,000*
CITY OF RIO RANCHO, NEW MEXICO
Gross Receipts Tax
Improvement Revenue Bonds, Series 2025

Dated: Date of Delivery **Due: June 1, as shown on inside cover**

The City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025 (the "Bonds") are being issued as fully registered bonds to be sold in denominations of $5,000 or any integral multiple thereof. The Depository Trust Company ("DTC") will act as securities depository for the Bonds through its nominee, Cede & Co. One fully registered bond equal to the principal amount of each maturity of the Bonds will be registered in the name of Cede & Co. Individual purchases of Bonds will be made in book-entry only form and beneficial owners of the Bonds will not receive physical delivery of bond certificates, except as described herein. Upon receipt of payments of principal and interest, DTC will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

Principal of and interest on the Bonds will be payable to DTC, or its nominee, as owner of the Bonds, by BOKF, NA, Albuquerque, New Mexico, as Paying Agent and Registrar. Interest on the Bonds is payable on June 1 and December 1, commencing December 1, 2025.

See Inside Cover Page for Maturities, Principal Amounts, Interest Rates, Prices, Yields and CUSIP Numbers

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The Bonds are subject to optional redemption prior to maturity as provided herein.

The Bonds are being issued for the purpose of providing funds to defray the cost of (1) design, construction, acquisition, installation and equipping of (a) road and street improvements and related utility infrastructure within the City, and (b) City buildings and public facilities, (2) funding a debt service reserve fund, and (3) expenses relating to the issuance of the Bonds. The Bonds are special, limited obligations of the City, payable solely from and secured by: (i) an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues (as described herein); and (ii) amounts on deposit in certain funds and accounts, including the Reserve Fund, which will be continued and held under the Bond Ordinance relating to the Bonds. The Bonds will not constitute indebtedness within the meaning of any constitutional, charter or statutory provision or limitation, nor will they be considered or held to be general obligations of the City.

In connection with the issuance of the Bonds, the City will commit to provide certain annual information and notice of certain material events as described herein under the caption "CONTINUING DISCLOSURE UNDERTAKING."

Certain legal matters will be passed on by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel. Certain legal matters will also be passed on for the City by the office of the City Attorney. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as special counsel to the City in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the Underwriter by its counsel, _____. RBC Capital Markets, LLC serves as Municipal Advisor to the City. It is expected that the Bonds will be delivered to DTC in New York, New York on or about _____, 2025.

Dated: March ___, 2025

[*] *Preliminary, subject to change.*

MATURITY SCHEDULE

**$32,000,000*
City of Rio Rancho, New Mexico
Gross Receipts Tax
Improvement Revenue Bonds, Series 2025**

Maturity Date (June 1)	Principal Amount*	Interest Rate	Yield	Price	CUSIP No.**
2026	$770,000				
2027	935,000				
2028	985,000				
2029	1,030,000				
2030	1,085,000				
2031	1,140,000				
2032	1,195,000				
2033	1,255,000				
2034	1,315,000				
2035	1,385,000				
2036	1,450,000				
2037	1,525,000				
2038	1,600,000				
2039	1,680,000				
2040	1,765,000				
2041	1,855,000				
2042	1,945,000				
2043	2,045,000				
2044	2,145,000				
2045	2,255,000				

* Preliminary, subject to change.

** The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and none of the City, the Financial Advisor or the Underwriter make any representation with respect to such CUSIP numbers nor undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds. "CUSIP" is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association.

CITY OF RIO RANCHO, NEW MEXICO
3200 Civic Center Circle NE
Rio Rancho, NM 87144
(505) 891-5000

CITY COUNCIL

Mayor	Greggory D. Hull
District 1 Councilor	Deb Dapson
District 2 Councilor	Jeremy Lenentine
District 3 Councilor	Bob Tyler
District 4 Councilor	Paul Wymer
District 5 Councilor	Karissa Culbreath
District 6 Councilor	Nicole List

ADMINISTRATION

City Manager	Mathew Geisel
City Clerk	Noel Davis
Financial Services Director	Carole Jaramillo
City Attorney	Joshua Rubin

MUNICIPAL ADVISOR

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6301 Uptown Boulevard, NE, Suite 110
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(505) 872-5999

BOND AND DISCLOSURE COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A.
500 Fourth Street, NW
Albuquerque, NM 87102
(505) 848-1800

PAYING AGENT/REGISTRAR

BOKF, NA
100 Sun Avenue NE, Suite 500
Albuquerque, NM 87109
(505) 222-8447

UNDERWRITER

No dealer, broker, salesperson or other person has been authorized by the City of Rio Rancho (the "City") to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. This Official Statement, which includes the cover page and appendices thereto, does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. This Official

Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The information contained in this Official Statement has been obtained from the City and other sources which are deemed to be reliable. The Municipal Advisor and the Underwriter have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor and the Underwriter do not guarantee the accuracy or completeness of such information. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or others since the date hereof.

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, as amended. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act, nor have the Bonds been registered or qualified in any state. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

THIS PRELIMINARY OFFICIAL STATEMENT IS MADE AVAILABLE TO PROSPECTIVE PURCHASERS OF THE BONDS FOR REVIEW PRIOR TO PURCHASE AND IS IN A FORM DEEMED FINAL BY THE CITY AS OF ITS DATE (EXCEPT FOR PERMITTED OMISSIONS) FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, BUT IS SUBJECT TO REVISION, AMENDMENT AND COMPLETION. THE CITY HAS COVENANTED TO PROVIDE SUCH ANNUAL FINANCIAL STATEMENTS AND OTHER INFORMATION IN THE MANNER AS MAY BE REQUIRED BY REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION OR OTHER REGULATORY BODY.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix F - Specimen Municipal Bond Insurance Policy".

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OFFICIAL STATEMENT

**$32,000,000*
CITY OF RIO RANCHO, NEW MEXICO
Gross Receipts Tax
Improvement Revenue Bonds, Series 2025**

INTRODUCTION

Generally

This Official Statement, which includes the cover page and appendices hereto, provides certain information in connection with the offer and sale by the City of Rio Rancho, New Mexico (the "City") of its Gross Receipts Tax Improvement Revenue Bonds, Series 2025 (the "Bonds") in the original principal amount of $32,000,000.* Capitalized terms used herein and not defined have the meanings specified in City Ordinance No. ___, Enactment No. ____, adopted by the City on March 27, 2025, as supplemented by the Pricing Certificate delivered in conjunction with the Sale of the Bonds on April__, 2025 (together, the "Bond Ordinance"). See Appendix B - "DESCRIPTION OF SELECTED PROVISIONS OF THE BOND ORDINANCE."

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The City of Rio Rancho

The City is a political subdivision of the State of New Mexico (the "State"), organized and existing under the Constitution, and general laws of the State. The City was incorporated in 1981, operates under a Council-Manager form of government with the Mayor elected at large, and is located in central New Mexico, adjacent to Albuquerque, New Mexico's largest city. The City has a land area of approximately 105 square miles. Rio Rancho is the third largest city in New Mexico and over the last 3 decades has been one of the fastest growing cities in the nation, with a current population of 112,358. The City's Fiscal Year ends June 30 and is referred to in this Official Statement as the "Fiscal Year."

Purposes of the Bonds

The Bonds are being issued for the purpose of providing funds to defray the cost of (1) design, construction, acquisition, installation and equipping of (a) road and street improvements and related utility infrastructure within the City, and (b) City buildings and public facilities, (2) funding a debt service reserve fund, and (3) expenses relating to the issuance of the Bonds.

Authority for Issuance

The Bonds are being issued under the authority of and pursuant to the Constitution and laws of the State of New Mexico, including Sections 3-31-1 to 3-31-12 NMSA 1978, as amended, the powers of the City as a home rule city under authority given by the Constitution of the State and the City Charter and all

* Preliminary, subject to change.

enactments of the Governing Body relating to the issuance of the Bonds, including the Bond Ordinance.

Sources of Payment for the Bonds

Special Limited Obligations

The Bonds will be special, limited obligations of the City, payable solely from Pledged Revenues (defined below), Bond proceeds, amounts on deposit in certain funds and accounts established and held under the Bond Ordinance and the earnings thereon. See "SECURITY AND SOURCES OF PAYMENT."

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

Pledged Revenues

The Bonds are payable and collectible solely from an irrevocable subordinate lien (but not necessarily an exclusive subordinate lien) on the Pledged Revenues. means the revenues from the State gross receipts tax derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted to the City monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6 and 7-1-6.4 NMSA 1978, and which remittances currently equal one and two hundred twenty-five thousandths percent (1.225%) of the taxable gross receipts reported for the City for the month for which such remittances is made; provided that if a greater amount of such gross receipts tax revenues are hereafter provided to be remitted to the City under applicable law, such additional amounts shall be included as revenues pledged pursuant to the Bond Ordinance; and provided further that the amount of revenues pledged pursuant to the Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City by the State as set forth above, or (ii) the maximum amount at any time provided hereafter to be remitted to the City under applicable law, and includes the Hold Harmless Distribution; provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the term "Pledged Gross Receipts Tax Revenues" does not include any local option gross receipts tax income received by the City); and provided further that the term "Pledged Revenues" does not include Federal Reimbursements as defined in the Bond Ordinance.

Terms of the Bonds

Payments

The Bonds will be dated their date of delivery. Interest on the Bonds is payable on June 1 and December 1, commencing December 1, 2025. The Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside of the cover page of this Official Statement. Payments on the Bonds will be made by BOKF, NA, Albuquerque, New Mexico, the initial Paying Agent and Registrar for the Bonds.

Denominations

The Bonds are issuable in denominations of $5,000 or integral multiples thereof.

Book-Entry System

Individual purchases will be made in book-entry only form and purchasers of the Bonds will not receive physical delivery of bond certificates except as more fully described herein. Payments of principal of and interest on the Bonds will be made directly to The Depository Trust Company ("DTC") or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Bonds, all as more fully described in Appendix E - "Book-Entry Only System."

In reading this Official Statement, it should be understood that while the Bonds are in book-entry only form, references in other sections of this Official Statement to owners of the Bonds should be read to include the person for whom the Participant (as hereinafter defined) and indirect participants acquire an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry only system as described more fully herein, and (ii) notices that are to be given to owners by the City or the Paying Agent will be given only to DTC.

Optional Redemption

The Bonds will be subject to optional redemption and extraordinary optional redemption prior to maturity as provided herein.

For a more complete description of the Bonds and the Bond Ordinance, see "THE BONDS" and Appendix B – "DESCRIPTION OF SELECTED PROVISIONS OF THE BOND ORDINANCE."

Tax Considerations

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A. ("Bond Counsel"), (a) the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, and (b) is not a specific preference item for purposes of the federal alternative minimum tax on individuals, subject to the matters described under the caption "TAX EXEMPTION" herein. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that the Bonds and income from the Bonds are exempt from all taxation by the State of New Mexico or any political subdivision thereof.

The form of the bond counsel opinion is attached as Appendix C hereto. For a discussion of such opinion and certain other tax consequences incident to the ownership of the Bonds, see "TAX MATTERS" herein.

Outstanding Obligations Payable from Pledged Revenues

Outstanding Parity Obligations

The following obligations are outstanding with lien on the Pledged Revenues on parity with the lien thereon of the Bonds: (i) New Mexico Finance Authority Loan Agreement dated October 6, 2017, with an outstanding principal amount of $1,305,000, and (ii) the City's Gross Receipts Tax Revenue Bonds, Series 2013 with an outstanding aggregate principal amount of $1,535,000 (the "Parity Obligations" and,

together with the Subordinate Obligations described below, the "State Shared Gross Receipts Tax Obligations").

Subordinate Obligations

The City's Taxable Subordinate Lien Gross Receipts Tax Refunding Revenue Bonds, Series 2021, issued in the original aggregate principal amount of $21,000,000, of which $14,245,000 in principal remains outstanding, are payable from and constitute a subordinate lien (but not an exclusive subordinate lien) on the Pledged Revenues.

Pursuant to the Bond Ordinance, the City is permitted to incur obligations with a parity lien on the Pledged Revenues in accordance with certain tests and upon satisfaction of certain tests as described in "SECURITY AND SOURCES OF PAYMENT – Additional State-Shared Gross Receipts Tax Obligations" and to incur obligations payable from Pledged Revenues which are subordinate to the lien thereon of the Bonds.

Commitment to Provide Continuing Information

The City will agree for the benefit of the owners of the Bonds that, so long as the Bonds remain outstanding, the City will provide annually its audited financial statements and certain other financial information and operating data with the Municipal Securities Rulemaking Board using its Electronic Municipal Market Access System ("EMMA") in conformity with Rule 15c2-12, and will file notice of certain specific material events with the Municipal Securities Rulemaking Board, as described in "CONTINUING DISCLOSURE UNDERTAKING" and Appendix D herein.

Professionals Involved in the Offering

At the time of the issuance and sale of the Bonds, Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel, will deliver the bond counsel opinion attached as Appendix C hereto. Certain legal matters relating to the Bonds will be passed upon for the City by the office of the City Attorney. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as special counsel to the City in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the Underwriter by its counsel, _____. See "LEGAL MATTERS."

RBC Capital Markets, LLC ("RBC") is employed as Municipal Advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of, or assume responsibility for, the accuracy, completeness, or fairness of the information in this Official Statement.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Bonds will be delivered to DTC in New York, New York on or about April __, 2025.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents may be obtained during the offering period, upon request to the City and upon payment to the City of a charge for copying, mailing and handling, at 3200 Civic Center Circle, NE, Rio Rancho, New Mexico 87144-4503, Attention: Financial Services Director.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds.

The purchase of the Bonds involves special risks and the Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described under "CONSIDERATIONS," which, among other factors discussed herein, could affect the payment of debt service on the Bonds and could affect the market price of the Bonds to an extent that cannot be determined at this time.

CERTAIN INVESTMENT CONSIDERATIONS

The City expects that the Pledged Revenues will at all times be sufficient to make all required payments of principal and interest on the State-Shared Gross Receipts Tax Obligations, including the Bonds. A number of factors, however, could adversely affect the City's ability to make timely payments on the Bonds from the Pledged Revenues.

The following discussion describes some, but not necessarily all, of the possible risk factors which should be carefully evaluated by prospective purchasers of the Bonds prior to purchasing any Bonds. The Bonds may not be suitable investments for all persons, and prospective purchasers should evaluate the risks and merits of an investment in the Bonds, and should confer with their own legal and financial advisors before deciding to purchase the Bonds.

State-Shared Gross Receipts Tax Collections are Subject to Fluctuation

State-Shared Gross Receipts Tax collections are subject to the fluctuations in spending related, in part, to national and local economic conditions, which influence the amount of gross receipts taxes collected. This causes gross receipts tax revenues to increase along with the increasing prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced spending. The City's economic base and collections of Pledged Revenues are directly affected by economic activities in the City. The City's business sales are affected by general economic circumstances.

The Pledged Revenues are based on the total gross receipts of the City. Various circumstances and developments, most of which are beyond the control of the City, may have an adverse effect on the future level of Pledged Revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the City, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the City, the State and the region and various other factors. For the Fiscal Year ended June 30, 2024, State-Shared Gross Receipts Tax Revenues were $29,256,191, an increase of 13.2% from $25,841,467 for Fiscal Year 2023.

Limitations on Remedies Available to Owners of Bonds

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the City in issuing the Bonds, are subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles, which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Cybersecurity Risks

The City operates a large and complex information technology infrastructure to support internal and external operations. As is the case with any such environment, the threat of cybersecurity incidents is a constant one. These incidents may arise from multiple sources, including unintentional events or actions, intentional insider threat, and deliberate malicious attacks or actions from outside entities. The effect of these threats may include unauthorized access to City systems, data or resources, inappropriate exposure or use of City information, disruption of City services, and damage to City systems. The City carries insurance against losses relating to cybersecurity incidents with coverage at a level it believes to be comparable to coverage carried by other local governments of similar size.

State Legislative Modifications Related to Pledged Gross Receipts Tax

Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the City. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds (including gross receipts tax bonds such as the Bonds) include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenue "shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds."

In 2004, the Legislature adopted legislation creating a deduction from gross receipts tax for receipts from retail sales of food (not including restaurant sales and certain sales of prepared foods) as defined for federal food stamp program purposes. Retailers are required to report receipts from sales of such groceries and then claim the deduction. The statute provides for payments to be made from the State general fund to reimburse local governments for revenues lost as a result of the new deduction (the "Hold Harmless Distributions"). Those distributions are included within Pledged Revenues. In the same year the Legislature created a deduction from gross receipts tax for receipts of licensed medical care providers from Medicare Part C and managed health plans that by contract do not reimburse providers for gross receipts tax. This legislation includes provision for payments from the State general fund to reimburse local governments for revenues lost as a result of this deduction. Those distributions are included within Pledged

Revenues but, as described below, will be phased out over a 15-year period beginning July 1, 2015. See "SPECIAL FACTORS RELATING TO THE BONDS-- Gross Receipts Tax Hold Harmless Distributions", "PLEDGED REVENUES" and "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES" herein.

Other amendments to State laws affecting taxed activities and distribution of gross receipts tax revenues have been proposed from time to time, including a significant tax reform package that was proposed in the 2017 regular legislative session but was not ultimately enacted. The extent and likelihood of passage of tax reform cannot be determined at this time. Such changes or amendments could be proposed in the future by the Legislature. There is no assurance that any future amendments will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the City. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds (including gross receipts tax bonds such as the Bonds) include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenue "shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds."

Gross Receipts Tax Hold Harmless Distributions

In 2013 the New Mexico Legislature enacted House Bill 641 which amended several provisions of New Mexico's tax code, including a phased reduction in the Hold Harmless Distributions to certain municipalities and counties over 15 years starting in the Fiscal Year beginning July 1, 2015. In order to offset the reduced Hold Harmless Distributions, the law allows municipalities and counties to impose a local option gross receipts tax up to 3/8ths of a percent (the "Hold Harmless Gross Receipts Tax"). In 2019, the Legislature enacted House Bill 479, which repealed prior restrictions on the permitted uses of several municipal local option gross receipts taxes and also repealed several local option increments of gross receipts tax, including the Hold Harmless Gross Receipts Tax, and authorized an increase in the unrestricted municipal local option rate from 1.5 percent to 2.5 percent.

The law as currently enacted will result in annual reductions and ultimately the elimination of the Hold Harmless Distributions to the City beginning on July 1 2015, as follows:

Fiscal year beginning July 1	% of Total Hold Harmless Distribution*
2015	94%
2016	88%
2017	82%
2018	76%
2019	70%
2020	63%
2021	56%
2022	49%
2023	42%
2024	35%
2025	28%
2026	21%
2027	14%
2028	7%
2029	-0-

*Based on percentage of total deductions from gross receipts claimed for sale of food at retail food stores and services provided by health care practitioners.

It is possible that the New Mexico Legislature will further amend the recently enacted law and provide for additional decreases in Hold Harmless Distributions.

Limited Obligations

The Bonds constitute a lien only on the Pledged Revenues. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the City's receipt of the Pledged Revenues in amounts sufficient to meet the debt service requirements of the Bonds. See "SECURITY FOR THE BONDS" and "PLEDGED REVENUES" herein. The Bonds and the interest thereon do not constitute a debt or indebtedness of the City within the meaning of any provision or limitation of the Constitution or laws of the State and do not give rise to a pecuniary liability of the City or a charge against its general credit or taxing power. The Bonds are not obligations of the State, and the owners of the Bonds may not look to the State for payment of the principal of or interest on the Bonds.

Additional Obligations

The City may issue additional State-Shared Gross Receipts Tax Obligations without Bondholder consent, upon meeting coverage or other financial tests. See "SECURITY AND SOURCES OF PAYMENT – Additional State-Shared Gross Receipts Tax Obligations." The issuance of such additional obligations may have an adverse effect on the ability of the City to pay debt service on the Bonds. If Pledged Revenues are insufficient to pay debt service on the Bonds and the outstanding State-Shared Gross Receipts Tax Obligations in any year, debt service will be paid on a proportionate basis.

City Cannot Increase Distribution of Taxes

The City has no control over the rate at which the Pledged Revenues are distributed to the City; the rate of distribution can be increased only by action of the State Legislature. Although it is possible that the State Legislature will increase the rate of distribution to the City, there is currently no legislation proposed or pending to increase the rate of distribution to the City.

Secondary Market

No guarantee can be made that a secondary market for the Bonds will be established and maintained. Owners of Bonds should be prepared to hold their Bonds to maturity or prior redemption.

Bond Rating

There is no assurance that the rating assigned to the Bonds will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price or the marketability of the Bonds. See the information herein under the caption "RATINGS."

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of Pledged Revenues to pay debt service on the Bonds.

PLAN OF FINANCING

Sources and Uses of Bond Proceeds

The estimated sources and uses of Bond proceeds are set forth below.

	Estimated Amount
SOURCES OF BOND PROCEEDS:	
Principal amount of the Bonds	$_____
[Net] Premium	_____
TOTAL SOURCES OF PROCEEDS	$_____
USES OF BOND PROCEEDS:	
Deposit to Acquisition Fund	$_____
Costs of Issuance[(1)]	_____
Underwriters' Discount	
TOTAL USES OF BOND PROCEEDS	

_____

[(1)] Includes municipal advisor fees, legal fees, fees of the paying agent/depositary agent/registrar, , and other miscellaneous costs and expenses related to the issuance of the Bonds.

The Project

The Bonds are being issued for the purpose of providing funds to defray the cost of (1) design, construction, acquisition, installation and equipping of (a) road and street improvements and related utility infrastructure within the City, and (b) City buildings and public facilities, (2) funding a debt service reserve fund, and (3) expenses relating to the issuance of the Bonds.

Annual Debt Service Requirements*

The following schedule shows, for each Fiscal Year of the City, the annual debt service requirements to be payable for the Bonds.

Series 2025 Bonds
Annual Debt Service Requirements*

Maturity Date (June 1)	Principal	Coupon	Interest	Total Debt Service
2025				
2026	$770,000	5.00%	$1,598,488.89	$2,368,488.89
2027	935,000	5.00%	1,429,500.00	2,364,500.00
2028	985,000	5.00%	1,382,750.00	2,367,750.00
2029	1,030,000	5.00%	1,333,500.00	2,363,500.00
2030	1,085,000	5.00%	1,282,000.00	2,367,000.00
2031	1,140,000	5.00%	1,227,750.00	2,367,750.00
2032	1,195,000	5.00%	1,170,750.00	2,365,750.00
2033	1,255,000	5.00%	1,111,000.00	2,366,000.00
2034	1,315,000	5.00%	1,048,250.00	2,363,250.00
2035	1,385,000	5.00%	982,500.00	2,367,500.00
2036	1,450,000	5.00%	913,250.00	2,363,250.00
2037	1,525,000	5.00%	840,750.00	2,365,750.00
2038	1,600,000	5.00%	764,500.00	2,364,500.00
2039	1,680,000	5.00%	684,500.00	2,364,500.00
2040	1,765,000	5.00%	600,500.00	2,365,500.00
2041	1,855,000	5.00%	512,250.00	2,367,250.00
2042	1,945,000	5.00%	419,500.00	2,364,500.00
2043	2,045,000	5.00%	322,250.00	2,367,250.00
2044	2,145,000	5.00%	220,000.00	2,365,000.00
2045	2,255,000	5.00%	112,750.00	2,367,750.00
	$29,360,000.00		**$17,956,738.89**	**$47,316,738.89**

*Preliminary; subject to change.

THE BONDS

Generally

The Bonds will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be dated their date of delivery, and will bear interest from that date payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2025 (each an "Interest Payment Date"). The Bonds will bear interest from the most recent date to which interest has been paid or provided, or if no interest has been paid or provided for, from their date until maturity.

The Bonds will be issued in denominations of $5,000 or integral multiples thereof, will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, references herein to the Bondholders, owners or registered owners shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Paying Agent to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants. See Appendix E - "Book-Entry Only System."

Book-Entry Only System

Individual purchases of the Bonds will be made in book-entry only form and purchasers of the Bonds will not receive physical delivery of bond certificates, except as more fully described herein. Payments of principal of and interest and redemption premium, if any, on the Bonds will be made directly to The Depository Trust Company ("DTC") or its nominee, Cede & Co., by BOKF, NA, Albuquerque, New Mexico, as Paying Agent and Registrar (the "Fiscal Agent"), so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to the DTC participants (the "Participants") for subsequent disbursement to the beneficial owners of the Bonds. In reading this Official Statement, it should be understood that while the Bonds are in book-entry only form, references in other sections of this Official Statement to owners of Bonds ("Owners") should be read to include the person for whom the Participants and indirect participants acquire an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry only system and (ii) notices that are to be given to Owners by the City or the Fiscal Agent will be given only to DTC. See Appendix E – "Book-Entry Only System."

Redemption Prior to Maturity

Optional Redemption

The Bonds maturing on and after June 1, 20__ are subject to redemption prior to maturity at the option of the City, in whole or in part, at any time on or after June 1, 20__ at the redemption price of 100% of the principal amount of the Bonds, plus accrued interest, if any, to the date fixed for redemption.

Extraordinary Optional Redemption

The Bonds are subject to extraordinary optional redemption prior to maturity by the City following receipt of Federal Reimbursements as set forth in the Bond Ordinance. Redemption shall be made upon

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

Partial Redemption

If less than all of the Outstanding Bonds are to be redeemed, the Maturity Dates of the Bonds to be redeemed shall be selected by the City. If less than all Bonds of a given Maturity Date are redeemed, the Bonds of that Maturity Date to be redeemed shall be selected by lot in such manner as determined by the Fiscal Agent. However, the portion of any Bonds to be redeemed and the portion of any Bond not redeemed shall both be in Authorized Denominations. If, as indicated in a certificate of an Authorized Officer delivered to the Fiscal Agent, the City has offered to purchase all Bonds then Outstanding and less than all of the Bonds have been tendered to the City for purchase, the Fiscal Agent, at the direction of an Authorized Officer, shall select for redemption all, or any part designated by the City, of the Bonds which have not been tendered.

In selecting Bonds for redemption, the Fiscal Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of any Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Owner of such Bond (except with respect to Bonds registered to a Depository or its nominee, in which case a notation as to the amount redeemed may be made on such Bonds) shall promptly surrender such Bond to the Fiscal Agent for (i) payment to such Owner of the redemption price of the unit or units of principal amount called for redemption, and (ii) delivery to such Owner of a new Bond of the same Maturity Date and series in the aggregate principal amount of the unredeemed balance, without charge therefor.

If the Owner of any such Bond fails to present that Bond to the Fiscal Agent for payment, that Bond nevertheless shall become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption and interest shall cease to accrue on that principal amount.

Notice

Notice of redemption of Bonds shall be given by the Fiscal Agent by sending a copy of such notice by registered or certified first class, postage prepaid mail not less than 30 days prior to the redemption date to all Depositories, to the Municipal Securities Rulemaking Board's EMMA System and to the Owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business on the fifth day prior to the mailing of notice on the Bond Register. The City shall give the Fiscal Agent notice of the redemption date and the Maturity Date and the principal amounts of each maturity of Bonds to be called for redemption pursuant to the Bond Ordinance at least fifteen Business Days prior to the date that the Fiscal Agent is required to give Owners notice of redemption. Bonds to be called for mandatory sinking fund redemption shall be called for redemption by the Fiscal Agent without the necessity of any notice to the Fiscal Agent from the City. Neither the City's failure to give such notice, the Fiscal Agent's failure to give such notice to any Depository (other than as the Owner of Bonds being redeemed), or the registered Owner of any Bonds to be redeemed, or any defect therein, nor the failure of the Depository to notify a Participant or any Participant or Indirect Participant to notify a Beneficial Owner of any such redemption, shall affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given.

The official notice of redemption to Owners shall state:

(1) the CUSIP numbers of the Bonds to be redeemed,
(2) the redemption date,
(3) the redemption price,
(4) the Bonds to be redeemed,
(5) if less than all Outstanding Bonds are to be redeemed, the bond numbers and Maturity Dates of the Bonds to be redeemed and, in the case of a partial redemption of a Bond, the principal amount to be redeemed,
(6) that, subject to the provisions for optional redemption under the Bond Ordinance, if applicable, on the redemption date, the redemption price will become due and payable on each Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after that date,
(7) the place where such Bonds are to be surrendered for payment of the redemption price, the name of a contact person (if the book-entry system is in effect), and the phone number at the office of the Paying Agent, and
(8) if the redemption is an optional redemption pursuant to the Bond Ordinance, that the redemption is conditional, if applicable, stating the conditions set forth in the Bond Ordinance for optional redemption.

The Fiscal Agent shall comply with any other terms regarding redemption and notice of redemption, as are required by any agreement with a Depository.

Except as provided in the Bond Ordinance, notice having been given in the manner provided above, the Bonds or part thereof called for redemption shall become due and payable on the redemption date designated and the Bonds, or part thereof to be redeemed, for which the redemption price is on deposit with the Fiscal Agent, shall not be deemed to be Outstanding and shall cease to bear or accrue interest from and after such redemption date. Subject to the Bond Ordinance, upon presentation of a Bond to be redeemed at the office of the Fiscal Agent on or after the redemption date, or, so long as the book-entry system is used for determining beneficial ownership of the Bond being redeemed, upon satisfaction of the terms of any other arrangement between the Fiscal Agent and the Depository, the Fiscal Agent will pay such Bonds or portion thereof called for redemption.

Reserve Fund

No deposit shall be required in the Reserve Fund so long as the Pledged Revenues in each Fiscal Year equal or exceed 150% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding Parity Obligations, including the Bonds, and all outstanding Subordinate Obligations. If the Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the City shall acquire a Reserve Fund Insurance Policy in an amount equal to the Minimum Reserve or shall begin making substantially equal monthly deposits in the Reserve Fund from the first legally available Pledged Revenues so that after 24 months an amount equal to the Minimum Reserve will be held in the Reserve Fund.

SECURITY AND SOURCES OF PAYMENT

Special, Limited Obligations

The Bonds shall not constitute indebtedness or a debt of the City within the meaning of any constitutional, charter or statutory provision or limitation, nor shall they be considered or held to be general

obligations of the City. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of or the interest and premium, if any, on the Bonds and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Bond Ordinance.

The Bonds are special, limited obligations of the City and are payable from the State-Shared Gross Receipts Tax Revenues with a lien thereon on parity with the lien of the Parity Obligations. The Bonds are also secured by any amounts which may be on deposit in the funds and accounts established under the Bond Ordinance. For a description of certain factors which may impact the State-Shared Gross Receipts Tax Revenues, see "State-Shared Gross Receipts Tax Revenues" under this caption.

State-Shared Gross Receipts Tax Revenues

Generally

The following section sets forth certain information relating to the State-Shared Gross Receipts Tax Revenues. It is important for prospective purchasers to analyze the historical State-Shared Gross Receipts Tax Revenues and factors which may impact future State-Shared Gross Receipts Tax Revenues. The City has assumed that the information obtained from sources other than the City is accurate without independently verifying it, but has no reason to believe that such information may be inaccurate. **The information regarding the City's finances is provided to prospective purchasers for purposes of analyzing the financial and overall status of the City, but the Bonds are payable only from the Pledged Revenues and otherwise as described under this caption.**

Imposition of Tax

The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-91 NMSA 1978, as amended), authorizes the State to impose the State-Shared Gross Receipts Tax, which is currently levied by the State for the privilege of doing business in the State and is collected by the Department of Taxation and Revenue (the "Department"). The State-Shared Gross Receipts Tax is currently levied at 4.875% of taxable gross receipts. Of the 4.875 cents collected per dollar of taxable gross receipts reported for a particular municipality, 1.225 cents are remitted monthly to each municipality based on the prior month's filings. The total gross receipts tax rate imposed in the portion of the City located in Sandoval County, effective on January 1, 2025, is 7.4375, and the total gross receipts tax rate imposed on the portion of the City located in Bernalillo County, effective on January 1, 2025, is 7.8750%.

Taxed Activities

For the privilege of engaging in business in the State, the state gross receipts tax is imposed upon any person engaging in business in the State. "Gross Receipts" is defined in the Gross Receipts and Compensating Tax Act as the total amount of money or value of other consideration received from selling property in the State (including tangible personal property handled on consignment in the State), from leasing property employed in the State, from selling certain research and development services performed outside the State the product of which is initially used in the State and from performing services in the State. The definition excludes cash discounts allowed and taken, the state gross receipts tax payable on transactions for the reporting period and any county gross receipts tax, county fire protection excise tax, county and municipal gross receipts tax, any type of time-price differential and certain gross receipts or gross receipts taxes imposed by an Indian tribe or pueblo. Unlike most other states, the State taxes sales and services, including legal services and certain medical services. The tax rate for construction businesses is determined by the location of each construction project. The tax rate for utilities is determined by the

location of the meter used to record the amount of service consumed by the customer or the location of the telephone set. For cellular service, it is the location of the customer's place of primary use.

Effective July 1, 2019, remote (Internet) sellers with total taxable gross receipts of at least $100,000 from sales, leases, and licenses of tangible personal property sourced to New Mexico customers in the previous calendar year are required under state laws to start collecting and paying State gross receipts tax on their New Mexico transactions. Effective July 1, 2021, the gross receipts tax sourcing rules changed from point of origin-based sourcing to destination-based sourcing for most categories of gross receipt, allowing for the imposition of local taxes on remote sellers. For services other than professional services, gross receipts and deductions will be reported from the location where the service is performed. Professional services will continue to be reported from the seller's place of business.

Legislative Changes. Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the City. See "SPECIAL FACTORS RELATING TO THE BONDS -State Legislation" herein.

Exemptions

Some activities and industries are exempt from the state gross receipts tax, many by virtue of their taxation under other laws. Exemptions include but are not limited to receipts of governmental agencies and certain organizations (some of which are taxable by the State, with no local distribution), receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends, receipts from the sale of prescription drugs and certain federal government paid medical expenses and interest and receipts from the sale or leasing of natural gas, oil or mineral interests. Various deductions are also allowed, including, but not limited to, receipts from various types of sales or leases of tangible personal property or services, receipts from sales to governmental agencies or certain organizations, receipts from processing certain agricultural products, receipts from certain publication sales, certain receipts from interstate commerce transactions and receipts from the sale of certain food (not including restaurant sales and certain sales of prepared foods), and receipts of licensed medical care providers from Medicare Part C. While there are over one hundred specified exemptions and deductions from gross receipts taxation, the general presumption is that all receipts of a person engaging in business in the State are subject to the gross receipts tax.

Manner of Collection and Distribution of Gross Receipts Tax.

Businesses are required to make their payments of state gross receipts tax on or before the twenty-fifth of each month for taxable events in the prior month. Collection of the state gross receipts tax is administered by the Revenue Division of the Taxation and Revenue Department of the State (the "Revenue Division"), pursuant to Section 7-1-6 NMSA 1978. Collections are first deposited into a suspense fund for the purpose of making disbursements for refunds, among other items. On the last day of each month, the balance of the suspense fund is transferred to the State general fund, less the following disbursements to the municipalities in the State. The Revenue Division remits monthly to municipalities, including the City, an amount equal to the product of the quotient of 1.225% divided by the tax rate times the net receipts (total amount paid by taxpayers less any refunds disbursed) attributable to the gross receipts of businesses located in the municipality and other designated areas.

Remedies for Delinquent Taxes

The Revenue Division may assess state gross receipts taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom state gross receipts taxes have been assessed or upon whom demand for payment has been made does not make payment thereof (or protest the assessment or demand for payment) within 30 days after the date of assessment or demand for payment, the taxpayer becomes a delinquent taxpayer. Such taxpayer remains delinquent until payment of all the taxes due, including interest and penalties, or until security is furnished for the payment thereof. The Revenue Division may, under certain circumstances, enter into an agreement with a delinquent taxpayer to remit monthly installment payments for a period of not more than 60 months. Interest is due on any delinquent taxes from the first day following the day on which it is due at the rate of 1.25% per month until paid, without regard to any installment agreement. However, if the state gross receipts tax is paid within 10 days after demand is made, no interest shall be imposed for the period after the date of demand.

The Revenue Division may levy upon all property or rights to property of a delinquent taxpayer and sell the same in order to collect the delinquent tax. The amount of delinquent state gross receipts taxes is also a lien in favor of the State upon all property and rights to property of the delinquent taxpayer, which lien may be foreclosed as provided by State statutes.

Historical Revenues

The State-Shared Gross Receipts Tax Revenues received by the City for the past five Fiscal Years are as follows:

Historical State-Shared Gross Receipts Tax Revenues

Fiscal Year	Revenues
2024	$29,256,191
2023	$25,841,467
2022	$23,431,214
2021	$18,688,575
2020	$17,820,322

Source: City of Rio Rancho. Calculated based on reports from the New Mexico Department of Taxation and Revenue.

Historical Taxable Gross Receipts

The following table provides information about the City's taxable gross receipts by sector since Fiscal Year 2019.

CITY OF RIO RANCHO
Taxable Gross Receipts by Sector and Total Gross Receipts[1]
Fiscal Years 2019-2024
Total Taxable Gross Receipts Tax Reported by Standard Industrial Clasification[2]

Classification	2019	2020	2021	2022	2023	2024
Agriculture, Forestry, Fishing and Hunting	$692,540	$1,588,351	$2,372,985	$1,337,620	$1,850,367	$2,734,595
Mining, Quarrying, Oil and Gas Extraction	17,197	28,831	1,787,229	245,205	174,058	107,096
Utilities	87,771,059	86,856,545	101,911,979	102,428,863	116,688,762	119,239,289
Construction	224,247,007	284,296,792	327,571,424	319,706,864	308,847,425	342,973,708
Manufacturing	20,026,334	28,014,291	31,512,921	29,855,508	35,541,846	36,122,261
Wholesale Trade	18,836,118	26,791,674	28,177,576	38,792,832	48,460,399	46,734,190
Retail Trade	273,895,032	322,898,088	367,555,990	433,320,591	503,773,335	554,063,852
Transportation and Warehousing	8,895,844	18,541,255	12,672,921	15,006,002	18,243,503	16,177,241
Information and Cultural Industries	86,186,276	87,809,007	40,122,299	53,545,158	58,072,539	59,364,187
Finance and Insurance	3,100,699	4,601,546	7,767,783	4,884,197	4,145,301	3,996,672
Real Estate Rental and Leasing	35,125,903	40,477,672	47,702,350	53,359,276	64,724,091	60,968,337
Professional, Scientific, and Technical Services	42,772,590	62,816,686	55,818,789	65,340,387	86,642,734	88,066,971
Management of Companies and Enterprises	498,173	348,714	334,340	273,344	27,192	680,002
Administrative, Support and Waste Management	16,920,602	25,024,581	28,585,101	41,281,183	55,167,383	49,492,997
Educational Services	9,774,500	11,904,612	12,969,233	10,103,068	13,118,725	15,448,676
Health Care and Social Assistance	81,949,358	102,995,702	189,313,814	192,149,162	187,119,066	194,542,088
Arts, Entertainment, and Recreation	8,570,905	10,564,158	8,657,837	9,222,605	12,769,937	16,182,592
Accommodation and Food Services	111,050,932	121,843,350	128,345,451	126,675,948	153,289,327	160,188,191
Other Services (except Public Administration)	91,834,000	192,495,410	138,461,576	180,117,627	208,048,209	227,721,828
Public Administration	47,266	142,984	336,561	106,298	487,601	321,436
Unclassified	8,086,095	8,810,706	14,698,366	44,776,588	55,600,489	62,873,612
Total Taxable	**$1,130,295,494**	**1,438,863,425**	**1,588,140,922**	**1,722,574,420**	**1,933,025,986**	**2,058,198,950**
Total Reported	**$1,910,269,080**	**2,576,819,121**	**2,784,502,463**	**3,101,620,631**	**3,701,890,139**	**4,150,309,601**

Source: New Mexico Taxation and Revenue Department (RP-80).

(1) The City's taxable gross receipts are according to distribution month, which lags reporting month by one month and activity month by two months. While taxable gross receipts is the reported tax base, the actual tax distributions may differ from those calculated by applying the tax and distribution rates to taxable gross receipts for any of a number of reasons (e.g., the filing taxpayer did not include a check or the check was returned; an adjustment was made for a previous over or under distribution to the City). Actual distributions average within 1-2% of computed tax due based on reported taxable gross receipts.

(2) Totals may not add due to rounding.

Source: New Mexico Taxation and Revenue Department.

Additional State-Shared Gross Receipts Tax Obligations

The City may issue additional Parity Obligations (in addition to certain refunding obligations), subject to the following requirements:

(a) the City must be current in the accumulation of all amounts which are required to have then been accumulated in the debt service fund and the reserve fund (if any accumulation is then required in the reserve fund) as required under the Bond Ordinance; and

(b) the State-Shared Gross Receipts Tax Revenues received by the City in the Fiscal Year immediately preceding the date of issuance of the proposed additional Parity Obligations shall have been sufficient to pay an amount representing at least 200% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on (1) the outstanding Superior Tax Obligations payable from and constituting a lien upon the Pledged Revenues, and (2) the Parity Obligations proposed to be issued.

The City is not permitted to issue bonds or incur obligations payable from the State-Shared Gross Receipts Tax Revenues having a lien thereon prior and superior to the lien of the Outstanding Parity Obligations. Subordinate Obligations may be issued consistent with the following requirements under the Bond Ordinance:

(a) The City is then current in the accumulation of all amounts which are required to have then been accumulated in the Debt Service Fund and the Reserve Fund as required by the Bond Ordinance; and

(b) the Pledged Revenues received by the City in the Fiscal Year immediately preceding the date of issuance of the proposed additional Parity Subordinate Tax Obligations shall have been sufficient to pay an amount representing at least 150% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on (1) the outstanding Bonds and (2) other outstanding Parity Subordinate Tax Obligations, (3) outstanding Superior Tax Obligations, and (4) the Parity Subordinate Tax Obligations proposed to be issued (excluding any reserves therefor).

OUTSTANDING STATE-SHARED GROSS RECEIPTS TAX OBLIGATIONS

State-Shared Gross Receipts Tax Obligations

The following obligations of the City payable from State-Shared Gross Receipts Tax Revenues were outstanding on June 30, 2024.

City of Rio Rancho
Outstanding Superior Tax Obligations
As of June 30, 2020

Issue	Original Principal Amount	Outstanding Principal Amount
Gross Receipts Tax Refunding Revenue Bonds, Series 2013 (City Hall Project)	$13,420,000	$1,535,000
2017 New Mexico Finance Authority Refunding Loan Agreement	3,370,000	1,305,000
Total	$16,790,000	$2,840,000

City of Rio Rancho
Outstanding Subordinate Tax Obligations
As of June 30, 2024

Issue	Original Principal Amount	Outstanding Principal Amount
Taxable Subordinate Lien Gross Receipts Tax Refunding Revenue Bonds, Series 2021	$21,000,000	$14,245,000
Total	$21,000,000	$14,245,000

Estimated Total Combined Debt Service and Coverage Ratios

The Bonds are Parity Obligations. The following table sets forth the estimated combined debt service for the outstanding Parity Obligations and Subordinate Obligations upon issuance of the Bonds.

Estimated Total Combined Debt Service
Outstanding State-Shared Gross Receipts Tax Obligations

Maturity Date (June 1)	Outstanding Senior Lien Debt Service Requirements	Series 2025 Bonds Principal[1]	Series 2025 Bonds Interest[1]	Series 2025 Debt Service[1]	Total Senior Lien Requirements[1]	Senior Lien Coverage[2][3]	Outstanding Subordinate Lien Debt Service Requirements	Subordinate Lien Coverage[2][3]	Combined Senior and Subordinate Requirements[1]	Combined Coverage[2][3]
2025	$1,940,246				$ 1,940,246	15.1x	$ 1,923,477	15.2x	$ 3,863,723	7.6x
2026	365,717	$ 770,000	$ 1,588,489	$ 2,368,489	2,734,206	10.7x	1,923,814	15.2x	4,658,020	6.3x
2027	358,990	935,000	1,429,500	2,364,500	2,723,490	10.7x	1,920,410	15.2x	4,643,900	6.3x
2028	281,710	985,000	1,382,750	2,367,750	2,649,460	11.0x	1,917,508	15.2x	4,566,968	6.4x
2029		1,030,000	1,333,500	2,363,500	2,363,500	12.4x	1,916,534	15.2x	4,280,034	6.8x
2030		1,085,000	1,282,000	2,367,000	2,367,000	12.4x	1,926,452	15.2x	4,293,452	6.8x
2031		1,140,000	1,227,750	2,367,750	2,367,750	12.4x	1,918,874	15.2x	4,286,624	6.8x
2032		1,195,000	1,170,750	2,365,750	2,365,750	12.4x	1,923,265	15.2x	4,289,016	6.8x
2033		1,255,000	1,111,000	2,366,000	2,366,000	12.4x			2,366,000	12.4x
2034		1,315,000	1,048,250	2,363,250	2,363,250	12.4x			2,363,250	12.4x
2035		1,385,000	982,500	2,367,500	2,367,500	12.4x			2,367,500	12.4x
2036		1,450,000	913,250	2,363,250	2,363,250	12.4x			2,363,250	12.4x
2037		1,525,000	840,750	2,365,750	2,365,750	12.4x			2,365,750	12.4x
2038		1,600,000	764,500	2,364,500	2,364,500	12.4x			2,364,500	12.4x
2039		1,680,000	684,500	2,364,500	2,364,500	12.4x			2,364,500	12.4x
2040		1,765,000	600,500	2,365,500	2,365,500	12.4x			2,365,500	12.4x
2041		1,855,000	512,250	2,367,250	2,367,250	12.4x			2,367,250	12.4x
2042		1,945,000	419,500	2,364,500	2,364,500	12.4x			2,364,500	12.4x
2043		2,045,000	322,250	2,367,250	2,367,250	12.4x			2,367,250	12.4x
2044		2,145,000	220,000	2,365,000	2,365,000	12.4x			2,365,000	12.4x
2045		2,255,000	112,750	2,367,750	2,367,750	12.4x			2,367,750	12.4x
Total	**$2,946,663**	**$29,360,000**	**$17,956,739**	**$47,316,739**	**$50,263,402**		**$15,370,335**		**$65,633,736**	

Note: Columns may not add to totals due to rounding.

(1) Preliminary and subject to change; figure includes debt service on the Bonds with assumed interest of [5.00%] per annum.

(2) Based on Pledged Revenues of $29,256,191 for Fiscal Year ending June 30 2024. The Pledged Revenues are subject to fluctuation in future years and the City makes no assurance that the Pledged Revenues in future years will match or exceed the Pledged Revenues for Fiscal Year ending June 30, 2024.

(3) Legislation passed in the 2013 legislative session and signed by the Governor began in 2016 to limit certain "make-whole" gross receipts tax payments to municipalities, including the City, pursuant to Section 7-1-6.46 NMSA 1978, as well as provide for the availability of additional local option taxing authority. See "CERTAIN INVESTMENT CONSIDERATIONS – State Legislative Modifications Related to Pledged Revenues."

The State-Shared Gross Receipts Tax Revenues of the City attributable to the 1.225% levy for Fiscal Year 2024 were $29,256,191. The maximum estimated calendar year combined debt service requirements for the outstanding Parity Obligations of the City, together with the Bonds as shown in the preceding table are estimated to be $2,723,490* (occurring in Fiscal Year 2027). The coverage ratio of the Fiscal Year 2024 State-Shared Gross Receipts Tax Revenues to such maximum estimated calendar year combined debt service requirements is 10.7x*. The maximum estimated calendar year combined debt service requirements for the outstanding Parity Obligations and Subordinate Obligations of the City, together with the Bonds as shown in the preceding table are estimated to be $4,658,020* (occurring in Fiscal Year 2026). The coverage ratio of the Fiscal Year 2026 State-Shared Gross Receipts Tax Revenues to such maximum estimated calendar year combined debt service requirements is 6.3x*. The City can make no assurances that State-Shared Gross Receipts Tax Revenues in future years will maintain the Fiscal Year 2024 levels.

THE CITY

The City of Rio Rancho is currently the third largest city in New Mexico and has experienced rapid growth historically. Rio Rancho is located in central New Mexico at 5,679 feet above sea level, and is adjacent to Albuquerque, New Mexico's largest city. In the early 1960s, the AMREP Corporation purchased 55,000 acres of land on the outskirts of Albuquerque, originally called Rio Rancho Estates. AMREP marketed the area to residents in the Midwest and eastern states. When home building began in 1962, many of the first residents were middle-income retirees. In 1966, the 100th family moved to Rio Rancho and by 1977 the population had grown to 5,000. In 1971, AMREP purchased and platted an additional 35,000 acres. Rio Rancho Estates at that time included 92,000 acres and was larger, geographically, than the city of Albuquerque.

By the late 1970's the area had grown to a community of about 11,000. In September of 1981 the City of Rio Rancho was formally incorporated as a New Mexico municipality. Rapid employment, population and housing growth characterized Rio Rancho in the 1980's and continued through the 1990's. Population and housing stock tripled between 1980 and 1990. The City's population grew by approximately 45 percent between the 2000 census and the 2010 census and has overtaken Santa Fe as the third largest City in the State behind Albuquerque and Las Cruces. The City has a land area of approximately 105 square miles and a population of approximately 112,358 (2024 estimate).

Government

The City was incorporated in 1981 and operates under a home rule charter, adopted by voter approval in March, 1992, with a Council-Manager form of government. Nonpartisan elections are held for members of the Governing Body of the City (the "Governing Body") for the election of councilors from six single member districts and for a Mayor to be nominated and elected at large by the residents and qualified voters of the City. Under the City Charter, as amended, the Mayor is a voting member of the Governing Body in the event of a tie vote or if a councilor is absent.

Members of the Governing Body are elected for staggered four-year terms. The members and the date of expiration of their current terms are as follows:

*Preliminary; subject to change.

Name	Office	Current Term Expires
Greggory D. Hull	Mayor	March, 2026
Deb Dapson	Councilor, District 1	March, 2028
Jeremy Lenentine	Councilor, District 2	March, 2026
Bob Tyler	Councilor, District 3	March, 2026
Paul Wymer	Councilor, District 4	March, 2028
Karissa D. Culbreath	Councilor, District 5	March, 2026
Nicole List	Councilor, District 6	March, 2028

Administrative Officers

Greggory D. Hull, Mayor. The Mayor is a member of the Governing Body of the City and the Chief Executive Officer of the City. The Mayor presides at meetings of the Governing Body and is a member of the Governing Body entitled to vote in the absence of a councilor or to break a tie. As Chief Executive Officer of the City, the Mayor exercises all administrative and executive powers, except to the extent that those powers are vested with the City Manager; represents the City in intergovernmental relationships; presents an annual State of the City report to the Governing Body; and performs other duties and exercise such other powers as specified in the City Charter, City ordinances and resolutions, or by the Governing Body. Mr. Hull was first elected as Mayor of Rio Rancho in April 2014 via a runoff election for a four-year term, and was re-elected in March 2022 for another four-year term.

Matt Geisel, City Manager. The City Manager is the Chief Administrative Officer of the City, in charge of the day-to-day administrative affairs of the City, and responsible to the Mayor and Governing Body, as appropriate, for the administration of all City affairs placed in the administrator's charge by or under the City Charter. The Governing Body appointed Mr. Geisel the City Manager on April 22, 2021. Mr. Geisel served as the Secretary of the Economic Development Department of the State of New Mexico from October, 2016 to December, 2018. In September 2019, Mr. Geisel returned to the City in the role of Economic Development and Business Relations Manager and Acting Development Services Director. Mr. Geisel previously worked for the City from January 2009 to September 2016 in various roles, including Economic Development and Business Relations Manager. Mr. Geisel has a Bachelor of Arts in Economics and Spanish from the University of California, Davis and a Master of Business Administration, from the University of California, Los Angeles.

Carole Jaramillo, Director of Financial Services. The Chief Financial Officer of the City is the Director of Financial Services, who also serves as the City Treasurer. The Director of Financial Services is appointed by the City Manager and is confirmed by the Governing Body. The Director of Financial Services is responsible for the City's cash and investments, accounting, budgeting, contracts, procurement, and Motor Vehicle Division. Ms. Jaramillo began serving as Director of Financial Services in 2016, through April 2019 and then resumed her position with the City in August 2019. She previously served as Santa Fe County Finance Director, and prior to that served as the payroll supervisor, budget administrator and accountant with Santa Fe County. Prior to her public sector experience, Ms. Jaramillo spent her career in the not-for-profit sector serving various entities in financial capacities of accountant, assistant controller and finance director. Ms. Jaramillo studied Business Administration at George Mason University in Fairfax, Virginia and is an alumna of the Leadership New Mexico Local Government Leadership and Core Programs.

Joshua Rubin, City Attorney. The City Attorney serves as chief legal advisor to the Council, City Manager, and all department heads, offices and agencies. The City Attorney represents the City in all legal proceedings and performs any other duties prescribed by law. The City Attorney is appointed by the City

Manager and confirmed by the Governing Body. Mr. Rubin has served as City Attorney since March 13, 2023; however, Mr. Rubin has been employed by the City since August of 2018. Prior to serving as the City Attorney, Mr. Rubin served as Deputy City Attorney and Assistant City Attorney. Before joining the City, Mr. Rubin served as an Assistant District Attorney in Bernalillo County (March of 2016 through August of 2018) as a felony prosecutor and worked for Fidelity Investments LLC (August of 2015 through March of 2016) in Fidelity's retirement benefits contracting group. Mr. Rubin holds a Bachelor of Business Administration, majoring in finance with a minor in economics, from the University of New Mexico and a Juris Doctorate from the University of New Mexico School of Law.

Other Employees

As of January 1, 2025, the City had 793.86 authorized full-time positions. The City's police force consists of 149 uniformed officers. The City operates a library, an aquatic center, a senior citizens center, six fire stations, a municipal water and sewer utility, and a solid waste collection and disposal system, contracted by the City. The City also operates outdoor swimming pools, sports fields and playgrounds with paid staff members during an active summer recreational program. The City has three employee unions, including Police, Fire, and AFSCME. The City considers its relations with its employees to be good.

Economy

The City's economy and surrounding area have been based primarily on the Intel manufacturing plant, government and related activities, retail trade, tourism, arts and entertainment, and recreation. Over the past decade, Rio Rancho has experienced steady growth in healthcare. In 2011 and 2012, Presbyterian Rust Medical Center ("Rust") and University of New Mexico Sandoval Regional Medical Center ("UNMSRMC") hospitals opened in the City. Rust continues to expand with a 100,000 square foot Professional Medical Office Building, which represents a $30M investment, is the fourth building constructed pursuant to a six-building master plan, and is expected to employ more than 1,000 individuals across the entire medical complex. UNMSRMC recently completed a Center of Excellence for Orthopedic Surgery and Rehabilitation, which will house academic faculty, research office and labs, clinic and rehabilitation.

Rust and UNMSRMC have attracted additional medical offices in the surrounding areas along the Unser corridor in the Petroglyphs Medical Plaza and Unser Pavilion sites. As part of this associated medical growth, the City has seen Acute Care and Assisted, Independent and Memory Care facilities invest in Rio Rancho. The Village, an approximately 64-acre mixed use development adjacent to Presbyterian Rust Medical Center along the Unser Gateway, is positioning its development to attract medical and wellness providers, as well as retail uses including Albertson's Market Street and a variety of restaurants.

The City has attracted industry to provide employment for its residential growth. Intel Corporation, New Mexico's most prominent manufacturer, has upgraded or overhauled its Rio Rancho site seven times since the 1980s. Over the past few years, Intel has repositioned its Rio Rancho facility from traditional wafer chip manufacturing to new technologies. In fall 2018, the company announced the relocation of its Optane (formerly known as 3D XPoint) technology development to Rio Rancho, creating over 100 new research and development jobs. In spring 2019, Intel announced another 300 new jobs in the area of silicon photonics. Intel has completed an investment of $ 3.5 billion in its Rio Rancho operations for the manufacture of advanced semiconductor technologies. Modernization of the plant accommodates Intel's advanced packaging technology and silicone photonics. The project has created 1,000 construction jobs. The expansion is expected to create at least 700 high-tech jobs, increasing its total employee count to over 2,500.

New Mexico start-up Nature's Toolbox relocated its operation to Rio Rancho in 2022. The company's mission is to advance the healthcare industry by commercializing its cell-free technology to

expedite the development and manufacturing of vaccines and pharmaceuticals using mRNA and protein technology to accelerate preclinical drug discovery efforts. Nature's Toolbox anticipates creating over 70 high paying jobs in its Rio Rancho facility.

A number of long-standing, small to mid-sized manufacturers have located in Rio Rancho, including as Aero Parts, Aer Sale, DHF Technical, Insight Lighting, LectroSonics, and Stainless Motors in Sandoval County. Those manufacturers serve as a solid base of advanced and skilled manufacturing jobs in Rio Rancho.

The office and customer contact center industry has played a key role in Rio Rancho for more than two decades. HP, Inc. has operated a sales and premium support center since 2009, currently employing approximately 750 workers with a $60 million payroll. Bank of America, which has operated a customer care facility in Rio Rancho since 1999, started a job creation and service line expansion in 2015, with plans to grow its staff by 300 to a total of 450. As of late 2019, the facility employed over 500, providing premium customer care to multi-line and high net-worth customers as well as small-business lending services. The facility's starting wage is $20 per hour.

"In fill" development on major corridors is bringing new quick service restaurants users to the community including Raisin Canes, Dutch Bros., and others. Empty "big box" space is being redeveloped to new companies to the City including Sprouts grocery store and Defined Fitness gym.

Rio Rancho continues to be an attractive place to live for both growing families and retirees. Over the past decade, Rio Rancho's share of single-family residential starts has grown to 39.9 percent of the four-county metro area. The City has issued more than 4,000 single family residential permits in the last five years as well as 859 units of multi-family housing within the last three years. The housing market has seen a significant increase in the median home value over the past three years.

In fiscal year 2024 Rio Rancho had 1,094 new single-family home starts, and there are a total of 2846 vacant developed lots and preliminary plat approvals in the pipeline throughout the City in approved master-planned communities and subdivisions. The 173-acre Los Diamantes Masterplan Community is the cornerstone of this anticipated residential growth, with 457 single family residential lots and approximately 63 acres designated for commercial/industrial use. Los Diamantes is in close proximity to Joe Harris Elementary School, which opened in August 2021, as well as the site for Rio Rancho's third high school (construction date to be determined).

Retirement Plan

The City participates in a pension plan organized on a statewide basis and operated by the State of New Mexico. The Public Employees' Retirement Association of New Mexico (the Plan"), established by Chapter 167, Laws of 1947, New Mexico Statutes Annotated, 1978 Compilation, as amended, requires contributions, computed as a percentage of salary, from both employee and employer for all full-time employees. The majority of State and municipal employees in New Mexico participate in the Plan. The Plan requires contributions by the City and by employees at rates established by statute.

In addition to retirement benefits, the Plan provides disability benefits, surviving spouse and children's benefits, deferred benefits option and cost of living adjustments for all eligible participants. Employer contributions to the pension plan amounted to $14,109,059 for the fiscal year ended June 30, 2024. The City's liability under the Plan is limited to the periodic employer contributions, that it is required to make for its participating employees. Future deficits of the Plan are expected to be financed by the State.

For additional information regarding the Plan, please refer to Note 10 to the City's audited financial statements.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 requires cost-sharing employers, such as the City, to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. Statement No. 68 was effective for fiscal years beginning after June 15, 2014.

The City offers other post-employment benefits through the Retiree Health Care Fund, a cost-sharing multiple employer defined benefit plan administered by the New Mexico Retiree Healthcare Authority. This plan is used to provide post-employment health insurance benefits for eligible employees and their dependents. The contribution requirements are established by and may be amended by the statute. The City's contribution to the fund for Fiscal Year 2024 was $881,687. For additional information regarding the post-employment benefit plan, please refer to Note 11 to the City's audited financial statements.

City Insurance Coverage

The City participates in the New Mexico Self-Insurers' Fund Risk Pool (the "Pool"), together with other New Mexico municipalities. The Pool is a public entity risk pool currently operating as a common risk management and insurance program for its members. The City paid an annual premium of $1,673,851 for general insurance coverage during Fiscal Year 2024. The City maintains commercial insurance for all other risks of loss, including accident insurance and cybersecurity. The City believes that it maintains coverage for its assets and operations at a level which is customary and adequate, in its opinion, for similar entities insuring similar operations and assets. There can be no assurance, however, that the City will continue to maintain the present level of coverage or that the insurance maintained will be sufficient.

ECONOMIC AND DEMOGRAPHIC STATISTICS

This section contains general information concerning the economic and demographic conditions in and surrounding the City. The information presented was obtained from the sources indicated, and the City makes no representation as to the accuracy or completeness of the data presented. All data in this subsection is presented on a calendar year basis.

Population

The Albuquerque Metropolitan Statistical Area ("MSA") includes Bernalillo, Sandoval, Torrance and Valencia Counties. The Census added Torrance County to the MSA in the 2000 Census.

Population

Census Year	City of Rio Rancho	Albuquerque MSA	State of New Mexico
1980	9,985	515,776	1,303,143
1990	32,505	589,131	1,515,069
2000	51,765	729,648	1,826,280
2010	85,642	887,077	2,059,174

2020	104,046	919,935	2,117,522
2024 [2]	110,433	923,072	2,117,948
2029 [2]	117,114	936,552	2,137,700

CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GENERAL FUND[1]

Year Ending June 30	2020	2021	2022	2023	2024
Revenues					
Property Taxes	$17,313,316	$17,401,465	$18,653,039	$20,603,894	$22,388,656
Municipal Taxes	25,012,095	26,227,197	34,659,421	38,057,447	43,081,101
Franchise Taxes	4,449,274	4,935,662	5,187,677	5,358,634	5,326,085
License and Permits	371,336	330,157	393,214	329,274	523,445
Intergovernmental - Federal	595,454	13,164,926	239,780	267,147	251,637
Intergovernmental - State	15,913,692	17,216,025	22,303,294	27,409,750	31,109,651
Intergovernmental - Local	118,323	168,207	49,772	162,145	300,000
Charges for Services	5,598,336	6,439,369	7,168,792	7,263,071	8,512,583
Fines and Forfeitures	787,673	746,391	667,756	578,102	665,017
Investment Income (Expense)	81,046	186,111	(919,976)	186,867	2,429,180
Miscellaneous	2,483,403	2,601,970	3,437,640	3,165,623	3,967,147
Total Revenues	$72,723,948	$89,417,480	$91,840,409	$103,381,954	118,554,502
Expenditures					
General Government	$9,547,521	$10,935,830	$11,436,849	$13,479,586	$14,436,562
Public Safety	29,646,668	29,646,668	32,178,790	34,311,229	39,599,393
Public Works	7,119,139	7,119,139	8,599,253	9,430,888	10,891,349
Parks, Recreation and Culture	7,890,035	7,890,035	8,502,380	10,133,510	11,644,539
Community and Economic Development	2,749,908	2,749,911	3,178,043	3,433,727	3,967,099
Capital Outlay	1,344,503	1,036,219	3,044,477	4,373,474	4,051,886
Total Expenditures	$58,297,774	$59,377,802	$66,939,792	$75,162,414	84,590,828
Revenues Over (Under) Expenditures	$14,426,174	$30,039,678	$24,900,617	$28,219,540	33,963,674
Other Financing Sources (Uses)					
Sale of Capital Assets	61,059	69,335	8,850	128,929	142,434
Lease Proceeds	--	--	--	--	397,895
Transfers In	121,778	163,875	628,955	50,077	51,511
Transfers Out	(6,342,094)	(3,419,056)	(23,683,967)	(21,125,431)	(24,709,301)
Total Other Financing Sources (Uses)	(6,159,257)	(3,185,846)	(23,046,162)	(20,946,425)	(24,117,461)
Net Change in Fund Balances	$8,266,917	$26,853,832	$1,854,455	$7,273,115	$9,846,213
Fund Balance, Beginning of Year	$20,795,958	$29,062,875	$55,916,707	$57,771,162	$65,044,277
Fund Balance, End of Year	$29,062,875	$55,916,707	$57,771,162	$65,044,277	$74,890,490

[1] Information appearing in the table is derived from the City's audited financial statements, but this table is not audited.

CITY OF RIO RANCHO, NEW MEXICO
BALANCE SHEET – GENERAL FUND[1]

Year Ending June 30	2020	2021	2022	2023	2024
Assets					
Cash & Cash Equivalents	$19,858,971	$36,502,216	$26,357,733	$23,612,651	$26,011,487
Receivables:					
Accounts, Net	1,447,551	1,639,264	1,860,150	1,620,479	2,160,879
Interest	5,101	7,576	9,817	112,084	173,159
Property Taxes	1,015,300	1,017,924	954,857	955,540	1,011,549
Gross Receipt Taxes	4,326,314	4,558,317	6,001,285	6,540,125	7,533,099
Due from Federal Government	315,916		32,253	48,073	53,129
Due from State Government	2,660,461	2,992,691	4,462,256	4,830,771	5,480,532
Due from Local Governments	20,876	89,083	38,855	--	--
Lease Receivable	-	-	2,531,884	2,427,226	2,313,746
Investments	1,361,668	16,084,121	19,407,938	30,826,558	34,949,904
Due from Other Funds	1,283,867	2,878,254	2,002,334	2,644,790	2,342,816
Total Assets	$32,296,025	$65,769,446	$63,659,362	$73,618,297	$82,029,300
Liabilities					
Accounts Payable	$903,305	$1,095,600	$962,819	$1,614,328	$1,495,842
Accrued Liabilities	1,469,917	2,105,636	2,079,417	4,301,430	3,082,895
Unearned Revenues	--	5,765,727	--	--	--
Total Liabilities	$2,373,222	$8,966,963	$3,042,236	$5,915,758	$4,578,737
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	$859,928	$885,776	$874,139	$852,940	$921,254
Deferred Lease Items	-	-	1,971,825	1,805,322	1,638,819
Total Deferred Inflows of Resources	$859,928	$885,776	$2,845,964	$2,658,262	$2,560,073
Fund Balances (Deficits)					
Restricted	$0	$0	$0	$0	$0
Committed	-	-	-	-	7,049,236
Unassigned	29,062,875	55,916,707	57,771,162	65,044,277	67,841,254
Total Fund Balances	$29,062,875	$55,916,707	$57,771,162	$65,044,277	$74,890,490
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$32,296,025	$65,769,446	$63,659,362	$73,618,297	$82,029,300

[1] Information appearing in the table is derived from the City's audited financial statements, but this table is not audited.

Source: Audited Financial Statements of the City of Rio Rancho.

ECONOMIC AND DEMOGRAPHIC STATISTICS

This section contains general information concerning the economic and demographic conditions in and surrounding the City. The information presented was obtained from the sources indicated, and the City makes no representation as to the accuracy or completeness of the data presented. All data in this subsection is presented on a calendar year basis.

Population

The Albuquerque Metropolitan Statistical Area ("MSA") includes Bernalillo, Sandoval, Torrance and Valencia Counties. The Census added Torrance County to the MSA in the 2000 Census.

Population

Census Year	City of Rio Rancho	Albuquerque MSA	State of New Mexico
1980	9,985	515,776	1,303,143
1990	32,505	589,131	1,515,069
2000	51,765	729,648	1,826,280
2010	85,642	887,077	2,059,174
2020	104,046	919,935	2,117,522
2024 [2]	110,433	923,072	2,117,948
2029 [2]	117,114	936,552	2,137,700
Projected Growth 2024-2029 [2]	6.05%	1.46%	0.93%

Source: United States Census Bureau.

[1] Estimates; Source: Spotlight, April 2024.

[2] Projected; Source: Spotlight, April 2024.

Age Distribution

The following table sets forth the age distribution profile for the Albuquerque Metropolitan Statistical Area, the State and the United States.

	Percent of Population		
Age Group	Albuquerque MSA	New Mexico	United States
0-17	19.87%	21.41%	21.10%
18-24	9.14%	9.70%	9.55%
25-34	12.41%	12.51%	12.98%
35-44	12.80%	12.49%	12.94%
45-54	11.54%	11.04%	11.98%
55 and Older	34.24%	32.85%	31.45%

Source: Spotlight, April 2024.

Income

The following table sets forth annual per capita personal income levels in dollars for the Albuquerque MSA, the State and the United States.

Per Capita Personal Income

Calendar Year	Albuquerque MSA	New Mexico	United States
2014	37,284	36,880	46,357
2015	38,644	37,753	48,038
2016	40,050	38,175	48,943
2017	40,802	39,177	50,977
2018	42,178	40,977	53,310
2019	44,587	43,121	55,539
2020	48,654	46,629	59,159
2021	52,972	51,134	64,411
2022	53,954	52,190	65,475
2023	57,278	55,343	68,548
2024	**	**	**

Source: Bureau of Economic Analysis, U.S. Department of Commerce, compiled by Federal Reserve Bank of St. Louis.

** Data unavailable.

Employment

The following table provides a ten-year history of average employment in the Albuquerque MSA, the State and the United States.

EMPLOYMENT/UNEMPLOYMENT RATES

Year[(1)]	Albuquerque MSA Labor Force	Albuquerque MSA % Unemployed	State Labor Force	State % Unemployed	U.S. % Unemployed
2023	**	3.4%	964,991	3.8%	3.6%
2022	441,364	3.7%	947,991	4.1%	3.6%
2021[(2)]	438,348	6.6%	942,505	7.1%	5.4%
2020	429,080	7.7%	931,147	7.9%	8.1%
2019	437,880	4.7%	955,890	5.0%	3.7%
2018	432,462	4.7%	944,844	4.9%	3.9%
2017	433,432	5.6%	948,364	6.0%	4.4%
2016	429,598	6.2%	944,335	6.8%	4.9%
2015	422,292	6.2%	938,333	6.6%	5.3%
2014	418,981	6.4%	932,024	6.6%	6.2%

** Figures not available.

[(1)] Figures are annual averages.

Source: U.S. Bureau of Labor Statistics, as compiled by Federal Reserve Bank of St. Louis.

Major Employers

Some of the largest employers in the City are set forth below. No independent investigation into their affairs has been made and consequently there can be no representation as to the stability or financial condition of the companies listed hereafter, or the likelihood that such companies will maintain their status as major employers in the area.

MAJOR EMPLOYERS
By Number of Employees – 2024

ORGANIZATION	EMPLOYEES	DESCRIPTION
Rio Rancho Public Schools	2,600	Public School District
Intel Corporation	2,592	Semiconductor Manufacturer
Santa Ana Pueblo	2,500	Tribal Government/Enterprise
Presbyterian Healthcare Services	1,200	Hospital/Medical Services
City of Rio Rancho	771	Municipal Government
HP, Inc.	750	Computer & Computer Parts Manufacturer
Sandoval Regional Medical Center	650	Medical Services
Brycon Corporation	450	Construction
Bank of America	350	Banking and Financial Services

Source: Sandoval Economic Alliance and City of Rio Rancho Audited Financial Statements FY 2024

Effective Buying Income

The following table reflects the Percent of Households by Effective Buying Income Groups ("EBI") for the Albuquerque Metropolitan Statistical Area ("MSA"), the State and the United States. EBI is defined as money income less personal tax and non-tax payments described below. Money income is the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deducted from this total money income are personal income taxes, personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate. Receipts from the following sources are not included as money income: money received from the sale of property; the value of "in kind" income such as food stamps, public housing subsidies, and employer contributions for persons; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum inheritances, insurance payments, and other types of lump-sum receipts.

Percent of Households by Effective Buying Income Groups

Effective Buying Income Group	Albuquerque MSA	New Mexico	United States
Under $25,000	18.1%	21.0%	16.4%
$25,000 - $34,999	8.1%	8.9%	7.7%
$35,000 - $49,999	11.5%	12.2%	11.4%
$50,000 - $74,999	17.3%	17.1%	16.2%
$75,000 & Over	45.0%	40.9%	48.4%
2020 Est. Median Household Income	54,440	49,385	65,228
2021 Est. Median Household Income	54,431	49,658	67,086
2022 Est. Median Household Income	62,500	55,028	72,191
2023 Est. Median Household Income	64,973	57,526	73,336
2024 Est. Median Household Income	67,131	60,813	75,781

Source: Spotlight, April 2024.

Gross Receipts

The following tables show the total reported gross receipts, total reported retail gross receipts, and taxable gross receipts generated in the City for the past five years. For the purposes of these tables, gross receipts means the total amount of money received from selling goods and services in the State of New Mexico, from leasing property employed in the State and from performing services in the State. Gross receipts include, among other things, food sales and services such as legal and medical services.

Historical Total Gross Receipts Reported for City

Fiscal Year	City of Rio Rancho	
	Retail Trade	Total
2024	1,109,406,551	$4,150,309,601
2023	977,560,795	4,065,377,937
2022	872,133,930	3,561,665,655
2021	663,138,562	2,434,753,844
2020	560,446,332	2,576,819,120

Source: New Mexico Taxation and Revenue Department RP-80 Reports.

Historical Taxable Gross Receipts Reported for City

Fiscal Year	Taxable Gross Receipts
2024	$2,058,198,950
2023	1,987,084,984
2022	1,935,419,701
2021	1,718,434,979
2020	1,438,863,424

Source: New Mexico Taxation and Revenue Department RP-80 Reports.

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "project," "budget," "plan" and similar expressions identify forward-looking statements.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City, at a price of $_____ (being the par amount of the Bonds, plus a [net] original issue premium of $_____, and less an underwriting discount of $_____). The Underwriter will be

obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers) at prices lower than the public offering prices and such public offering prices may be changed, from time to time, by the Underwriter.

_____ ("_____"), the Underwriter of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of _____ and _____ for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of _____ and _____ may purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

LITIGATION

There is no action, suit, proceeding, inquiry, investigation or controversy of any nature pending, or to the City's knowledge threatened, involving the City (i) in any way questioning (A) the authority of any officer of the City to exercise the duties and responsibilities of his or her office or (B) the existence, powers or authority of the City material to the Bonds or the security for the Bonds; (ii) seeking to restrain or enjoin the issuance, sale, execution or delivery of, or the performance by the City of its obligations under, the Bonds; (iii) in any way contesting or affecting (A) the issuance, sale, execution or delivery of the Bonds or (B) the validity or enforceability of the Bonds, any of the documents relating to the Bonds or any action contemplated by or pursuant to any of the foregoing; (iv) which, except as and to the extent disclosed below may result, either individually or in the aggregate, in final judgments against the City materially adversely affecting its financial condition; or (v) asserting that the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. On the Closing Date, the City will deliver a no-litigation certificate as to the foregoing.

New Mexico Tort Claims Act Limitations

The New Mexico Tort Claims Act limits liability to (i) $100,000 for damage to or destruction of property arising out of a single occurrence, (ii) $300,000 for all past and future medical and medically-related expenses arising out of a single occurrence, (iii) $400,000 to any person for any number of claims arising out of a single occurrence for all damages other than property damage and medical and medically-related expenses, as permitted under the New Mexico Tort Claims Act, and (iv) $750,000 for all claims other than medical or medically-related expenses arising out of a single occurrence.

TAX MATTERS

No attempt has been made or will be made to comply with certain requirements relating to the exclusion from gross income for federal income tax purposes of interest on the Bonds. The stated interest on the Bonds will be included in the gross income, as defined in section 61 of the Code, of the beneficial owners thereof and be subject to U.S. federal income taxation when paid or accrued, depending on the tax accounting method applicable to the beneficial owners thereof. In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, interest on the Bonds is exempt from New Mexico state income taxes.

The form of this opinion is included in the Bond Opinion attached hereto as Appendix C. Prospective purchasers of the Bonds should be aware that the ownership of taxable obligations may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the should consult their tax advisors as to the applicability and impact of such consequences.

CONTINUING DISCLOSURE UNDERTAKING

In connection with the issuance of the Bonds, the City will execute a Continuing Disclosure Undertaking, in the form attached hereto as Appendix C, under which it will agree for the benefit of the owners of the Bonds to provide audited annual financial statements of the City when available after the end of each Fiscal Year, and to provide certain annual financial information and operating data ("Annual Disclosure") relating to the City and timely notice of certain events.

The City has previously entered into continuing disclosure undertakings with respect to certain other obligations of the City in accordance with Rule 15c2-12. The City believes that it has not otherwise been in default under those continuing disclosure agreements in any material respect in connection with the filing of audited annual financial statements, annual financial information and notice of significant events in the past five years.

LEGAL MATTERS

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel, will render an opinion with respect to the validity of the Bonds and will render the opinions described above under "TAX MATTERS." The proposed form of such opinion is attached hereto as Appendix C. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as Special Counsel to the City in connection with the preparation of the Official Statement. Certain legal matters relating to the Bonds will be passed upon for the City by the office of the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Escamilla & Poneck, LLP. The fees of Bond Counsel and Special Counsel are contingent upon the issuance and delivery of the Bonds. Bond Counsel, Special Counsel and Underwriter's Counsel have not participated in any independent verification of the information concerning the financial condition of the City contained in this Official Statement.

INDEPENDENT ACCOUNTANTS

CliftonLarsonAllen LLP audited the financial statements of the City as of and for the year ended June 30, 2024 and delivered their report to the New Mexico State Auditor and the City. The complete Annual Comprehensive Financial Report of the City of Rio Rancho – Audited General Purpose Financial Statements – as of and for the Fiscal Year ended June 30, 2024, as well as for previous fiscal years, are public documents and are available from the New Mexico State Auditor. The 2024 Annual Comprehensive Financial Report is included in Appendix A to this Official Statement. CliftonLarsonAllen LLP has not been engaged to review this Official Statement or any information contained herein.

RATINGS

The City has applied for ratings on the Bonds from Moody's Investors Service, Inc. ("Moody's"). The Bonds have been rated "__" by Moody's.

Ratings reflect only the respective views of the rating agencies, and the City makes no representation as to the appropriateness of any rating. An explanation of the significance of the ratings may only be obtained from the respective rating agencies. The City has furnished to each rating agency certain information and materials relating to the Bonds and the City, some of which may not have been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigation, studies and assumptions by the rating agencies. The respective ratings are not a recommendation to buy, sell or hold the Bonds, and there can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the Bonds.

ADDITIONAL INFORMATION

All quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents may be obtained during the offering period upon request directly to the City at 3200 Civic Center Circle NE, Rio Rancho, New Mexico 87144-4503, Attention: Financial Services Director.

Any statements in this Official Statement involving matters of opinion, whether or not expressly

so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds.

APPROVAL BY THE CITY

This Official Statement has been duly authorized and approved by the City and has been executed and delivered by the Mayor on behalf of the City.

CITY OF RIO RANCHO, NEW MEXICO

By:_____
Greggory D. Hull, Mayor

APPENDIX A

Comprehensive Annual Financial Report of the City of Rio Rancho - Audited General Purpose Financial Statements - as of and for the Fiscal Year Ended June 30, 2024

APPENDIX B

Description of Selected Provisions of the Bond Ordinance

The following is a summary and excerpts, supplementing the information in the body of the Official Statement, of certain provisions of the Bond Ordinance which authorized the issuance of the Bonds. The summary and excerpts do not purport to be complete and reference is made to the Bond Ordinance for a full and complete statement of such provisions. In addition, certain references to "this Ordinance" or "this Bond Ordinance" have been revised as "the Ordinance" or "the Bond Ordinance".

Defined Terms

As used in the Bond Ordinance, the following terms have the meanings specified, unless the context clearly requires otherwise:

"Acquisition Fund" means the "City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025 Acquisition Fund" established in Section 16 of the Bond Ordinance.

"Bond Insurance Policy" means any policy of insurance, surety bond, letter of credit or other financial instrument issued to the City by an Insurer, insuring the timely payment of principal of and interest on the Bonds as the same become due.

"Bond Ordinance" or "Ordinance" means Ordinance No. __, Enactment No ___ adopted by the Governing Body on March 27, 2025.

"Bond Purchase Agreement" means the bond purchase agreement to be entered into between the City and the Underwriter.

"Bondholder," "holder," "owner" or "Owner" means the registered owner of any Bond as shown on the registration books of the City for the Bonds, from time to time, maintained by the Registrar. Any reference to a majority or a particular percentage or proportion of the Bondholders shall mean the Holders at the particular time of a majority or of the specified percentage or proportion in aggregate principal amount of all Bonds then outstanding.

"Bonds" means the "City of Rio Rancho, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2025" authorized by the Bond Ordinance.

"Business Day" means a day on which commercial banks in the city in which the principal office of the Paying Agent and Registrar is located are open for conduct of substantially all of their business operations.

"Charter" means the home rule charter of the City, as amended and supplemented.

"City" means the City of Rio Rancho, in the County of Sandoval and State of New Mexico.

"Continuing Disclosure Undertaking" means the continuing disclosure agreement with respect to the Bonds to be executed on the day of issuance and delivery of the Bonds to the Underwriter, and approved pursuant to the Bond Ordinance.

"Costs of Issuance Account" means the "City of Rio Rancho Gross Receipts Tax Improvement Revenue Bonds, Series 2025, Costs of Issuance Account" established in Section 16 of the Bond Ordinance.

"Debt Service Fund" means the "City of Rio Rancho Gross Receipts Tax Improvement Revenue Bonds, Series 2025, Debt Service Fund" established in Section 16 of the Bond Ordinance.

"Depository" means The Depository Trust Company, New York, New York, or such other securities depository as may be designated by an officer of the City.

"Event of Default" means any of the events stated in Section 25 of the Bond Ordinance.

"Expenses" means the reasonable and necessary fees, costs and expenses incurred by the City with respect to the issuance of the Bonds, including the fees, compensation, costs and expenses paid or to be paid to the Paying Agent, Registrar and municipal advisor, escrow verification fees, escrow agent fees, bond and disclosure counsel fees, and other legal and accounting fees and expenses.

"Federal Reimbursements" means moneys received by the City from the United States of America as reimbursement for eligible costs of the Project.

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

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

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

"Hold Harmless Distribution" means the distribution to the City made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the gross receipts tax revenues received pursuant to Section 7-1-6.4 NMSA 1978, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year beginning on July 1, 2015 until the distribution is eliminated after July 1, 2029.

"Independent Accountant" means (A) an accountant employed by the State of New Mexico and under supervision of the State Auditor of the State of New Mexico, or (B) any certified public accountant, registered accountant, or firm of such accountants duly licensed to practice and practicing as such under the laws of the State of New Mexico, appointed and paid by the City who (i) is, in fact, independent and not under the domination of the City, (ii) does not have any substantial interest, direct or indirect, with the City, and (iii) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or similar audits of the books or records of the City.

"Insured Bank" means a bank or savings and loan association insured by an agency of the United States.

"Insurer" means the provider of a Bond Insurance Policy or a Reserve Fund Insurance Policy, if any, to be identified in the Pricing Certificate.

"Interest Payment Date" means each semi-annual date on which interest on the Bonds is due.

"Minimum Reserve" means the maximum annual debt service coming due on the outstanding Bonds in any succeeding Fiscal Year.

"Moody's" means Moody's Investors Service, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

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

"Official Statement" means the final disclosure document to be used by the Underwriter in connection with the sale of the Bonds to the public.

"Outstanding" or "outstanding" when used in reference to bonds means, on any particular date, the aggregate of all Bonds delivered under the Bond Ordinance except:

A. those cancelled at or prior to such date or delivered or acquired by the City at or prior to such date for cancellation;

B. those otherwise deemed to be paid in accordance with Section 32 of the Bond Ordinance;

C. those in lieu of or in exchange or substitution for which other Bonds shall have been delivered, unless proof satisfactory to the City and the Paying Agent is presented that any Bond for which a new Bond was issued or exchanged is held by a bona fide holder or in due course.

"Parity Bonds", "Parity Obligations" or "Parity Gross Receipts Tax Obligations" means the Bonds, the 2013 Bonds and the 2017 NMFA Loan, and any other obligations hereafter issued or incurred payable from the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with the lien thereon of the Bonds.

"Paying Agent" means BOKF, NA, Albuquerque, New Mexico, , as agent for the City for the payment of the Bonds or any other entity at the time appointed Paying Agent by resolution of the Governing Body.

"Permitted Investments" means investments permitted by applicable laws of the State, the Charter or ordinances of the City.

"Pledged Gross Receipts Tax Revenues" or "Pledged Revenues" means the revenues from the State gross receipts tax derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted to the City monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6 and 7-1-6.4 NMSA 1978, and which remittances currently equal one and two hundred twenty-five thousandths percent (1.225%) of the taxable gross receipts reported for the City for the month for which such remittances is made; provided that if a greater amount of such gross receipts tax revenues are hereafter provided to be remitted to the City under applicable law, such additional amounts shall be included as revenues pledged pursuant to the Bond Ordinance; and provided further that the amount of revenues pledged pursuant to the Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City by the State as set forth above, or (ii) the maximum amount at any time provided hereafter to be remitted to the City under

applicable law, and includes the Hold Harmless Distribution; provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the term "Pledged Gross Receipts Tax Revenues" does not include any local option gross receipts tax income received by the City); and provided further that the term "Pledged Revenues" does not include Federal Reimbursements as herein defined.

"Preliminary Official Statement" means the disclosure document used by the Underwriter in connection with the initial offering of the Bonds to the public which document shall be deemed final as of its date by the City for purposes of Securities and Exchange Commission Rule 15c2-12.

"Pricing Certificate" means the certificate setting forth the maturity dates, principal amounts, prices, redemption features and other final terms of the Bonds, including, without limitation, provisions required in connection with a Bond Insurance Policy or a Reserve Fund Insurance Policy, acknowledging and ratifying the Preliminary Official Statement and its use and distribution in connection with the offer and sale of the Bonds to the public, and approving the inclusion of the final terms of the Bonds in the Official Statement.

"Project" means (1) the design, construction, acquisition, installation and equipping of (a) road and street improvements and related utility infrastructure within the City, and (b) City buildings and public facilities, (2) the funding of a debt service reserve fund as provided in the Pricing Certificate, and (3) the payment of expenses relating to the issuance of the Bonds.

"Purchaser" means the Underwriter.

"Registrar" means BOKF, NA, as agent for the City for transfer and exchange of the Bonds or any other entity at the time appointed by resolution of the Governing Body.

"Registrar, Depository Agent and Paying Agent Agreement" means the agreement by and between the City and BOKF, NA, Albuquerque, New Mexico, pursuant to which BOKF, NA will perform the duties of Registrar and Paying Agent in connection with the Bonds, and will maintain certain accounts in connection with the deposit of proceeds of the Bonds.

"Related Documents" means the Bond Purchase Agreement, the Pricing Certificate, the Continuing Disclosure Undertaking, the Preliminary Official Statement, the Official Statement, the Registrar, Depository Agent and Paying Agent Agreement, agreements or other documentation required in connection with the issuance of a Bond Insurance Policy or a Reserve Fund Insurance Policy, and any other document or agreement containing an obligation of the City as may be required in connection with the issuance of the Bonds.

"Reserve Fund" means the "City of Rio Rancho Gross Receipts Tax Improvement Revenue Bonds, Series 2025, Reserve Fund."

"Reserve Fund Insurance Policy" means any policy of insurance, surety bond, letter of credit or other financial instrument issued to the City by an Insurer, the proceeds of which shall be used to prevent deficiencies in the payment of the principal of or interest on the Bonds resulting from insufficient amounts being on deposit in the Debt Service Fund to make the payment of principal of and interest on the Bonds as the same become due. Each policy shall be written by a bank, insurance company or any financial institution experienced in insuring or guaranteeing municipal bonds whose policies of insurance, surety bond, letter of credit or other financial instrument would not adversely affect the rating of the Bonds by Moody's and/or S&P to the extent that the Bonds are or are to be so rated.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

"Sale Price" means the amount paid by the Purchaser for its purchase of the Bonds, set forth in the Pricing Certificate and the Bond Purchase Agreement.

"State" means the State of New Mexico.

"Subordinate Obligations" or "Subordinate Tax Obligations" means the 2021 Bonds and any other bonds or obligations outstanding from time to time with a lien on Pledged Revenues subordinate to the lien thereon of the Bonds.

"2013 Bonds" means the City of Rio Rancho, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2013 in the original aggregate principal amount of $13,420,000, payable from and constituting a first (but not an exclusive first) lien on the Pledged Gross Receipts Tax Revenues (of which $1,535,000 in principal of such 2013 Bonds remains outstanding).

"2017 NMFA Loan" means the New Mexico Finance Authority Loan (3765-PP) in the original aggregate principal amount of $3,370,000, payable from and constituting a first (but not an exclusive first) lien on the Pledged Gross Receipts Tax Revenues (of which $1,305,000 in principal of such 2017 NMFA Loan remains outstanding).

"2021 Bonds" means the City of Rio Rancho, New Mexico Taxable Subordinate Lien Gross Receipts Tax Refunding Revenue Bonds, Series 2021 in the original aggregate principal amount of $21,000,000, payable from and constituting a subordinate (but not an exclusive subordinate) lien on the Pledged Gross Receipts Tax Revenues (of which $14,245,000 in principal of such 2021 Bonds remains outstanding).

Flow of Pledged Revenues

Funds and Accounts.

The following special and separate funds are created or continued by the Bond Ordinance: (i) continues the Gross Receipts Tax Income Fund previously established and maintained by the City; (ii) creates the Acquisition Fund to be maintained by the City; (iii) creates the Debt Service Fund to be maintained by the City; and (iv) creates the Reserve Fund to be maintained by the City.

Deposit of Pledged Revenues and Flow of Funds.

Deposit of Gross Receipts Tax Revenues.

A. Income Fund. So long as any Bonds are outstanding, the Pledged Tax Revenues shall, immediately upon receipt thereof by the City, be deposited into the Gross Receipts Tax Income Fund. All money deposited into such fund shall be held separate and apart from the City's general fund and applied only in accordance with the provisions of the Bond Ordinance and any other City ordinance authorizing the issuance of Parity Obligations or Subordinate Obligations.

B. Debt Service Fund. As a first charge on the Income Fund, the following amounts shall be withdrawn from the Income Fund and shall be credited to the Debt Service Fund:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of principal of the outstanding Bonds and monthly thereafter, commencing on each principal payment date, one-twelfth (1/12) of the amount necessary to pay the next maturing installment of principal on the Bonds then outstanding.

C. Credit. In making the deposits required to be made into the Debt Service Fund, if there are any amounts then on deposit in the Debt Service Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to paragraph B above shall be reduced by the amount available in such fund for such purpose.

D. Transfer of Money out of Debt Service Fund. Each payment of principal and interest becoming due on the Bonds shall be transferred from the Debt Service Fund to the Paying Agent on or before two Business Days prior to the due date of such payment.

E. Reserve Fund. No deposit shall be required in the Reserve Fund so long as the Pledged Revenues in each Fiscal Year equal or exceed 200% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding Parity Bonds. If the Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the City shall acquire a Reserve Fund Insurance Policy in an amount equal to the Minimum Reserve or shall begin making substantially equal monthly deposits in the Reserve Fund from the first legally available Pledged Revenues so that after 24 months an amount equal to the Minimum Reserve will be held in the Reserve Fund. After funding the Reserve Fund in an amount equal to the Minimum Reserve, no additional payments need be made into the Reserve Fund so long as the moneys therein shall equal not less than the Minimum Reserve. The moneys in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in paragraph F of this Section, only to prevent deficiencies in the payment of the principal of and interest on the Bonds resulting from failure to deposit into the Debt Service Fund sufficient funds to pay the principal and interest as the same accrue.

F. Defraying Delinquencies in the Debt Service Fund and Reserve Fund. If, in any month, the City shall, for any reason, fall to pay into the Debt Service Fund the full amount above stipulated from the Pledged Revenues, then an amount shall be paid into the Debt Service Fund in such month from the Reserve Fund (if moneys are then on deposit in the Reserve Fund) equal to the difference between that paid from the Pledged Revenues and the full amount so stipulated. If the moneys paid into the Debt Service Fund from the Reserve Fund are not equal to the amount required to be paid into the Debt Service Fund for such month, then in the following month, an amount equal to the difference between the amount paid and the amount required shall be deposited into the Debt Service Fund, in addition to the normal payment required to be paid in such month, from the first Pledged Revenues thereafter received and not required to be otherwise applied. The money deposited in the Debt Service Fund from the Reserve Fund, if any, shall be replaced in the Reserve Fund from the first Pledged Revenues thereafter received not required to be otherwise applied. If, in any month, the City shall, for any reason, fail to pay into the Reserve Fund the full amount required, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first Pledged Revenues thereafter received and not required to be otherwise applied. The moneys in the Reserve Fund shall be used. solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Bonds; provided, however, that any moneys at

any time in excess of the Minimum Reserve in the Reserve Fund may be withdrawn therefrom and applied to any other lawful purpose. Cash accumulated in the Reserve Fund shall not be invested in a manner which could cause the Bonds to become arbitrage bonds within the meaning of the Code. Any investments held in the Reserve Fund shall be valued annually, on or about June 1, at their current fair market value and, if the amount then on deposit in the Reserve Fund exceeds the Minimum Reserve, all amounts in excess of the Minimum Reserve shall be transferred to the Debt Service Fund and used to pay principal of and interest on the Bonds.

G. Payment of Parity Gross Receipts Tax Obligations. Concurrently with the payment of the Pledged Revenues required by paragraphs B, E and F of this Section, any amounts on deposit in the Income Fund shall be used by the City for the payment of principal of, interest on and debt service reserve fund deposits relating to Parity Bonds now outstanding and to additional Parity Bonds, if any, hereafter authorized to be issued and payable from the Pledged Revenues, as applicable, as the same accrue. If funds on deposit in the Income Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Bonds and any other outstanding Parity Bonds, then the available funds in the Income Fund will be used, first, on a pro rata basis, based on the amount of principal and interest then due with respect to each series of outstanding Parity Bonds, for the payment of principal of and interest on an series of outstanding Parity Bonds and, second, to the extent of remaining available funds in the Income Fund, on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding Parity Bonds.

H. Termination Upon Deposits to Maturity. No payment shall be made into the Debt Service Fund or the Reserve Fund if the amounts (excluding any amount in the Reserve Fund represented by a Reserve Fund Insurance Policy) in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Bonds to their respective maturities or applicable redemption dates, in which case moneys in the Debt Service Fund and the Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same accrue, and any moneys in excess thereof in the Debt Service Fund and the Reserve Fund may be used as provided below.

I. Payment of Subordinate Obligations. After and subject to the payments required by, and provisions contained in, the preceding paragraphs of this Section, any remaining Pledged Revenues shall be used, as necessary, by the City for the payment of the principal of, and interest on, all Subordinate Obligations with a lien on the Pledged Revenues which is subordinate and junior to the lien of the Parity Obligations on Pledged Revenues.

J. Surplus Revenues. After making all the payments hereinabove required to be made by this Section, the remaining Pledged Revenues, if any, may be applied to any other lawful purpose, as the City may from time to time determine.

General Administration of Funds

The funds shall be separately maintained as a trust fund or funds for the purposes established and shall be deposited in one or more bank accounts in an Insured Bank or Banks. Each fund or account shall be continuously secured to the extent required by law and shall be irrevocable and not withdrawable by anyone for any purpose other than the designated purpose. Payments shall be made into the proper fund or account on the first day of the month except when the first day shall not be a Business Day, then payment shall be made on the next succeeding Business Day. No later than two Business Days prior to each Interest Payment Date, moneys sufficient to pay interest and principal then due on the Bonds shall be transferred to the Paying Agent. Nothing in the Bond Ordinance shall prevent the City from establishing one or more

bank accounts in an Insured Bank or Banks for all the funds required by the Bond Ordinance or shall prevent the combination of such funds and accounts with any other bank account or accounts or investments for other funds and accounts of the City.

Moneys in the Reserve Fund shall be invested as provided below and moneys in any other fund or account not immediately needed may be invested in any Permitted Investment. The obligations so purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account. The City Financial Services Director shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund.

Moneys, if any, in the Reserve Fund may be invested only in Permitted Investments with a maturity not greater than five years. The City shall annually on or about June 1 of each year, commencing on the first June 1 succeeding funding of the Reserve Fund, value the Reserve Fund on the basis of the current fair market value of deposits and investments credited to the Reserve Fund. For purposes of determining the amount on deposit in the Reserve Fund, any Reserve Fund Insurance Policy held by, or the benefit of which is available to, the City as security for the Bonds shall be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, except that, if the amount available under a Reserve Fund Insurance Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Reserve Fund Insurance Policy and not reinstated or another Reserve Fund Insurance Policy provided, then, in valuing the Reserve Fund, the value of such Reserve Fund Insurance Policy shall be reduced accordingly. If, upon any valuation, the value is less than the Minimum Reserve, the City shall replenish such amounts from the first Pledged Revenues thereafter received not required to be otherwise applied or other monies legally available therefor.

If moneys have been withdrawn from the Reserve Fund or a payment has been made under a Reserve Fund Insurance Policy constituting all or a portion of the Reserve Fund, and deposited into the Debt Service Fund to prevent a default on the Bonds, then the City will pay, from Pledged Revenues or other monies legally available therefor, the full amount so withdrawn, together with interest, if any, required under the terms of the Reserve Fund Insurance Policy, or so much as shall be required to restore the Reserve Fund to the Minimum Reserve and to pay such interest, if any.

Additional Bonds Payable from Pledged Revenues.

A. Parity Bonds Test. The Bond Ordinance shall not prevent the issuance of additional Parity Bonds payable from and constituting a lien upon the Pledged Revenues on a parity with the lien of the Bonds. Before any additional Parity Bonds are actually issued, it must be determined that:

(1) The City is then current in the accumulation of all amounts which are required to have then been accumulated in the Debt Service Fund and the Reserve Fund (if any accumulation is then required in the Reserve Fund) as required by Section 17 of the Bond Ordinance; and

(2) The Pledged Revenues received by the City in the Fiscal Year immediately preceding the date of issuance of the proposed additional Parity Bonds shall have been sufficient to pay an amount representing at least 125% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on (1) the outstanding Bonds, (2) other outstanding Parity Bonds payable from and constituting a lien upon the Pledged Revenues, and (3) the Parity Bonds proposed to be issued.

B. Certification or Opinion Regarding Revenues. A written certificate or opinion by the City Financial Services Director that the Pledged Revenues are sufficient to pay the required amounts under the test described in Paragraph A above, shall conclusively determine the right of the City to issue additional Parity Bonds. The City Financial Services Director may utilize the results of any annual audit to the extent it covers the applicable period.

C. Subordinate Obligations Permitted. Nothing in the Bond Ordinance shall prevent the City from issuing bonds or other obligations payable from the Pledged Revenues pledged by the Bond Ordinance and having a lien on the Pledged Revenues subordinate to the lien of the Bonds in accordance with the legislation authorizing the outstanding Subordinate Obligations.

D. Superior Obligations Prohibited. The City shall not issue any obligation having a lien on the Pledged Revenues pledged by the Bond Ordinance which is prior and superior to the Bonds.

Refunding Bonds.

A. Privilege of Issuing Refunding Obligations. If at any time the City shall find it desirable to refund any outstanding obligations constituting a lien upon the Pledged Revenues, the Bonds or other obligations, or any part thereof, such obligations may be refunded, but only with the consent of the holders, unless the obligations shall then mature or be callable for redemption, or the plan of refunding calls for payment of the obligations at maturity or at a redemption date, regardless of whether the lien priority is changed by the refunding except that superior obligations are prohibited as provided in Paragraph D in the immediately preceding paragraph, and except as provided in Paragraphs B and C immediately below.

B. Limitation Upon Issuance of Parity Refunding Obligations. No refunding obligations shall be issued with a lien on the Pledged Revenues on a parity with the lien of the Bonds, unless:

(1) The lien on the Pledged Revenues of the outstanding obligations so refunded is on a parity with the lien on the Pledged Revenues of the Bonds; or

(2) The refunding obligations are issued in compliance with the Parity Bonds Test described in Paragraph A under the heading "Additional Bonds Payable from Pledged Revenues" above.

C. Refunding Part of an Issue. The refunding bonds or other refunding obligations issued shall enjoy complete equality of lien with the portion of any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of such refunding bonds or other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the same issue refunded thereby. If only a part of any issue or issues is refunded, then there may be no refunding without the consent of the holders of the unrefunded portion of such obligations, unless:

(1) The refunding obligations do not increase the aggregate principal and interest requirements for any Fiscal Year commencing prior to the last maturity date of such unrefunded obligations; or

(2) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded; or

(3) The refunding bonds or other refunding obligations are issued in compliance with the Parity Bonds Test described in Paragraph A under the heading "Additional Bonds

Payable from Pledged Revenues" above.

D. Limitation Upon Issuance of Any Refunding Obligations. Any refunding obligations payable from Pledged Revenues shall be issued with such details as the Governing Body may provide, subject to the inclusion of any such rights and privileges designated in Paragraph C immediately above but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue or issues, including the Bonds.

Equality of Parity Bonds.

The Parity Bonds from time to time outstanding shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of their issuance or the date incurred, it being the intention of the Governing Body that, except as set forth herein, there shall be no priority among Parity Bonds regardless of whether they are actually issued and delivered or incurred at different times.

Protective Covenants

A. Use of Bond Proceeds. The City will proceed without delay to apply the proceeds of the Bonds as set forth in the Bond Ordinance.

B. Payment of Bonds. The City will promptly pay the principal of and the interest on every Bond at the place, on the date and in the manner specified in the Bond Ordinance and in the Bonds according to the true intent and meaning thereof.

C. City's Existence. The City will maintain its corporate identity and existence so long as any of the Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the City, without adversely affecting to any substantial degree the privileges and rights of any owner of the Bonds.

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

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

F. Audits and Budgets. The City will, within two hundred ten (210) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the Pledged Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues.

G. Other Liens. Other than as described and identified by the Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

H. Impairment of Contract. The City agrees that any law, ordinance or resolution of the City that in any manner affects the Pledged Revenues or the Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to Section 30 of the Bond Ordinance.

I. Debt Service Fund and Reserve Fund. The Debt Service Fund and Reserve Fund shall be used solely and only, and those funds are hereby pledged, for the purposes set forth in the Ordinance.

J. Surety Bonds. Each municipal official and employee being responsible for receiving Pledged Revenues shall be bonded at all times, which bond shall be conditioned upon the proper application of such funds.

K. Performing Duties. The City will faithfully and punctually perform all duties with respect to the Bonds required by the Constitution and laws of the State of New Mexico and the ordinances and resolutions of the City relating to the Bonds.

L. Tax Covenants. The City covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. The Mayor, Deputy Mayor and other officers of the City having responsibility for the issuance of the Bonds shall give an appropriate certificate of the City, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds.

The City covenants that it (a) will take or cause to be taken such actions which may be requited of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield on investment property acquired with those proceeds, (iii) make timely rebate payments to the federal government, if required, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Mayor, Deputy Mayor and other appropriate officers are hereby authorized and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, if any, as may be required or appropriate to assure such exclusion of that interest.

In furtherance of the covenants set forth above, the Ordinance establishes a fund separate from any other funds established and maintained hereunder designated as the Rebate Fund (the "Rebate Fund"). Money and investments in the Rebate Fund shall not be used for the payment of the Bonds and amounts credited to the Rebate fund shall be free and clear under any pledge under the Bond Ordinance. Money in the Rebate Fund shall be invested in a manner provided in Section 18 for investment of money, and all amounts on deposit in the Rebate Fund shall be held by the City, or a designated trustee, in trust, to the extent required to pay rebatable arbitrage to the United States of America. The City shall unconditionally be entitled to accept and rely upon the recommendation, advice, calculation and opinion of an accounting firm or other person or firm with knowledge of or experience in advising with respect to the provisions of the Code relating to rebatable arbitrage. The City shall remit all rebate installments and the final rebate payment to the United States of America as required by the provisions of the Code. Any moneys

remaining in the Rebate Fund after redemption and payment of all the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and remitted to the City.

Bonds Not Presented for Payment

If any Bonds shall not be duly presented for payment when due at maturity or on the redemption date thereof, and if moneys sufficient to pay such Bonds are on deposit with the Paying Agent for the benefit of the owners of such Bonds, all liability of the City to such owners for the payments of such Bonds shall be completely discharged, such Bonds shall not be deemed to be outstanding and it shall be the duty of the Paying Agent to segregate and to hold such moneys in trust, without liability for interest thereon, for the benefit of the owners of such Bonds as may be provided in any agreement hereafter entered into between the Paying Agent and an officer of the City.

Defeasance

When all principal, interest and prior redemption premium, if any, in connection with the Bonds have been duly paid, the pledge and lien for the payment of the Bonds shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of the Bond Ordinance. Payment shall be deemed made with respect to any Bond or Bonds when the City has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations, as defined below) to meet all requirements of principal, interest and prior redemption premium, if any, as the same become due to their final maturities or upon designated redemption dates. Any Defeasance Obligations shall become due when needed in accordance with a schedule agreed upon between the City and such bank at the time of the creation of the escrow. Defeasance Obligations within the meaning of this Section, shall include only (1) cash, (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs"), and (3) obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

The Bonds shall be deemed outstanding within the meaning of the Bond Ordinance unless and until they are in fact paid and retired or the criteria set forth in the Bond Ordinance as described herein are met.

Registration, Transfer, Exchange and Ownership of Bonds

Registration, Transfer and Exchange. The City shall cause books for registration, transfer, and exchange of the Bonds as provided in the Bond Ordinance to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any fully registered Bond at the principal office of the Registrar duly endorsed by the registered owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Registrar and duly executed, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or registered owner, as appropriate, a new Bond or Bonds in authorized denominations, in fully registered form of the same aggregate principal amount, maturity and interest rate.

Owner of Bonds. The person in whose name any Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either the principal of or interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative as stated in the Bond Ordinance, but such registration may be changed as provided above. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

Charges. For each new Bond issued in connection with a transfer or exchange, the Registrar may make a charge to the owner of the Bond requesting such exchange or transfer sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

Bonds Called for Redemption. The Registrar shall not be required to transfer or exchange any Bond (i) during the period of fifteen (15) days next preceding the mailing of notice calling any Bonds for redemption as provided in the Bond Ordinance, or (ii) after the mailing to registered owners of notice calling such Bonds or portion thereof for redemption as provided in the Bond Ordinance. The Registrar shall close books for change of registered owners' addresses on each Record Date; transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued Interest payable.

Events of Default

Each of the following events shall constitute an "Event of Default" as used under the Bond Ordinance:

Nonpayment of Principal. Failure to pay the principal of any of the Bonds when the same becomes due and payable, either at maturity, or by proceedings for redemption, or otherwise.

Nonpayment of Interest. Failure to pay any installment of interest when the same becomes due and payable.

Incapable to Perform. The City shall for any reason be rendered incapable of fulfilling its obligations hereunder.

Other Default. Default by the City in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in the Bond Ordinance on its part to be performed (other than a payment default set forth above), and the continuance of such default for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the City by the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding.

Bankruptcy. The City (i) files a petition or application seeking reorganization or arrangement of debt under Federal bankruptcy law, or other debtor relief under the laws of any jurisdiction, or (ii) is the subject of such petition or application which the City does not contest or is not dismissed or discharged within sixty (60) days.

Remedies on Events of Default

Upon the happening and continuance of any of the events of default as provided in the Bond Ordinance, then and in every case, the holder or holders of not less than twenty-five percent (25%)

in aggregate principal amount of the Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the City, the Governing Body and its agents, officers and employees, but only in their official capacities, to protect and enforce the rights of any holder of Bonds under the Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award relating to the execution of any power herein granted for the enforcement of any legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights provided above, or to enjoin any act or thing which may be unlawful or in violation of any right of any Bondholder, or to require the Governing Body to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Bonds then outstanding. The failure of any Bondholder so to proceed shall not relieve the City or any of its officers, agents or employees of any responsibility for failure to perform, in their official capacities, any duty. Each right or privilege of such holder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege.

Amendment of Bond Ordinance

The Bond Ordinance may be amended without the consent of the holder of any Bond to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Bond Ordinance. Prior to the date of the initial delivery of the Bonds to the Purchaser, the provisions of the Bond Ordinance may be amended with the written consent of the Purchaser, with respect to any changes which are not inconsistent with the substantive provisions of the Bond Ordinance. In addition, the Bond Ordinance may be amended without receipt by the City of any additional consideration, but with the written consent of the holders of seventy five percent (75%) of the Bonds then outstanding (not including Bonds which may be held for the account of the City); but no ordinance adopted without the written consent of the holders of all outstanding Bonds shall have the effect of permitting:

A. An extension of the maturity of any Bond; or

B. A reduction of the principal amount or interest rate of any Bond; or

C. The creation of a lien upon the Pledged Revenues ranking prior to the lien or pledge created by the Bond Ordinance; or

D. A reduction of the principal amount of Bonds required for consent to such amendatory ordinance; or

E. The establishment of priorities as between Bonds issued and outstanding under the provisions of the Bond Ordinance: or

F. The modification of or otherwise affecting the rights of the holders of less than all the outstanding Bonds.

APPENDIX C

Form of Opinion of Bond Counsel

___, 2025

City of Rio Rancho
Rio Rancho, New Mexico

$_____
City of Rio Rancho, New Mexico
Gross Receipts Tax Improvement Revenue Bonds,
Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to the City of Rio Rancho, New Mexico (the "City") in connection with the issuance and sale of its $_____ Gross Receipts Tax Improvement Revenue Bonds, Series 2025 (the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State of New Mexico (the "State") and Ordinance No. 2025-__, adopted on march 27, 2025, as supplemented by a Pricing Certificate dated _____, 2025 (together, the "Bond Ordinance"). Except as expressly defined herein, capitalized terms used herein have the same meanings as such terms have in the Bond Ordinance.

We have examined the laws of the State and the United States of America relevant to the opinions herein, and other proceedings and documents relevant to the issuance by the City of the Bonds. As to the questions of fact material to our opinion, we have relied upon representations of the City contained in the certified proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, and subject to the assumptions and qualifications set forth below, we are of the opinion that, under existing law on the date of this opinion:

1. The Bonds are valid and binding special, limited obligations of the City under and in accordance with the Bond Ordinance.

2. The Bond Ordinance has been duly authorized, executed and delivered by the City and the provisions of the Bond Ordinance are valid and binding on the City.

3. The Bonds are payable as to principal, interest and any prior redemption premium, solely from, and are secured by a pledge (but not an exclusive pledge) of Pledged Revenues of the City, as more fully described in the Bond Ordinance. The owners of the Bonds have no right to have taxes levied by the City for the payment of principal, interest and any prior redemption premium on the Bonds and the Bonds do not represent or constitute a debt or pledge of, or a charge against, the general credit of the City.

4. The Bond Ordinance creates the lien on the Pledged Revenues that it purports to create.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended, and is not a specific item of tax preference for purposes of the

federal alternative minimum tax under the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. We call your attention to the fact that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

6. The Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State.

The opinions expressed herein are based upon existing legislation as of the date of issuance and delivery of the Bonds, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation.

The obligations of the City related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the City and the security provided therefor, as contained in the Bond Ordinance, may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect.

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 result.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences arising from the receipt or accrual or interest on, or the ownership of, the Bonds except those specifically addressed above.

Respectfully submitted,

APPENDIX D

Form of Continuing Disclosure Undertaking

CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the City of Rio Rancho, New Mexico (the "City") in connection with the issuance of its $_____ Gross Receipts Tax Improvement Revenue Bonds, Series 2025 (the "Bonds"). The Bonds are being issued pursuant to the general laws of the State, including Sections 3-31-1 to 3-31-12 of the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented, the Charter of the City, other applicable New Mexico laws, Ordinance No. _____ adopted by the Governing Body of the City on March 27, 2025 as supplemented by a pricing certificate executed and delivered on _____, 2025 (collectively, the "Ordinance"). Pursuant to the Ordinance and to allow the Underwriter of the Bonds to comply with the Rule (defined below), the City is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds (the "Owners"). This Undertaking is intended to satisfy the requirements of the Rule.

Section 2. Definitions.

(a) "Annual Financial Information" means the financial information or operating data with respect to the City, delivered at least annually pursuant to Sections 3(a) and 3(b), consisting of information of the type included in the section of the Official Statement entitled "SECURITY AND SOURCES OF PAYMENT—State-Shared Gross Receipts Tax Revenues." Annual Financial Information will include Audited Financial Statements if available.

(b) "Audited Financial Statements" means the City's annual financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time ("GAAP"), for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"), which financial statements have been prepared as may then be required or permitted by the laws of the State.

(c) "EMMA" means the MSRB's Electronic Municipal Market Access system located on its website at emma.msrb.org.

(d) "Event" means the information or circumstances described in Section 3(d).

(e) "Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board in compliance with the Rule.

(f) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia, 22314, phone (703) 797-6600 fax (703) 797-6708.

(g) "Official Statement" means the Official Statement dated ___, 2025, delivered in connection with the original issue and sale of the Bonds.

(h) "Report Date" means the last business day of March of each year, beginning in 2026.

(i) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12), as the same may be amended from time to time.

(j) "SEC" means the Securities and Exchange Commission.

(k) "State" means the State of New Mexico.

Section 3. Provision of Annual Financial Information and Reporting of Event.

(a) The City, or its designated agent, will provide the Annual Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds are outstanding.

(b) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the City, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information. In such cases, Audited Financial Statements will be provided to EMMA when and if available.

(c) The City, or its designated agent, may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the City, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a "final official statement" within the meaning of the Rule, such final official statement must also be available from the MSRB.

(d) This paragraph (d) shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) modifications to rights of Bondholders, if material;

(viii) bond calls, if material, or tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bond, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee, or a change of name of a trustee, if material;

(xv) the incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

(xvi) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(e) At any time the Bonds are outstanding, the City shall file, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, a notice of such occurrence with EMMA.

(f) At any time the Bonds are outstanding, the City shall provide to EMMA, notice in a timely manner not in excess of ten (10) business days after the occurrence of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 3 hereof.

Section 4. Method of Transmission. Unless otherwise required by law, and subject to technical and economic feasibility, the City, or its designated agent, will employ such methods of electronic or physical information transmission as are requested or recommended from time to time by EMMA, the MSRB and the SEC.

Section 5. Enforcement. The obligations of the City under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the City to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The City's breach of its obligations under this Undertaking will not constitute an event of default under the Ordinance, and none of the rights and remedies provided by the Ordinance will be available to the Owners with respect to such a breach.

Section 6. Term. The City's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Ordinance; (ii) the date on which the City is no longer an "obligated person" with respect to the Bonds within the meaning of the

Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds. The City shall file a notice of any such termination with EMMA.

Section 7. Amendments. The City may amend this Undertaking from time to time, without the consent of any Owner, upon the City's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

(a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, a change in the identity, nature or status of the City or a change in the availability or character of financial information for the City;

(b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and

(c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Beneficiaries. This Undertaking binds and inures to the sole benefit of the City and the Owners and creates no rights in any other person or entity.

Section 9. Special Funds. This Undertaking is subject to the availability of necessary funds from annual Pledged Revenues (as such term is defined in the Ordinance).

Section 10. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Date: _____, 2025

CITY OF RIO RANCHO, NEW MEXICO

[CITY SEAL]

By: _____
Greggory D. Hull, Mayor

Attest:

By: _____
Noel C. Davis, City Clerk

APPENDIX E

Book-Entry Only System

Introduction

Unless otherwise noted, the information contained under the caption "General" below has been provided by DTC. The City makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE CITY NOR THE FISCAL AGENT WILL HAVE RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND ORDINANCE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules

applicable to Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on that website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.

Purchases of the Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual Underwriter of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

While the Bonds are in the book-entry only system, redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or agent, disbursement

of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates representing the Bonds will be printed and delivered to DTC.

The information in this Official Statement concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriter takes any responsibility for the accuracy thereof.

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: O7

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Utilities

SUBJECT:
O7, Ordinance Amending Chapter 51 Water and Wastewater Rules and Rates

BACKGROUND AND ANALYSIS:
First reading of an Ordinance. Two readings with approval required for adoption.

The last time the Governing Body adopted a 5-year rate adjustment schedule was Fiscal 2020 (effective July 1, 2019) that spanned June 30, 2024 (Fiscal Year 2024). This rate adjustment schedule included a 1.75 percent annual adjustment to water rates and 0 percent for wastewater rates.

For the current fiscal year (2025) that began on July 1, 2024, the Governing Body adopted a 1.75 percent adjustment to water rates and 0 percent for wastewater rates.

City staff has discussed with the Governing Body a need to perform an updated comprehensive review of water and wastewater rates, and recommended the establishment of a new 5-year schedule at the following Governing Body work session meetings: October 2023, April 2024, October 2024, and February 2025.

At the Governing Body's February 18, 2025 work session meeting, City staff presented an updated 5-year water and wastewater rate adjustment schedule, effective July 1, 2025, spanning Fiscal Years 2026-2030 (see attached). In addition, adjustments to the water rights acquisition fee and bulk fill water station were presented.

Based on projected expense and revenue needs in order to maintain and operate a reliable and safe water/wastewater system, which accounts for growth, inflation, capital projects, and state/federal requirements, an annual 3 percent adjustment to water and wastewater rates is recommended between Fiscal Years 2026-2030.

It is recommended that the water rights acquisition fee is increased 3 percent annually between Fiscal Years 2026-2030. This fee has not been adjusted since 2013, and is currently either a minimum of $6 per month or $0.50 per 1,000 gallons (over 10,000 gallons), whichever is greater.

It is recommended that the bulk fill water station fee is increased 5 percent annually between Fiscal Years 2026-2030. This fee has not been adjusted since 2012, and is currently $10 per 1,000 gallons.

The citizen Public Infrastructure Advisory Board, which meets quarterly, was not able to provide the Governing Body input on the proposed rate adjustments due to not having a meeting since July

2024 (lack of quorum).

IMPACT:

Water and wastewater service rates will be adjusted effective July 1, 2025, and a 5-year (Fiscal Years 2026-2030) rate adjustment schedule will be established.

The proposed water and wastewater rates would adjust the average residential monthly water/wastewater bill (currently $103.88) by $2.92 in Fiscal Year 2026. By Fiscal Year 2030, the proposed total rate adjustment would add $15.54 per month to the average bill.

The proposed water rights acquisition fee would adjust the average residential monthly bill $0.30 in Fiscal Year 2026. By Fiscal Year 2030, the proposed fee adjustment would add $1.66 per month to the average bill.

The proposed bulk fill water station fee would adjust the cost by $0.50 per 1,000 gallons in Fiscal Year 2026. By Fiscal Year 2030, the proposed fee adjustment would added $2.76 to the cost per 1,000 gallons.

If the proposed Ordinance is not adopted, current Municipal Code (no further action required by the Governing Body) has water rates adjusting annually (July 1st) by 1.75 percent and wastewater rates at 0 percent.

As detailed in the February 18, 2025 Governing Body work session presentation, this level of rate adjustment will be insufficient to operate and properly maintain the City's water and wastewater system between Fiscal Years 2026-2030.

ALTERNATIVES:

Approve the Ordinance.

Amend and approve the Ordinance.

Do not approve the Ordinance.

DEPARTMENT RECOMMENDATION:

Staff recommends approval of the Ordinance as presented.

ATTACHMENT: Ordinance_O7
ATTACHMENT: February Work Session Rate Study Presentation
ATTACHMENT: M. Jackovich Public Comment

CITY OF RIO RANCHO
ORDINANCE

ORDINANCE NO. **ENACTMENT NO.**

ORDINANCE AMENDING CHAPTER 51 WATER AND WASTEWATER RULES AND RATES

WHEREAS: in 2019, the Governing Body adopted a 5-year rate adjustment schedule for Fiscal Years 2020-2024 that included a 1.75 percent water rate increase and a 0 percent wastewater rate increase; and

WHEREAS: until a comprehensive water and wastewater system rate study and review could be undertaken, the Governing Body adopted a 1.75 percent water only rate adjustment in May 2024 for Fiscal Year 2025; and

WHEREAS: the updated 5-year water and wastewater rate adjustment schedule presented at the February 2025 Governing Body work session was based on projected operating expenditures, inflation, capital outlay, and revenues required to operate dependable water and wastewater systems that will also meet federal and state requirements; and

WHEREAS: to provide the funding necessary for operations, a 3 percent water and wastewater rate adjustment schedule for Fiscal Years 2026 through 2030 is recommended; and

WHEREAS: an annual 3 percent increase to the water rights acquisition fee is recommended for Fiscal Years 2026-2030; and

WHEREAS: an annual 5 percent increase to the bulk fill water station fee is also recommended for Fiscal Years 2026-2030; and

WHEREAS: the water, wastewater, water rights acquisition fee and bulk fill water station fee increase will be effective July 1, 2025.

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

Section 1. Subsection 51.12(A)(1), R.O. is amended as follows (underline new text and strikethrough deleted text):

~~(1) The rates charged by and paid to the utility for municipal water and sewer service will be the rates legally in effect and approved by the Governing Body. Beginning on July 1, 2025, the rates described in subsection (B) of this section, Monthly water service charges Schedule 1, and subsection (C) of this section, Water volume charges Schedule 2, shall increase by 1.75% annually until a comprehensive water/wastewater utility system rate study is completed in order to adopt a more accurate multi-year rate schedule. The effective date of the rate increase shall be July 1st of each year. Complete rate schedules will be kept at the City Clerk's Office and the utility office at City Hall as well as on the city~~

~~website. The rates shall include a monthly service charge and volume charge. These rates do not include tax~~.

(1) The rates charged by and paid to the utility for municipal water service, sewer service and water rights acquisition fees will be the rates legally in effect and approved by the Governing Body. Beginning on July 1, 2025, the rates described in Subsection (B) Monthly water service charges Schedule 1, (C) Water volume charges Schedule 2, (E) Monthly wastewater service charges Schedule 4, (F) Wastewater volume charges Schedule 5, and (N) Monthly water rights acquisition fees Schedule 13 shall increase by 3 percent annually. The Bulk Fill Station in Schedule 2 will increase 5 percent annually. The effective date of the rate increase shall be July 1 of each year. Complete rate schedules will be kept at the City Clerk's Office and the Utility Office at City Hall as well as on the City website. The rates shall include a monthly service charge, volume charge and water rights acquisition fee. The rates do not include tax.

Section 2. Schedule 1 of Subsection 51.12(B), R.O. 2003, Monthly Water Service Charges is amended as follows (underline new text and strikethrough deleted text):

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Schedule 1 Monthly Water Service Charges							
Meter Size (in.)	**Fiscal Year (1)**						
	~~2024~~	**~~2025~~**	**2026**	**2027**	**2028**	**2029**	**2030**
5/8	~~$12.57~~	~~$12.79~~	$13.17	$13.57	$13.98	$14.40	$14.83
3/4	~~$12.77~~	~~$12.99~~	$13.38	$13.78	$14.19	$14.62	$15.06
1	~~$14.36~~	~~$14.61~~	$15.05	$15.50	$15.96	$16.44	$16.94
1-1/4	~~$16.70~~	~~$16.99~~	$17.50	$18.02	$18.57	$19.12	$19.70
1-1/2	~~$19.84~~	~~$20.19~~	$20.80	$21.42	$22.06	$22.72	$23.41
2	~~$22.01~~	~~$22.40~~	$23.07	$23.76	$24.48	$25.21	$25.97
3	~~$95.16~~	~~$96.83~~	$99.73	$102.73	$105.81	$108.98	$112.25
4	~~$127.48~~	~~$129.71~~	$133.60	$137.61	$141.74	$145.99	$150.37
6	~~$199.30~~	~~$202.79~~	$208.87	$215.14	$221.59	$228.41	$235.09
8	~~$213.66~~	~~$217.40~~	$223.92	$230.64	$237.56	$244.69	$252.03
10	~~$366.27~~	~~$372.68~~	$383.86	$395.38	$407.24	$419.45	$432.04
(1) Fiscal year is the period from July 1st through June 30th.							

Section 3. Schedule 2 of Subsection 51.12(C), R.O. 2003, Water Volume Charges is amended as follows (underline new text and strikethrough deleted text):

This space left blank intentionally.

Schedule 2 Water Volume Charges (Cost per 1,000 gallons)							
Customer Class	**Fiscal Year (1)**						
	~~**2024**~~	~~**2025**~~	**2026**	**2027**	**2028**	**2029**	**2030**
Single-Family Residential (2)							
First 6,000	~~$5.80~~	~~$5.90~~	$6.08	$6.26	$6.45	$6.64	$6.84
7,000 to 10,000 gallons	~~$6.28~~	~~$6.39~~	$6.58	$6.78	$6.98	$7.19	$7.41
Over 10,000 gallons	~~$6.77~~	~~$6.89~~	$7.10	$7.31	$7.53	$7.75	$7.99
Multi-Family Residential							
2 to 4 housing units	~~$5.91~~	~~$6.01~~	$6.19	$6.38	$6.57	$6.76	$6.97
More than 4 housing units	~~$6.15~~	~~$6.26~~	$6.45	$6.64	$6.84	$7.05	$7.26
Commercial	~~$6.15~~	~~$6.26~~	$6.45	$6.64	$6.84	$7.05	$7.26
Industrial	~~$5.83~~	~~$5.93~~	$6.11	$6.29	$6.48	$6.67	$6.87
City	~~$5.55~~	~~$5.65~~	$5.82	$5.99	$6.17	$6.36	$6.55
Irrigation							
Commercial	~~$6.77~~	~~$6.89~~	$7.10	$7.31	$7.53	$7.75	$7.99
City	~~$6.45~~	~~$6.56~~	$6.76	$6.96	$7.17	$7.38	$7.60
Recycled Water	$0.65	$0.65	$0.65	$0.65	$0.65	$0.65	$0.65
Bulk Water	~~$10.00~~	~~$10.00~~	$10.50	$11.03	$11.58	$12.16	$12.76
(1) Fiscal year is the period from July 1st to June 30th. (2) In the interest of conserving water, a multi-tiered single-family residential rate structure has been adopted.							

Section 4. Schedule 4 of Subsection 51.12(E), R.O. 2003, Monthly Wastewater Service Charges is amended as follows: (underline new text and strikethrough deleted text):

This space left blank intentionally.

Schedule 4 Monthly Wastewater Service Charges										
Meter Size	**Fiscal Year (1)**									
	~~**2013**~~	~~**2014**~~	~~**2015**~~	~~**2016**~~	~~**2017**~~	**2026**	**2027**	**2028**	**2029**	**2030**
All Sizes	~~$10.97~~	~~$11.83~~	~~$12.75~~	~~$13.75~~	~~$14.82~~	$15.26	$15.72	$16.19	$16.68	$17.18
(1) Fiscal Year is the period from July 1st through June 30th.										

Section 5. Schedule 5 of Subsection 51.12 (F), R.O. 2003. Wastewater Volume Charges is amended as follows: (underline new text and strikethrough deleted text):

Schedule 5 Wastewater Volume Charge *(Charge per 1,000 gallons)*										
Customer Class	**Fiscal Year (1)**									
	~~**2013**~~	~~**2014**~~	~~**2015**~~	~~**2016**~~	~~**2017**~~	**2026**	**2027**	**2028**	**2029**	**2030**
Residential Multi-Family Commercial	~~$7.70~~	~~$8.30~~	~~$8.95~~	~~$9.65~~	~~$10.40~~	$10.71	$11.03	$11.36	$11.71	$12.06
City	~~$7.32~~	~~$7.89~~	~~$8.51~~	~~$9.17~~	~~$9.88~~	$10.18	$10.48	$10.80	$11.12	$11.45
(1) Fiscal Year is the period from July 1st through June 30th.										

Section 6. Schedule 13 of Subsection 51.12 (N), R.O. 2003. Water Rights Acquisition Fee is amended as follows: (underline new text and strikethrough deleted text):

Schedule 13 Water Rights Acquisition Fee			
Type of Service	**Fiscal Year (1)**	**Minimum Fee *per bill* (2)**	**Volume Fee *per bill* (2)**
~~Water~~	~~2013 – 2017~~	~~$6.00~~	~~$0.50~~
Water	2026	$6.18	$0.52
Water	2027	$6.37	$0.53
Water	2028	$6.56	$0.55
Water	2029	$6.75	$0.56
Water	2030	$6.96	$0.58
(1) Fiscal year is the period from July 1st through June 30th. (2) Greater of minimum fee or volume fee. Volume fee is product of meter water usage times the volume per 1,000 gallons. Monthly minimum volume 10,000 gallons.			

Section 7. Severability Clause. If any section, paragraph, clause, or provision of this Ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder shall for any reason be held to be invalid, unlawful, or enforceable, the invalidity, illegality, or unenforceability of such section, paragraph,

clause, or provision shall not affect the validity of the remaining portions of this Ordinance or the regulation so challenged.

Section 8. Compiling Clause. This Ordinance shall be incorporated in and compiled as part of the Revised Ordinances of the City of Rio Rancho, (R.O. 2003).

Section 9. Effective Date. This Ordinance shall become effective July 1, 2025.

ADOPTED THIS _____DAY OF _____, 2025.

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel C. Davis, City Clerk
(SEAL)

City of Rio Rancho
Governing Body Work Session
02/18/2025

UTILITIES DEPARTMENT
Rate Review/Update

RioRancho City of Vision

Topics of Discussion

1. Usage Rates/Costs
2. Water Rights Acquisition Fee
3. Bulk Fill Station Rates
4. Next Steps

Rio Rancho City of Vision

Recent/Current Usage Rates

- **FY 2013** - 8.8% Water and Wastewater adjustment effective 2/1/2013.
- **FY 2014 to FY 2017**-7.8% annual adjustment to Water and Wastewater rates.
- **FY 2018 & FY 2019** – no Water or Wastewater rate adjustments.
- **FY 2020 to 2024** – Water rates adjusted 1.75% annually via adoption of 5-year schedule.
- **FY 2025** – (7/1/2024 to 6/30/2025) – Water rates adjusted 1.75%.

NOTE: Current ordinance has Water rates increasing 1.75% annually and Wastewater rates at 0%.

Rio Rancho
City of Vision

Operational Costs

For the past 6-year period:

1. Electrical costs up over 43.5% (approx. $2.7 million to $3.8 million)

2. Chemical costs have nearly doubled (approx. $592,000 to $996,000)

3. Operations Contractor cost is up over 15% (Exclusive of the recent Contract Amendment which increases annual cost by 11% from approx. $8.9 million to $9.9 million)

4. Capital Project Costs have increased significantly – WWTP #2 Headworks (est. cost was $12.5 million versus actual cost of $28.7 million)

Rio Rancho
City of Vision

Proposed FY 2026 – FY 2030 ICIP

- Proposed FY 26-30 ICIP has the following to address existing and growth-related needs:
  - $64,300,305 in wastewater capital projects
  - $82,086,179 in water production projects
  - $5,000,000 in recycled water projects
- The ICIP includes two bond issues for the Utility. The $50 million in bond proceeds will support approximately 33% of the Utilities ICIP over the planning period.

RioRancho City of Vision

Proposed FY 2026 – FY 2030 ICIP Notable Projects

Water

- Re-drill Well 4 ($14.5 million) to provide a supplement source of water for Corrales Heights, commercial areas along NM528, and new development.
- Install/replace water lines ($33.9 million) in conjunction with roadway project or water lines with multiple breaks.
- Acquire Water Rights ($15.5 million) to satisfy State permit requirements.

Wastewater

- Wastewater Treatment Plant 2 Membrane Bioreactor Expansion ($25.6 million) to replace antiquated equipment and to accommodate new growth.
- Relocate Lift Station 2 ($4 million) to accommodate Southern Blvd. roadway construction.
- Install/Replace Sanitary Wastewater lines ($20 million) in conjunction with roadway projects and force main replacement along NM528.

FY 2025 Usage Rates

- Effective July 1, 2024, the Governing Body passed an annual water rate-only adjustment of 1.75% and 0% percent for wastewater. The last time the wastewater rates were increased was Fiscal Year 2017, 8 years ago.
- A 1.75% adjustment for water only will result in approximately $443,000 in additional revenue for the Utility in FY 25. This will not fully offset the increases in operating costs that are outside of the City's control for such essentials as electricity for pumping (projected to increase by 22% or $500,000) and chemicals to treat the water (projected to increase 7% or $73,500).
- Operation and capital expenditures to provide water and wastewater continue to increase at a significantly higher rate.
- The U.S. Bureau of Labor Statistics Consumer Price Index for water/wastewater: increase in January 2025 was 2.9% over January 2024.

Utilities Rate Study Scenarios

- Use of the Waterworth Predictive Model

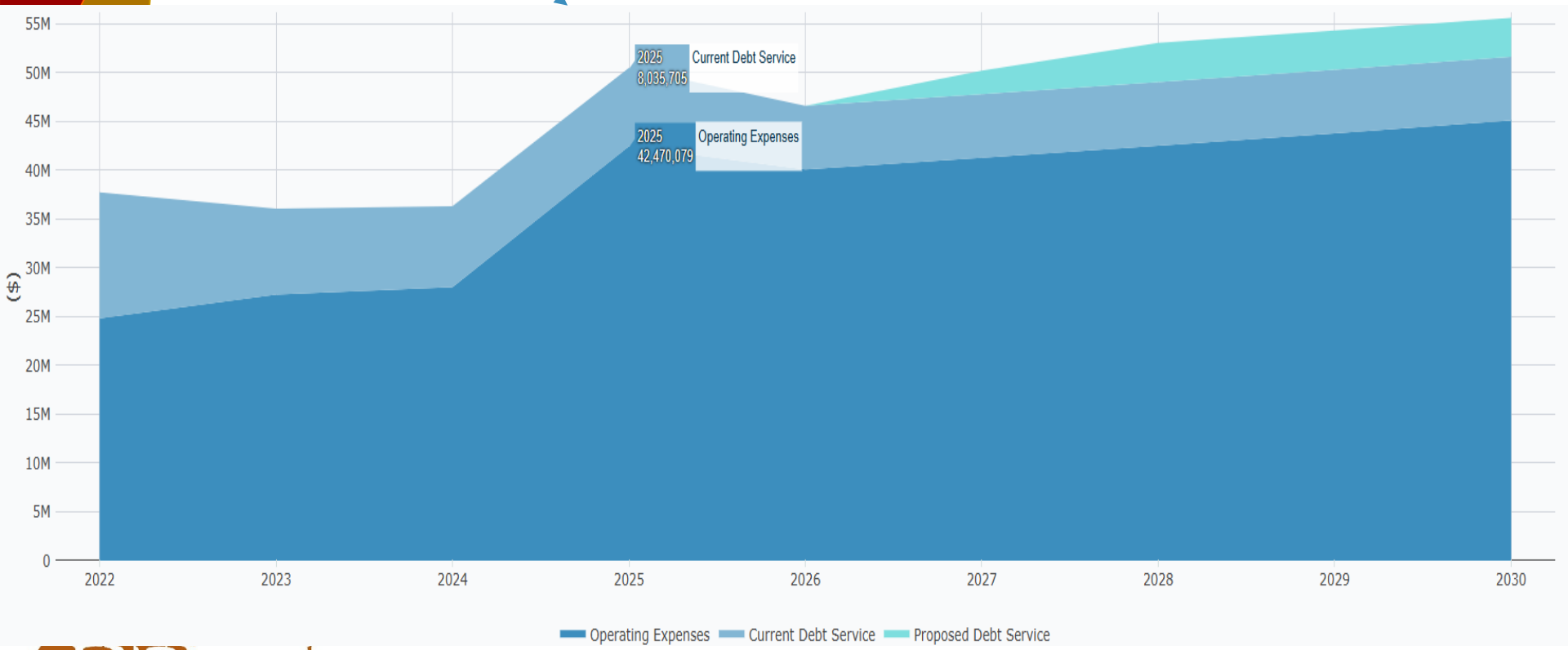
  Criteria Used:

  - Proposed FY 26-30 ICIP
  - Past 3 Fiscal Years (FY 23, 24 & 25) actual revenues & expenditures
  - Assumed Revenue Bond proceeds in FY 26/FY 27
  - Assumed an annual population growth of 1.5%

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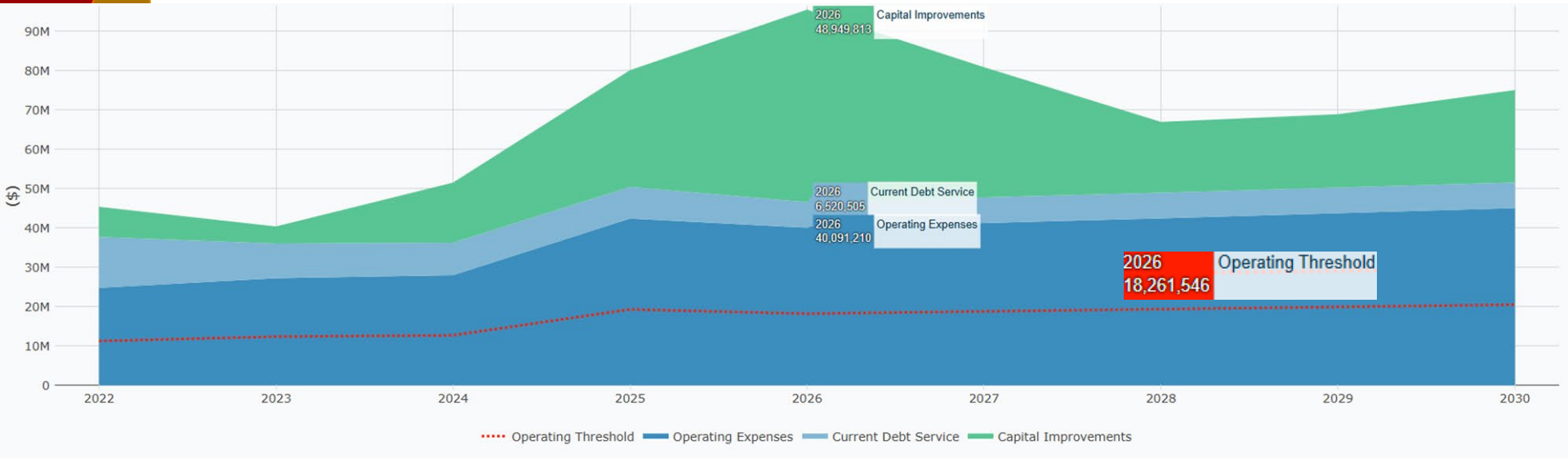
Operating Expenses and Debt

Steadily growing, surpassing $50M in FY2025



Revenue Requirements of the Whole System

In FY2026, budgeted expenses for the systems will be over $90M, increasing again by 2029 for another series of high expenditures

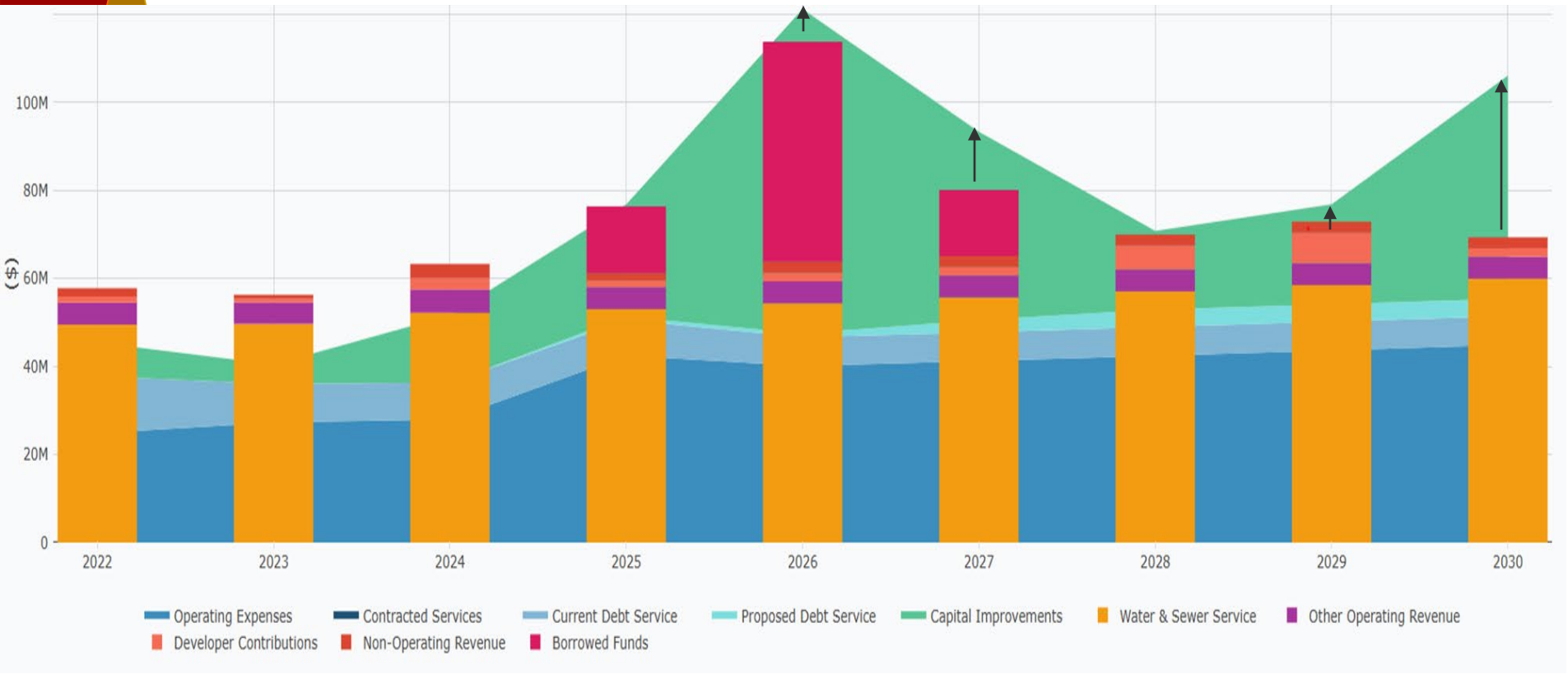


The red-dotted line indicates the Operating Threshold, which is the cash threshold we have set for the entire system. This threshold is composed of two components:

- A **90-day cash policy,** meaning we should have enough funds to cover 90 days of operational costs;
- An additional **1% of the total Asset Value of the system**, a Capital Asset Reserve.

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Status Quo Dashboard
1.75% Increase, Water and 0% Increase, Wastewater

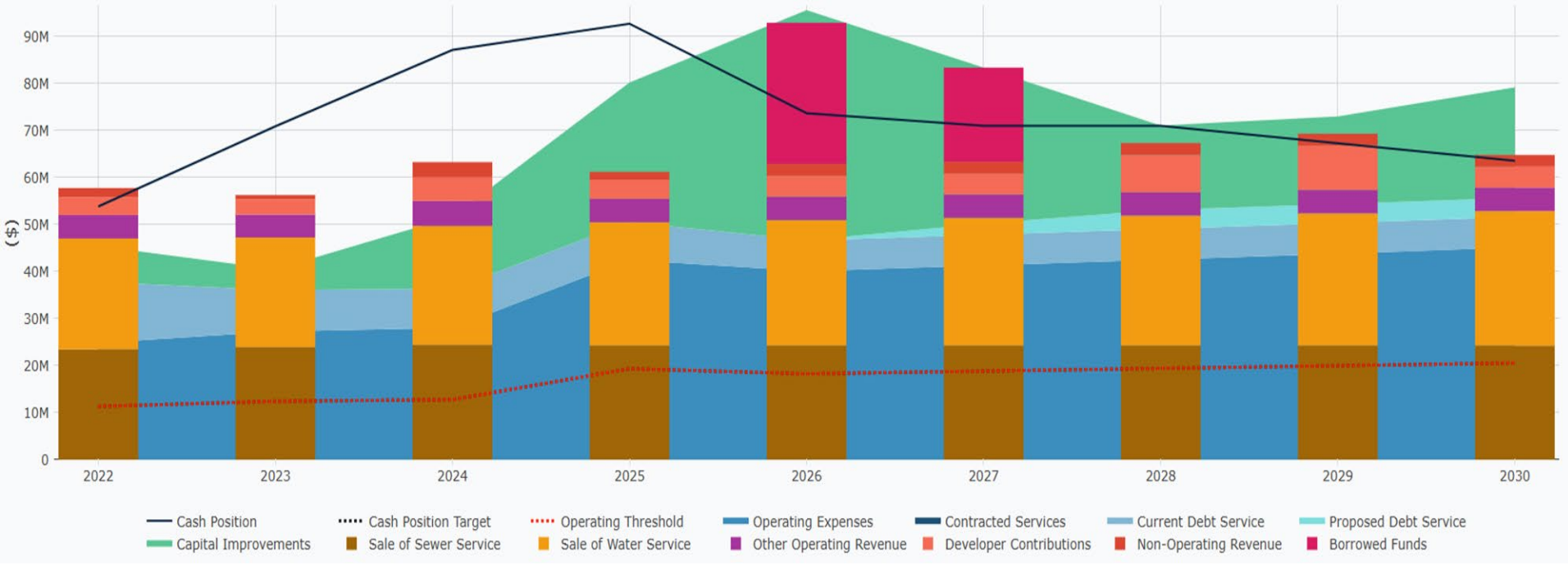


RioRancho City of Vision

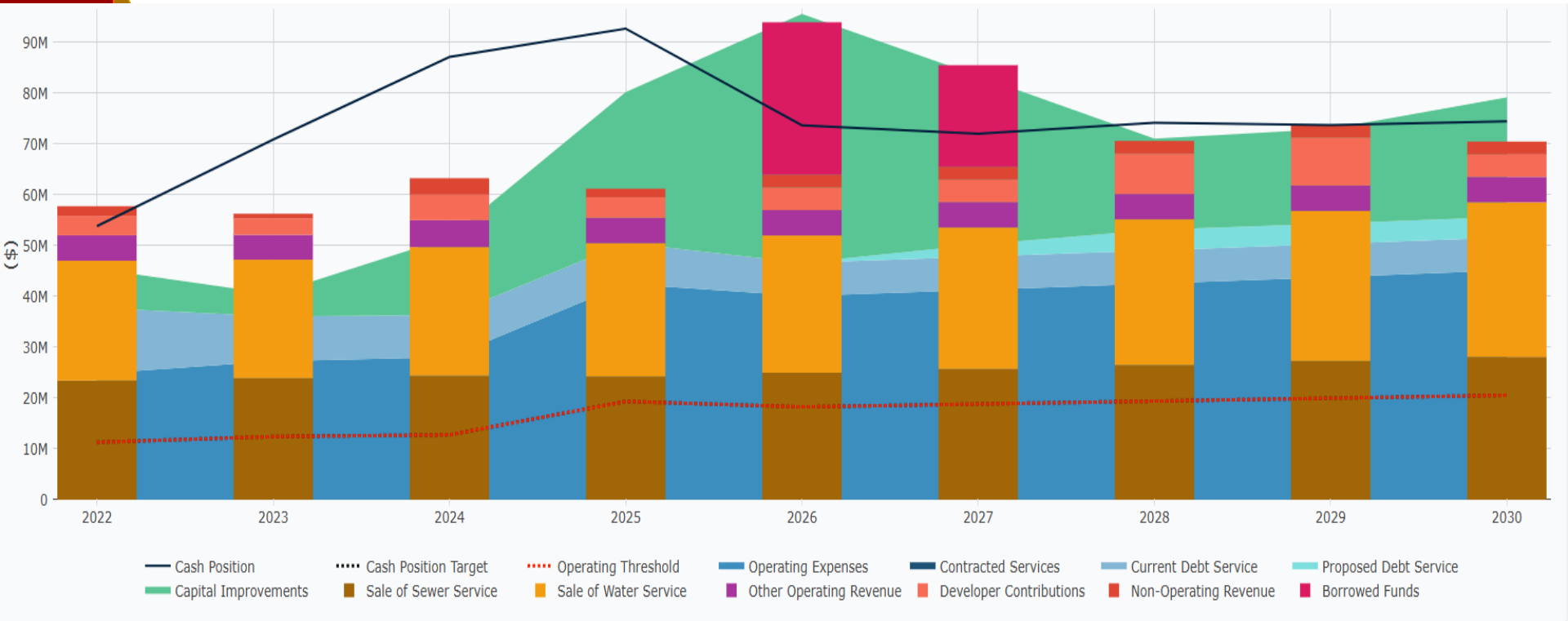
- **Black arrows highlight the gaps** where projected expenditures exceed revenues, requiring fund balance drawdowns.
- By FY2030, reserves **drop significantly**, requiring **higher rate increases or additional borrowing** to sustain operations.

Status Quo Dashboard
1.75% Increase, Water and 0% Increase, Wastewater

This trend is also illustrated by the system's cash position, which is shown graphically by the black line—it begins to decline steadily from 2025 onward.



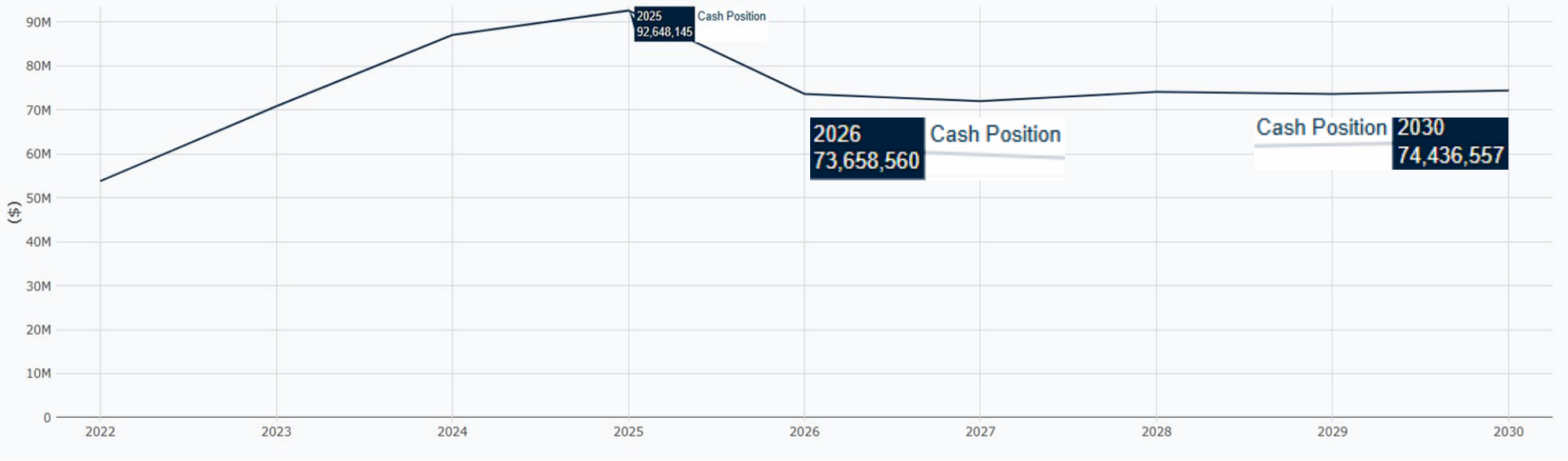
Utilities Rate Study Scenario
3% Increase Water, 3% Increase Wastewater



In this scenario, where Water and Wastewater rates increase by 3% annually starting in FY2026, the entire system begins to meet its revenue requirements.

RioRancho City of Vision

Utilities Rate Study Scenario
3% Increase Water, 3% Increase Wastewater



Isolating the cash position, we see a slight dip between 2025 and 2026 when significant Capital Expenditures start to be tackled; however, with the proposed increases, the system quickly stabilizes. This approach allows the system to fund all planned capital expenditures while maintaining a healthy cash reserve, ensuring long-term financial stability without risking future shortfalls.

Rio Rancho
City of Vision

User Rate Recommendations

- At the October 2024 work session, staff presented a 3.5% increase for both water and wastewater rates.
- Staff reviewed and reprioritized capital projects based on Governing Body member feedback. As a result, staff now recommends a **3%** user rate adjustment for both water and wastewater beginning FY 26 (7/1/25) through FY 30 (7/1/29) (5-year schedule).
- The proposed total rate adjustment will adjust the average residential monthly water/wastewater bill (currently $103.88) by $2.92 in FY 26. By FY 30 the proposed total rate adjustment would add $15.54 per month to the average bill.

Rio Rancho City of Vision

Water Rights Acquisition Fee

- Water Rights Acquisition fees have not been adjusted since 2013.
- The cost of water rights has quadrupled over the past 20 years and is now averaging over $19,000+/acre foot with higher costs per acre foot on the horizon.
- Under the current permits with the State, the City is required to purchase a minimum of 728 acre feet of eligible water rights every 5-years through 2063. The City is fully paid up through 2040. This leaves 3400+/- acre feet remaining to be purchased to meet permit requirements.

Rio Rancho
City of Vision

Water Rights Acquisition Fee

- Assuming an average cost of $38,000/acre foot over the next 38 years, total cost of remaining acquisitions is approximately $130 million.
- The Utility currently brings in $3.4 million/year in Acquisition Fees. This will bring in approximately $129 million over the next 38 years.
- Currently, every Utilities customer pays a minimum of $6.00/month or $0.50/1,000 gals, whichever is greater.

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City of Vision

Water Rights Acquisition Fees

Staff Recommendation:

- Continue buying smaller lots of water rights as they become available and "chip away" at the remaining liability over the next 30+ years. This option would eliminate the need for borrowing funds in the near term.
- Utilize a 3.0% annual fee increase and re-evaluate in 5 years. This allows the City to have funds "banked" and available to purchase water rights in bulk when purchase options exist.
- This proposed fee adjustment would increase the average residential monthly bill $0.30 in FY 26. By FY 30, the proposed total fee adjustment would add $1.66 per month to the average bill.

Rio Rancho City of Vision

Bulk Fill Station

- The City's Bulk Fill Station went into service in 2012. Water sells for $10.00/1,000 gals.
- This rate has not been increased since it went into service over 13 years ago.
- The station predominantly services people living outside of the City's boundary.

Bulk Fill Station

- Currently there are 368 customers.
- The station generates approximately $89,000 per year.
- This revenue does currently cover annual operations and maintenance costs for the station, which was approx. $78,000 in FY 24. However, over time, the rate charged will not cover increasing costs for chemicals and electricity to produce and pump water to the fill station.

Rio Rancho City of Vision

Bulk Fill Station

- Staff recommendation: 5% increase FY 26-30.
- This proposed fee adjustment would adjust the bulk fill cost by $0.50 cents/1,000 gals in FY 26 to cover increasing electricity and chemical costs.
- By FY 30, the proposed total fee adjustment would add a total of $2.76 to the cost of water per 1,000 gals.

Timeline

- Obtain Governing Body input today.
- Governing Body considers Ordinance adopting updated 5-year rate schedule (FY 26 - FY 30) in March 2025 (allows time to incorporate information into Recommended FY 26 Budget, which is presented mid-April).
- New rates go into effect 7/1/25 (FY 26).

Rio Rancho City of Vision

Questions?

Comments Regarding GB Agenda Item 7 (O7),
Water and Wastewater Rules and Rates, March 13, 2025

By Michael Jackovich P.E. (ret), 6751 Silver Creek Dr NE, Rio Rancho

I have reviewed the proposed Ordinance O7 and the "February Work Session Rate Study Presentation" and have the following comments:

1. An independent third-party consultant should be engaged to review the calculations, assumptions and projections outlined in the presentation. An internally generated study does not assure the citizens that the proposed rates are reasonable.

2. There is no mention of the impact of the 5% Gross Receipts Tax which is applied to the new rates. The City of Rio Rancho should NOT benefit from higher rater rates imposed on their citizens and businesses.

3. A Request for Proposals (RFP) with the purpose of privatizing the Water and Wastewater Utility needs to be considered. There are many investor-owned water companies who would be eager to bid on the RFP. A successful turnover to a private entity would relieve the City of the burden of providing these services (similar to trash and recycling pickup).

4. The presentation does not include a "breakout" of the costs of the Aquifer Reinjection System (ARS). A compilation of the ARS costs (electricity, maintenance, etc.) versus the benefits should be part of the consultant study mentioned above. An $4.5M expansion of the ARS (mentioned at the Investment Advisory Board meeting February 2025) should not be considered unless the ratio is at least 1.

5. Is the city using time of day electric rates (both demand and usage) for pumping water in storage tanks or the reinjection well? The cost of electricity is considerably lower during off-peak times (usually between 9PM and 5AM).

6. The issue of sand in city water has been raised by many citizens but have been ignored by the City since the Safe Drinking Act (SDWA) does not specifically include sand as a regulated contaminant. However, sand deposits in residential and business water heater greatly reduce the lifespan of these appliances with a typical residential replacement cost exceeding $1,500. I have attached an email dated February 28 I sent to Public Utilities Director Gallegos regarding sediment in City water. To date I have not received a response.

Attachment: email M Jackovich to S Gallegos dated February 28 2025, Subject Excessive sediment in city water

Fw: Excessive sediment in city water

From: Michael Jackovich (mikejack@att.net)

To: sgallegos@rrnm.gov

Date: Friday, February 28, 2025 at 04:59 PM MST

Mr Gallegos:

I and another resident would like to meet with you and your staff regarding sediment in the city water supply.
I have previously pursued this issue with Jim Chiasson and Henrietta Mendez in March 2022. Jim asked me to contact his office if the issue reappears.

I flushed our water heater on December 4 2024 and captured about 7 ounces (DW) of sediment (Photo and video attached).

Since then I have talked to citizens from different parts of the city and they have mentioned premature failure of their water heaters as a result of this sediment. My neighbor, Janine Jones, 6755 Silver Creek Dr NE filed a claim with the City after she had to replace three water heaters. The City denied her claim but never answered the question "How did this sediment get into my home".

Both I and my colleague are retired Professional Engineers. I served a two-year term on the PIAB and my colleague was a member of the former Water Commission.

Regards,

Mike Jackovich
630-661-9038 (mobile)

> ----- Forwarded Message -----
> **From:** Michael Jackovich <mikejack@att.net>
> **To:** JIM CHIASSON <JCHIASSON@rrnm.gov>
> **Cc:** Henrietta Mendez <hhughes@rrnm.gov>
> **Sent:** Friday, March 25, 2022 at 04:33:12 PM MDT
> **Subject:** Re: Excessive sediment in city water
>
> There were 2 large breaks on Clearwater near the intersection with Riverside. It's about one city block away.
> I believe they were in August and October, 2021.
>
> On Friday, March 25, 2022, 02:42:00 PM MDT, JIM CHIASSON <jchiasson@rrnm.gov> wrote:
>
> Yes that will help and make a difference. When was the last line break in your area. Some sediment would inevitably get thru during the repair work.
>
> Sent from my iPhone
>
> On Mar 25, 2022, at 2:22 PM, Michael Jackovich <mikejack@att.net> wrote:

Hi Jim:

We have softened water and the hardness is usually never above 4 grains, usually 1-2.
Does that make a difference?
City water is 12-15 grains.
I do usually flush the tank once a year.Mike

On Friday, March 25, 2022, 12:55:53 PM MDT, JIM CHIASSON <jchiasson@rrnm.gov> wrote:

Mike:

It's more likely hardness that precipitated out of the hot water. If You flush your tank once a year it should not be a problem.

Sent from my iPhone

On Mar 25, 2022, at 8:35 AM, Michael Jackovich <mikejack@att.net> wrote:

****
CAUTION: This email was received from an **EXTERNAL** source, use caution when clicking links or opening attachments.
****

Ms: Mendez:

Our water heater was installed about 1 year ago. I heard "popping" noise when the burner came on starting a few weeks ago. The heater instructions called for flushing the tank. I did so and was amazed at the sediment that was flushed out with about 20 gallons. Normally, I may see this amount of sediment after 4 or 5 years, but not after 1 year.

I suspect that with many line breaks in River Edge 2 sand has infiltrated the pipes and ended up at the customer's home. The sediment is so fine (almost like face powder) that it probably passes through our faucet aerators (I checked and they are not clogged).

I have attached a photo of the sediment and have stored it in a zip-lock bag if your water quality tech needs to inspect it.

Regards,
Mike Jackovich
6751 Silver Creek Dr NE
630-661-9038 (mobile)



Water Htr Flush_241204.jpg
750kB

Water Htr Flush_241204.MOV
16.9MB

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: O8

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Administration

SUBJECT:
O8, Ordinance Amending Chapter 30 Governing Body, Chapter 31 City Officials, & Chapter 34 Municipal Court

BACKGROUND AND ANALYSIS:
First reading of an Ordinance. Two readings with approval required for adoption.

The City Charter delegates authority to the Governing Body to set the elected Municipal Judge's salary by Ordinance. Municipal Code prescribes that the Governing Body shall review the Municipal Judge salary one year prior to the next Municipal Judge election, and make any adjustment no later than 11 months prior to election day. The next election (four-year term) for the Municipal Judge position is scheduled for March 2026.

The Governing Body reviewed the Municipal Judge salary at its regular meeting on February 13, 2025 (see attachment). As a result of the analysis and discussion that occurred on February 13, the proposed Ordinance raises the Municipal Judge salary by 15 percent, which is an increase from $70,000 to $80,500 annually. If an adjustment is approved by the Governing Body, the new Municipal Judge salary would be effective at the start of the new four-year term for the Judge, which is currently scheduled to occur in 2026.

The proposed Ordinance adds clarifying language related to the salary for someone appointed or elected to complete the four-year term of an elected Municipal Judge, as well as reference to the New Mexico Constitution.

In regards to the compensation for the Alternate Municipal Judge, the current amount established in Municipal Code is $175 per session. Adjusting the amount requires Governing Body approval via Ordinance.

Current Municipal Court Judge Robert Cook has requested that the Governing Body increase the amount from $175 to $200, which is an approximately 14 percent increase. The Alternate Municipal Judge compensation rate was last adjusted in 2006. Rio Rancho currently does not have any education and/or professional requirements in order to serve as an Alternate Municipal Judge, which mirrors the requirements of the elected Municipal Judge. In calendar year 2024, an Alternate Judge (two exist) presided over Rio Rancho Municipal Court approximately 16 percent of the time, with a compensation cost of approximately $5,700.

Staff review of other municipalities in New Mexico found a wide range of amounts, compensation models, and minimum requirements (e.g., licensed attorney) for alternate municipal judges.

The proposed Ordinance adds clarifying language related to compensation for the Alternate Municipal Judge in relation per day as opposed to per session. The past practice of Municipal Court has been to pay an Alternate Municipal Judge $175 per day and not, for example, $175 for a morning court session and $175 for an afternoon court session.

Pursuant to the City Charter, the Governing Body (Mayor and City Council) determine the salary for the Mayor and City Council members via Ordinance. The Governing Body, effective for new or re-elected officials, adopted salary increases in August 2024 similar to comparable New Mexico municipalities and tied to State law language pertaining to elected County Commission compensation and numeric rates (see attached documents).

As part of the November 2024 General Election, voters approved (66 percent in favor) a modification to the New Mexico Constitution eliminating the State Legislature's oversight and authority to set salaries of elected County officials (see attached documents). As a result of the constitutional amendment, the State law language referenced in Municipal Code establishing Governing Body compensation is no longer applicable and subject to deletion/removal from State law as a periodic cleanup to statute in the future (see attached documents).

The constitutional amendment necessitates that the Governing Body modify Municipal Code via Ordinance and establish annual compensation for future Mayors and City Councilors by numeric value instead of by reference to State law. The numeric values in the proposed Ordinance ($39,106 for City Councilors and $97,765 for the Mayor) match what was adopted by the Governing Body in August 2024 when referencing/utilizing State law for County officials. The changes noted will not be applicable to current elected officials, only new or re-elected officials beginning in 2026 (an election for Mayor and three City Councilors is scheduled for March 2026) and beyond.

Please note, when the Governing Body approved changes to Municipal Code in August 2024 and tied future elected official compensation to State law language pertaining to elected County Commission compensation, the rate of compensation for local Sandoval County Commissioners was $39,106. After the November 2024 constitutional amendment was approved giving County Commissioners the ability to set the salary for future County elected officials, in December 2024 the Sandoval County Commission raised Commissioner annual compensation from $39,106 to $44,971.90 (15 percent increase), effective January 1, 2025.

The proposed Ordinance adds clarifying language related to the salary for someone appointed or elected to complete the four-year term of an elected City Councilor or Mayor.

Because Governing Body compensation is no longer tied to State law related to County official compensation, which was adjusted periodically, a cost-of-living/inflation increase of 8 percent applied every four years is included in the proposed Ordinance.

IMPACT:

The Municipal Judge annual salary will be increased from $70,000 to $80,500 (15 percent) and take effect when the next Municipal Judge begins a new four-year term in 2026. The Alternate Municipal Judge salary will be increased from $175 to $200 per day (14 percent), and take effect 10 days after adoption of the Ordinance. City staff's current 5-year budget projections have sufficient revenue available to account for these costs.

Governing Body (Mayor and City Councilor) annual salary will be reflected by a numeric value as opposed to State law reference in Municipal Code. The numeric values match changes made in August 2024 by the Governing Body related to future (not current) elected official compensation. An election for Mayor and three City Councilors is scheduled for March 2026. Because Governing Body compensation is no longer tied to State law related to County official compensation, which

was adjusted periodically, a cost-of-living/inflation increase of 8 percent applied every four years has been added. City staff's current 5-year budget projections have sufficient revenue available to account for these costs.

ALTERNATIVES:

Approve the Ordinance.

Amend and approve the Ordinance.

Do not approve the Ordinance.

DEPARTMENT RECOMMENDATION:

Governing Body policy decision. Administration recommends approval of the Ordinance as presented.

ATTACHMENT: Ordinance_O8
ATTACHMENT: Municipal Judge Salary Discussion
ATTACHMENT: O18 2024 Signed
ATTACHMENT: 2024 Constitutional Amendment
ATTACHMENT: 4-44-4 NMSA 1978

CITY OF RIO RANCHO
ORDINANCE

ORDINANCE NO. **ENACTMENT NO.**

ORDINANCE AMENDING CHAPTER 30 GOVERNING BODY, CHAPTER 31 CITY OFFICIALS, & CHAPTER 34 MUNICIPAL COURT

WHEREAS: the City Charter delegates authority to the Governing Body to set the elected Municipal Judge's salary by Ordinance; and

WHEREAS: Municipal Code prescribes that the Governing Body shall review the Municipal Judge salary one year prior to the next Municipal Judge election, and make any adjustment no later than 11 months prior to election day; and

WHEREAS: the Governing Body reviewed the Municipal Judge salary on February 13, 2025, and desires to raise the current salary by 15 percent; and

WHEREAS: the Municipal Judge has requested that the compensation for the Alternate Judge position is increased by the Governing Body; and

WHEREAS: pursuant to the City Charter, the Governing Body (Mayor and City Council) determine the salary for the Mayor and City Council members via Ordinance; and

WHEREAS: the Governing Body, effective for new or re-elected officials, adopted salary increases in August 2024 similar to comparable New Mexico municipalities and tied to State law language pertaining to elected County Commission compensation and numeric rates; and

WHEREAS: as part of the November 2024 General election, voters approved a modification to the New Mexico Constitution eliminating the State Legislature's oversight and authority to set salaries of elected County officials; and

WHEREAS: as a result of the constitutional amendment, the State law language referenced in Municipal Code establishing Governing Body compensation is no longer applicable and subject to deletion/removal from State law as a periodic cleanup to statute in the future; and

WHEREAS: the constitutional amendment necessitates that the Governing Body modify Municipal Code via Ordinance and establish compensation for future Mayors and City Councilors by numeric value instead of by reference to State law.

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

Section 1. Chapter 30, Governing Body, Section 30.03 Compensation, is hereby amended as follows (strikethrough is deleted text and underline is new text):

(A) Effective July 1, 2025, when a City Councilor begins a new, elected four-year term, the City Councilor shall receive an annual salary of $39,106. Thereafter, every four years, when a new four-year office term begins, the annual salary for a City Councilor shall be adjusted by eight (8) percent to serve as a cost-of-living/inflation adjustment. ~~On the day each City Councilor is sworn into office, the annual salary of a City Council member shall be equal to the maximum amount authorized by the New Mexico Legislature to be paid to County Commissioners in Class "A" counties, as provided in Section 4-44-4 NMSA 1978, and as may be amended thereafter.~~

(B) Any individual that is appointed or elected to complete the four-year term of a City Councilor shall receive the same annual salary as their immediate predecessor.

~~(B)~~ (C) Councilors and eligible family members shall have the option to participate in city-sponsored elective insurance coverages for medical, dental, vision, and life, with the same conditions and terms as offered to classified city employees. City Councilors shall not be eligible for leave benefits offered to classified city employees.

~~(C)~~ (D) The annual salary of a Councilor shall not be increased or decreased during their respective term of office, pursuant to Article IV, Section 27 of the New Mexico Constitution.

Section 2. Chapter 31, City Officials, Section 31.15 Mayor, is hereby amended as follows (strikethrough is deleted text and underline is new text):

(A) The Mayor is the chief executive as provided in § 3.01.B(2) of the City Charter and shall:

(1) Sign all ordinances and resolutions adopted by the Governing Body;

(2) Sign all commissions, licenses and permits approved by the Governing Body;

(3) Execute all contracts, legal processes and bonds approved by the Governing Body by ordinance; and

(4) Upon an immediate danger to the public health, safety or welfare of the community, declare that a state of emergency exists within the city.

(B)(1) The Mayor shall continually reside within the city throughout his term of office.

(2) The Mayor shall be elected for a term of four years.

~~('87 Code, § 2-1-2)~~

(C) Effective July 1, 2025, when a Mayor begins a new, elected four-year term, the Mayor shall receive an annual salary of $97,765. Thereafter, every four years, when a new four-year office term begins, the annual salary for the Mayor shall be adjusted by eight (8) percent to serve as a cost-of-living/inflation adjustment. ~~On the day the Mayor is sworn into office, the annual salary of the Mayor shall be equal to two and one half-times the maximum amount authorized by the New Mexico Legislature to be paid to County Commissioners in Class "A" counties, as provided in Section 4-44-4 NMSA 1978, and as may be amended thereafter.~~

(D) Any individual that is appointed or elected to complete the four-year term of the Mayor shall receive the same annual salary as their immediate predecessor.

~~(D)~~ (E) The Mayor and eligible family members shall have the option to participate in city-sponsored elective insurance coverages for medical, dental, vision, and life, with the same conditions and terms as offered to classified city employees. The Mayor shall not be eligible for leave benefits offered to classified city employees.

~~(E)~~ (F) The annual salary of the Mayor shall not be increased or decreased during their respective term of office, pursuant to Article IV, Section 27 of the New Mexico Constitution.

~~(F)~~ (G) The Mayor shall be provided a city vehicle.

Section 3. Chapter 34 Municipal Court, Section 34.02, Municipal Judge, is hereby amended as follows (strikethrough is deleted text and underline is new text):

(B)(1) Effective from the date the Municipal Judge begins a new, elected four-year term, ~~takes the oath of office in 2018,~~ the Municipal Judge shall receive an annual salary of ~~$70,000~~ $80,500. Any individual that is appointed or elected to complete the four-year term of the Municipal Court Judge shall receive the same annual salary as their immediate predecessor.

(2) ~~Beginning with the 2022 municipal election for Municipal Judge and thereafter, o~~One year prior to the ~~regular municipal~~ election day where the office of the Municipal Judge, a four-year term, shall be voted on, the Governing Body shall review the annual Municipal Judge salary. If the Governing Body, by majority vote, decides to adjust the annual salary for the Municipal Judge, it shall do so no later than 11 months prior to the ~~regular municipal~~ election day where the office of Municipal Judge shall be voted on. The adjusted ~~Municipal Judge~~ salary shall become effective when the person elected begins their new four-year term as Municipal Judge ~~for the applicable Municipal Judge term (the oath of office day beginning a four-year term)~~.

(3) The Municipal Judge shall have the option to participate in any city-sponsored life insurance and health insurance programs on the same conditions and terms as any other city employee.

(4) The annual salary of the Municipal Judge shall not be increased or decreased during their respective term of office, pursuant to Article IV, Section 27 of the New Mexico Constitution.

Section 4. Chapter 34, Section 34.03, Alternate Judge is hereby amended as follows (strikethrough is deleted text and underline is new text):

(A)(1) The Mayor, with the advice and consent of a majority of the members of the City Council, shall appoint a qualified elector of the municipality to serve as acting, alternate Municipal Judge in the absence of the elected Municipal Judge.

(2) The alternate Municipal Judge shall exercise all powers and perform all duties of the Municipal Judge until the return of the Municipal Judge. ~~('87 Code, § 5-9-1)~~

(B) The alternate Municipal Judge must be a registered voter of the city and shall continually retain residency within the city throughout ~~his~~ their term of office pursuant to the requirements of NMSA § 35-14-5. ~~('87 Code, § 5-9-2)~~

(C) The alternate Municipal Judge shall receive compensation of ~~$175~~ $200 ~~per session,~~ for each ~~session~~ day the alternate judge serves as acting Municipal Judge. ~~('87 Code, § 5-9-3)~~

Section 5. Severability Clause. If any section, paragraph, clause, or provision of this Ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder shall for any reason be held to be invalid, unlawful, or enforceable, the invalidity, illegality, or unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the remaining portions of this Ordinance or the regulation so challenged.

Section 6. Compiling Clause. This Ordinance shall be incorporated in and compiled as part of the Revised Ordinances of the City of Rio Rancho, (R.O. 2003).

Section 7. Effective Date. This Ordinance shall become effective ten days after adoption.

ADOPTED THIS _____DAY OF _____, 2025.

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel C. Davis, City Clerk
(SEAL)

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: D14

AGENDA DATE:
February 13, 2025

DEPARTMENT:
Administration

SUBJECT:
D14, Discussion Regarding Municipal Judge Salary Pursuant to Sections 34.02(B) (1-2) of Municipal Code

BACKGROUND AND ANALYSIS:
The elected Municipal Judge is a position prescribed by the City's Charter to, "constitute the judicial branch of the city government." The Charter gives the authority to set the Municipal Judge's salary by ordinance, and in 2016, the Governing Body approved the following language as part of Section 34.02(B) of the Municipal Code:

(1) Effective from the date the Municipal Judge takes the oath of office in 2018, the Municipal Judge shall receive an annual salary of $70,000.

(2) Beginning with the 2022 municipal election for Municipal Judge and thereafter, one year prior to the regular municipal election day where the office of the Municipal Judge, a four-year term, shall be voted on, the Governing Body shall review the annual Municipal Judge salary. If the Governing Body, by majority vote, decides to adjust the annual salary for the Municipal Judge, it shall do so no later than 11 months prior to the regular municipal election day where the office of Municipal Judge shall be voted on. The adjusted Municipal Judge salary shall become effective for the applicable Municipal Judge term (the oath of office day beginning a four-year term).

(3) The Municipal Judge shall have the option to participate in any city-sponsored life insurance and health insurance programs on the same conditions and terms as any other city employee.

(4) The annual salary of the Municipal Judge shall not be increased or decreased during their respective term of office.

Because an election will take place in March 2026 for the Office of Municipal Judge, the Governing Body must review the salary of the Municipal Judge position at the present time.

This is a discussion item only. Staff is seeking input on a salary adjustment recommendation. An amending ordinance will need to be presented for first and second readings at the Governing Body's March 2025 regular meetings in order to adjust the Municipal Judge’s salary and to be compliant with Municipal Code. If an adjustment is approved by the Governing Body in March 2025, the new Municipal Judge salary would be effective at the start of the new four-year term for the Judge, which would either be April 2026 (no runoff election) or May 2026 (if a runoff election is required).

Staff recommends raising the Municipal Judge salary by 15 percent, which is an increase from

$70,000 to $80,500 annually. The basis for this recommendation stems from the following.

No adjustment to the Municipal Judge's salary has occurred since 2018. Pursuant to the State Constitution and Municipal Code, no municipal elected official can have their salary increased or decreased during their respective term of office. The Governing Body declined to adjust the Municipal Judge salary in 2021, with an effective date of April 2022.

The elected Municipal Judge's current salary of $70,000 exceeds that of the full-time Mayor position in Rio Rancho (currently $66,733). Between 2018 to present, pursuant to Municipal Code, the elected Mayor's salary increased 6.5 percent. Between 2018 to present, pursuant to Municipal Code, the elected City Councilor salary increased 26 percent ($17,538.36 to $22,114.84).

The two most comparable cities in New Mexico to Rio Rancho in terms of population are Santa Fe and Las Cruces. Based on research, Santa Fe currently compensates their Municipal Judge $188,929, and Las Cruces pays $147,910. It is important to note that both of these comparable jurisdictions require, via their respective City Charter, that the Municipal Judge is an attorney in good standing, licensed to practice law in the State of New Mexico (includes possessing a higher education law degree - Juris Doctor).

Rio Rancho currently does not have any education and/or professional requirements in order to serve as Rio Rancho's elected Municipal Judge. The only qualifications for Rio Rancho's Municipal Judge are listed in the City Charter and Municipal Code:

(1) Charter 4.02 (B) - Be a qualified elector of the City of Rio Rancho; and

(2) Municipal Code 34.02 (A) - The Municipal Judge must be a registered voter, over 21 years of age, and a resident of the City and shall continually retain residence within the City throughout his term of office.

In order to add an education and/or professional requirement to serve as Rio Rancho's elected Municipal Judge, a Charter amendment question must be presented to voters and adopted. If this requirement is established in the future, staff recommends that the Governing Body re-examine the Municipal Judge salary to factor in the significant education and/or professional requirement required to hold office.

Based on ordinance changes the past several years, the Rio Rancho Police Department now files many cases (e.g., DUI) with State Magistrate Court, which has greater resources and more severe offender accountability in relation to fines, penalties, jail time, and probation periods. As a result of these changes, between Fiscal Year 2018 to Fiscal Year 2023, the Municipal Court case count decreased from 10,654 to 5,386 (a 49 percent decrease).

An appointed Alternate Judge is currently utilized when the elected Municipal Judge is unable to perform their duties. Currently, two different individuals are utilized as an Alternate Judge to preside over Municipal Court sessions. Based on payment records (per Municipal Code an Alternate Judge is paid $175 per court session), in calendar year 2024, an Alternate Judge presided over Rio Rancho Municipal Court approximately 16 percent of the time.

IMPACT:

Based on Governing Body input, staff will bring forth an ordinance for first reading at the Governing Body's March 13, 2025 regular meeting for consideration that would adjust the Municipal Judge salary, effective in 2026.

ALTERNATIVES:

Pursuant to Section 34.02(B)(2) of the Municipal Code, this discussion must occur. There are no other alternatives.

DEPARTMENT RECOMMENDATION:

This is a discussion item only. Staff recommends raising the Municipal Judge salary by 15 percent, which is an increase from $70,000 to $80,500 annually.

CITY OF RIO RANCHO
ORDINANCE

ORDINANCE NO. 18 **ENACTMENT NO. 24-18**

ORDINANCE AMENDING CHAPTER 30 GOVERNING BODY AND CHAPTER 31 CITY OFFICIALS

WHEREAS: pursuant to the City Charter Article II, Section 2.04, the Governing Body (Mayor and City Council) determine the salary for the Mayor and City Council members; and

WHEREAS: the last time the Ordinance establishing the annual salary for the Mayor and City Council was reviewed and amended occurred in 2016; and

WHEREAS: a review of peer cities in New Mexico and Sandoval County government finds that current Rio Rancho elected official compensation is significantly lower by comparison; and

WHEREAS: as a matter of best practices for any entity/organization/employer, a periodic review of compensation with adjustment related to inflationary and other factors should occur; and

WHEREAS: compensation can impact who is able and willing to seek and hold elected office.

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

Section 1. Chapter 30, Section 30.03, Governing Body is hereby amended as follows (strikethrough is deleted text and underline is new text):

30.03 COMPENSATION.

(A~~) Beginning in 2018 and thereafter,~~ On the day each City Councilor is sworn into office, the annual salary of a City Council member~~s~~ shall be equal to the maximum amount authorized by the New Mexico Legislature to be paid to County Commissioners in Class "A" counties, as provided in Section 4-44-4 NMSA 1978, and as may be amended thereafter. ~~28% of the most current estimated median household income, as reported by the United States Census Bureau, on the day each Councilor is sworn into office.~~

(B) Councilors and eligible family members shall have the option to participate in city-sponsored elective insurance coverages for medical, dental, vision, and life, with the same conditions and terms as offered to classified city employees ~~be offered medical, dental and vision insurance coverage as provided to other city employees~~. City Councilors shall not be eligible for leave benefits offered to classified city employees.

(C) The annual salary of a Councilor shall not be increased or decreased during their respective term of office, pursuant to Article IV, Section 27 of the New Mexico Constitution.

Section 2. Chapter 31, Section 31.15, Mayor is hereby amended as follows (strikethrough is deleted text and underline is new text):

31.15 MAYOR.

(A) The Mayor is the chief executive as provided in § 3.01.B(2) of the City Charter and shall:

(1) Sign all ordinances and resolutions adopted by the Governing Body;

(2) Sign all commissions, licenses and permits approved by the Governing Body;

(3) Execute all contracts, legal processes and bonds approved by the Governing Body by ordinance; and

(4) Upon an immediate danger to the public health, safety or welfare of the community, declare that a state of emergency exists within the city.

(B)(1) The Mayor shall continually reside within the city throughout his term of office.

(2) The Mayor shall be elected for a term of four years.

(C) ~~Beginning in 2018 and thereafter,~~ On the day the Mayor is sworn into office, the annual salary of the Mayor shall be ~~the most current estimated median household income, as reported by the United States Census Bureau, on the day the Mayor is sworn into office.~~ equal to two and one half-times the maximum amount authorized by the New Mexico Legislature to be paid to County Commissioners in Class "A" counties, as provided in Section 4-44-4 NMSA 1978, and as may be amended thereafter.

(D) The Mayor and eligible family members shall have the option to participate in city-sponsored elective insurance coverages for medical, dental, vision, and life, with the same conditions and terms as offered to classified city employees ~~be offered medical, dental and vision insurance coverage as provided to other city employees~~. The Mayor shall not be eligible for leave benefits offered to classified city employees.

(E) The annual salary of the Mayor shall not be increased or decreased during their respective term of office, pursuant to Article IV, Section 27 of the New Mexico Constitution.

(F) The Mayor shall be provided a city vehicle.

Section 4. Severability Clause. If any section, paragraph, clause, or provision of this Ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder shall for any reason be held to be invalid, unlawful, or enforceable, the invalidity, illegality, or unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the remaining portions of this Ordinance or the regulation so challenged.

Section 5. Compiling Clause. This Ordinance shall be incorporated in and compiled as part of the Revised Ordinances of the City of Rio Rancho, (R.O. 2003).

Section 6. Effective Date. This Ordinance shall become effective ten days after adoption.

ADOPTED THIS 22ND DAY OF AUGUST, 2024.

Greggory D. Hull, Mayor

ATTEST:

Noel C. Davis, City Clerk
(SEAL)

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: O18

AGENDA DATE:
August 22, 2024

DEPARTMENT:
Administration

SUBJECT:
O18, Ordinance Amending Chapter 30 Governing Body and Chapter 31 City Officials

BACKGROUND AND ANALYSIS:
Second reading of an Ordinance. The Governing Body approved of this item at first reading on August 8, 2024. Two readings with approvals required for adoption.

Pursuant to the City Charter Article II, Section 2.04, the Governing Body (Mayor and City Council) determine the salary for the Mayor and City Council members.

The last time the Ordinance establishing the annual salary for the Mayor and City Council was reviewed and amended occurred in 2016. Just as regular market/compensation analysis occurs related to non-elected City personnel (with adjustments made), City staff recently reviewed Rio Rancho elected official compensation.

Municipal Code Section 30.03 states that beginning in 2018 and thereafter, the annual salary of City Council members shall be 28 percent of the most current estimated median household income, as reported by the United States Census Bureau, on the day each Councilor is sworn into office. The median income for Rio Rancho, as reported by the United States Census Bureau, has been the figure used as that was the legislative intent stated in supporting documentation at the time of adoption in 2016.

Municipal Code Section 31.15 states that beginning in 2018 and thereafter, the annual salary of the Mayor shall be the most current estimated median household income, as reported by the United States Census Bureau, on the day the Mayor is sworn into office. The median income for Rio Rancho, as reported by the United States Census Bureau, has been the figure used as that was the legislative intent stated in supporting documentation at the time of adoption in 2016.

Currently, the Mayor of Rio Rancho's annual salary is $66,733 (established using 2022 data; if 2024 data was used the amount would be $78,978). Pursuant to the City Charter Article III, Section 3.01, the Mayor is a full-time equivalent position with outside employment allowed only if approved by the Governing Body.

The District 1, 4, and 6 City Councilor annual salary is currently $22,114.84 (established using 2024 data). The District 2, 3 and 5 City Councilor annual salary is currently $18,685.24 (established using 2022 data). City Council member positions are not defined in the City Charter or Municipal Code as either full-time or part-time equivalent, but are generally considered to be part-time positions (City Councilors in other communities and County Commissioners are considered part-time positions), and no outside employment limitation exists.

A current review of peer cities in New Mexico and Sandoval County government finds that current Rio Rancho elected official compensation is significantly lower by comparison.

Current	Rio Rancho	Las Cruces	Santa Fe	Sandoval County	Albuquerque	Roswell
Mayor	$66,733	$97,765	$110,000 current; $117,000 beginning 2026	---	$132,500 current; $146,081 beginning 2026	$30,196
Councilor	$18,685.24 or $22,114.84	$39,106	$39,106	---	$62,843	$7,549
County Commissioner	---	---	---	$39,106	---	---

5 Largest Cities by Population	U.S. Census Update as of July 1, 2023
(1) Albuquerque	560,274
(2) Las Cruces	114,892
(3) Rio Rancho	110,660
(4) Santa Fe	89,167
(5) Roswell	47,109

Las Cruces is the City in New Mexico that most closely mirrors Rio Rancho in terms of population and form of government (i.e., council-manager).

The Las Cruces City Charter states that the City Council sets the salary of the Mayor and Councilors. The Mayor salary is equal to 2.5 times the compensation a City Councilor receives, and City Councilors receive the maximum amount authorized by State law paid to Board of Commissioners in Dona Ana County.

The Santa Fe City Charter establishes an independent commission that evaluates and sets the Mayor salary every four years. City Councilor salary is established by ordinance with the rate being the maximum amount authorized by the New Mexico Legislature paid to County Commissioners in Class A Counties.

State law (Section 4-44-1 NMSA 1978) defines a Class A County as those having a final, full assessed valuation of over seventy-five million dollars ($75,000,000) and a population of 100,000 persons or more as determined by the most current annual population data or estimate available from the U.S. Census Bureau. Sandoval County is a Class A County.

State law (Section 4-44-4 NMSA 1978) establishes that the annual salary for a County Commissioner in a Class A County shall not exceed $39,106. The current maximum was established in 2018. Previously, the maximum was $34,005. State government periodically reviews and adjusts this compensation level.

The proposed Ordinance would amend Municipal Code so that, following the March 2026 local election and beyond (assuming no office vacancy occurs prior), the pay structure and rate for the Rio Rancho Mayor and City Councilors would mirror that of the City of Las Cruces, and partially mirror that of the City of Santa Fe.

Based on past research conducted in 2015/2016 related to adjusting Rio Rancho elected official pay, as a matter of best practices for public policy and representative democracy/government, elected official compensation should be based on several factors. These factors include time spent performing job duties, constituency size, responsibility level, and ensuring that a wide variety of qualified individuals with diverse backgrounds and experiences with differing levels of income/wealth seek and can hold elected office. Furthermore, as a matter of best practices for any entity/organization/employer, a periodic review of compensation with adjustment related to inflationary and other factors should occur.

For example, since 2010, 25 times a City Council seat was subject to an election. Sixteen (16) percent of the time, someone ran unopposed.

The proposed Ordinance also clarifies that elected officials, and family members as applicable, are eligible to participate in elective insurance coverages for medical, dental, vision, and life that are offered to classified employees at any given time. In addition, clarification is provided that elected officials are not eligible for leave benefits (e.g., vacation, sick, and holiday).

IMPACT:

Should the Governing Body approve the proposed Ordinance, no current member of the Governing Body would have their salary adjusted. Pursuant to Article IV, Section 27 of the New Mexico Constitution, no municipal elected official can have their salary increased or decreased during their respective term of office.

Should the Governing Body approve the proposed Ordinance, following the March 2026 local election, the annual salary for City Councilor Districts 2, 3, and 5 would increase from $18,685.24 to $39,106 (based on the current amount specified in State law). Should a City Council seat become vacant, with a replacement appointed/confirmed prior to the March 2026 local election, the pay adjustment would go into effect at that time.

Should the Governing Body approve the proposed Ordinance, following the March 2028 local election, the annual salary for City Councilor Districts 1, 4 and 6 would increase from $22,114.84 to $39,106 (based on the current amount specified in State law). Should a City Council seat become vacant, with a replacement appointed/confirmed prior to the March 2028 local election, the pay adjustment would go into effect at that time.

Should the Governing Body approve the proposed Ordinance, following the March 2026 local election, the annual salary for the Mayor would increase from $66,733 to $97,765 (based on the current amount specified in State law). Should the Mayor seat become vacant, with a replacement appointed/confirmed prior to the March 2026 local election, the pay adjustment would go into effect at that time.

Following the March 2026 local election, an estimated additional $92,300 (based on the current amount specified in State law) in annual elected official compensation will have to be budgeted. Following the March 2028 local election, an estimated additional $51,000 (based on the current amount specified in State law) in annual elected official compensation will have to be budgeted. Additional benefit costs (associated with higher compensation and premium costs), as applicable, would have to be calculated and accounted for as well. City staff’s current 5-year budget projections have sufficient revenue available to account for these costs.

ALTERNATIVES:

Approve the Ordinance.

Do not approve the Ordinance.

DEPARTMENT RECOMMENDATION:

Governing Body policy decision. City Administration recommends approval.

ATTACHMENT: Ordinance_O18
ATTACHMENT: O18 - Signed

Constitutional Amendment 4:

"PROPOSING AN AMENDMENT TO ARTICLE 10, SECTION 1 OF THE CONSTITUTION OF NEW MEXICO TO PROVIDE THAT THE SALARIES OF COUNTY OFFICERS SHALL BE ESTABLISHED BY THE BOARD OF COUNTY COMMISSIONERS, REMOVE REFERENCES TO THE FIRST LEGISLATIVE SESSION AND CLARIFY THAT ANY FEES COLLECTED BY A COUNTY OFFICIAL SHALL BE PAID INTO THE TREASURY OF THE COUNTY."

SENATE JOINT RESOLUTION 16
56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

A JOINT RESOLUTION
PROPOSING AN AMENDMENT TO ARTICLE 10, SECTION 1 OF THE CONSTITUTION OF NEW MEXICO TO PROVIDE THAT THE SALARIES OF COUNTY OFFICERS SHALL BE ESTABLISHED BY THE BOARD OF COUNTY COMMISSIONERS, REMOVE REFERENCES TO THE FIRST LEGISLATIVE SESSION AND CLARIFY THAT ANY FEES COLLECTED BY A COUNTY OFFICIAL SHALL BE PAID INTO THE TREASURY OF THE COUNTY.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. It is proposed to amend Article 10, Section 1 of the constitution of New Mexico to read:

"The legislature shall [~~at its first session~~] classify the counties [~~and fix salaries for all county officers, which shall also apply to those elected at the first election under this constitution. And~~] of the state. No county officer shall receive [~~to his own use~~] any fees or emoluments other than [~~the~~] an annual salary, [~~provided by law and~~] as established by the board of county commissioners. All fees [~~earned by any officer shall be by him~~] collected [~~and~~] by a county official shall be paid into the treasury of the county."

SECTION 2. The amendment proposed by this resolution shall be submitted to the people for their approval or rejection at the next general election or at any special election prior to that date that may be called for that purpose.

Note: underscored material = new language proposed for insertion [~~bracketed material~~] = existing language proposed for deletion

4-44-4. Class A counties; salaries.

The annual salaries of elected officers of a class A county shall not exceed, for:

A. county commissioners, thirty-nine thousand one hundred six dollars ($39,106) each;

B. treasurer, eighty-six thousand six hundred twenty-six dollars ($86,626);

C. assessor, eighty-six thousand six hundred twenty-six dollars ($86,626);

D. sheriff, ninety thousand three hundred thirty-eight dollars ($90,338);

E. county clerk, eighty-six thousand six hundred twenty-six dollars ($86,626); and

F. probate judge, thirty-eight thousand one hundred fourteen dollars ($38,114).

History: 1953 Comp., § 15-43-4, enacted by Laws 1957, ch. 196, § 2; 1959, ch. 262, § 1; 1961, ch. 247, § 1; 1965, ch. 236; § 1; 1969, ch. 219, § 3; 1970, ch. 83, § 1; 1973, ch. 380, § 1; 1974, ch. 70, § 1; 1976 (S.S.), ch. 14, § 1; 1978, ch. 191, § 1; 1980, ch. 135, § 1; 1982, ch. 39, § 1; 1986, ch. 67, § 1; 1990, ch. 82, § 1; 1994, ch. 38, § 1; 1998, ch. 11, § 1; 2002, ch. 79, § 1; 2006, ch. 87, § 1; 2011, ch. 56, § 16; 2013, ch. 188, § 2; 2018, ch. 78, § 2.

ANNOTATIONS

Cross references. — For collection and disposition of fees, commissions, mileage and per diem, *see* 4-44-28, 4-44-29 NMSA 1978.

The 2018 amendment, effective May 16, 2018, increased the salary caps applicable to elected county officials in class A counties, and made stylistic changes; in Subsection A, deleted "thirty-four thousand five dollars ($34,005)" and added "thirty-nine thousand one hundred six dollars ($39,106)"; in Subsection B, deleted "seventy-five thousand three hundred twenty-seven dollars ($75,327)" and added "eighty-six thousand six hundred twenty-six dollars ($86,626)"; in Subsection C, deleted "seventy-five thousand three hundred twenty-seven dollars ($75,327)" and added "eighty-six thousand six hundred twenty-six dollars ($86,626)"; in Subsection D, deleted "seventy-eight thousand five hundred fifty-five dollars ($78,555)" and added "ninety thousand three hundred thirty-eight dollars ($90,338)"; in Subsection E, deleted "seventy-five thousand three hundred twenty-seven dollars ($75,327)" and added "eighty-six thousand six hundred twenty-six dollars ($86,626)"; and in Subsection F, deleted "thirty-three thousand one hundred forty-three dollars ($33,143)" and added "thirty-eight thousand one hundred fourteen dollars ($38,114)".

The 2013 amendment, effective January 1, 2014, increased the salary limits for elected officials; in Subsection A, after "commissioners", deleted "twenty-nine thousand five hundred sixty nine dollars ($29,569)" and added "thirty-four thousand five dollars ($34,005)"; in Subsection B, after "treasurer", deleted "sixty-five thousand five hundred one dollars ($65,501)" and added "seventy-five thousand three hundred twenty-seven dollars ($75,327)"; in Subsection C, after "assessor", deleted "sixty-five thousand five hundred one dollars ($65,501)" and added "seventy-five thousand three hundred twenty-seven dollars ($75,327)"; in Subsection D, after "sheriff", deleted "sixty-eight thousand three hundred eight dollars ($68,308)" and added "seventy-eight thousand five hundred fifty-five dollars ($78,555)"; in Subsection E, after "county clerk", deleted "sixty-five thousand five hundred one dollars ($65,501)" and added "seventy-five thousand three hundred twenty-seven dollars ($75,327)"; in Subsection F, after "probate judge", deleted "twenty-eight thousand eight hundred twenty dollars ($28,820)" and added "thirty-three thousand one hundred forty-three dollars ($33,143)".

The 2011 amendment, effective December 31, 2012, eliminated the salary for county surveyors.

The 2006 amendment, effective January 1, 2007, increased the salaries of elected officials.

The 2002 amendment, effective January 1, 2003, increased the maximum salaries of elected officers in Subsections A through F.

The 1998 amendment, effective January 1, 1999, substituted the present salaries of the officers listed in Subsections A to F for the former salaries, which were $19,442, $43,068, $43,068, $44,913, $43,068, and $18,950, respectively.

The 1994 amendment, effective May 18, 1994, substituted the present salaries of the officers listed in Subsections A to G for the former salaries, which were $18,170, $40,250, $40,250, $41,975, $40,250, $17,710 and $18,170, respectively.

1982 amendment unconstitutional. — Because the 1982 amendment of this section would allow the compensation of elected county officers to increase during the term for which they were elected, this section violates N.M. Const., art. IV, § 27, and is unconstitutional; that revives this section as it read prior to the 1982 amendment. 1983 Op. Att'y Gen. No. 83-01.

Salaries of county officers elected in November begin with beginning of the following January. 1916 Op. Att'y Gen. No. 16-1782.

A new appointee to the office of probate judge may receive the increased salary designated for that office by legislation enacted by the last legislature. 1960 Op. Att'y Gen. No. 60-60.

County commissioners are not authorized to pay a county assessor extra for work his predecessor should have done. 1921 Op. Att'y Gen. No. 21-2788.

4-44-1. Classification for salary purposes.

A. For the purpose of fixing salaries of county officers, the several counties of the state, except "H" class counties, are classified as follows:

(1) those having a final, full assessed valuation of over seventy-five million dollars ($75,000,000) and a population of one hundred thousand persons or more as determined by the most current annual population data or estimate available from the United States census bureau, as class "A" counties; and

(2) those having a final, full assessed valuation of over seventy-five million dollars ($75,000,000) and a population of less than one hundred thousand persons as determined by the most current annual population data or estimate available from the United States census bureau, as class "B" counties.

B. The assessed valuation for each year is the full valuation as finally fixed for that year.

History: 1953 Comp., § 15-43-1, enacted by Laws 1957, ch. 196, § 1; 2009, ch. 224, § 1; 2013, ch. 188, § 1; 2018, ch. 78, § 1.

ANNOTATIONS

Cross references. — For salaries, expenses, fees and powers and duties of officers of unincorporated counties of the H class, *see* 4-44-14 to 4-44-16 NMSA 1978.

The 2018 amendment, effective May 16, 2018, eliminated the class "C" county classification, and made stylistic changes; and deleted Paragraph A(3), which classified certain counties as class "C" counties.

The 2013 amendment, effective January 1, 2014, eliminated certain county classes for purposes of fixing salaries; in Paragraph (3) of Subsection A, after "assessed valuation", deleted "in excess of forty-five million dollars ($45,000,000)" and added "equal to or less than seventy-five million dollars ($75,000,000)"; and deleted former Paragraphs (4) through (8) of Subsection A, which created classes of counties based on assessed valuation from over fourteen million dollars to less than four million seven hundred fifty thousand dollars.

The 2009 amendment, effective June 19, 2009, in Subsections A(1), A(2) and A(3), after "as determined by the" deleted "last official" and added "most current annual population data or estimate available from the".

Effect of creation of new county. — Classification was not reduced by fact that a part of the county became a part of a new county. *Baca v. Board of Comm'rs*, 1924-NMSC-073, 30 N.M. 163, 231 P. 637.

Am. Jur. 2d, A.L.R. and C.J.S. references. — 56 Am. Jur. 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 225 to 234.

20 C.J.S. Counties § 109.

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: O9

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Administration

SUBJECT:
O9, Ordinance Amending Ordinance No. 8, Enactment No. 24-08 Relating to the Issuance and Sale of City of Rio Rancho, New Mexico Taxable Industrial Revenue Bonds (Quail Ranch Energy Storage LLC Project), in a Maximum Principal Amount of up to $140,000,000, for the Purpose of Updating and Approving the Annual Payments In Lieu Of Taxes to the City of Rio Rancho, Rio Rancho Public Schools and Albuquerque Public Schools in Conformity with the Requirements of Section 3-32-6 NMSA 1978; Authorizing Execution and Delivery of the Bonds with Updated Series Designation to Reflect the Date of Issuance and Delivery; Ratifying Certain Actions Taken Previously; and Repealing All Actions Inconsistent with this Ordinance

BACKGROUND AND ANALYSIS:
First reading of an Ordinance. Two readings with approval required for adoption.

On June 13, 2024, the Governing Body adopted Ordinance No. 8, Enactment No. 24-08 authorizing the issuance of Taxable Industrial Revenue Bonds, in a maximum principal amount of up to $140,000,000, for the purpose of acquiring energy storage equipment and facilities to be located within the corporate boundaries of the City and to be used by Quail Ranch Energy Storage LLC for the generation of electrical energy.

The project intends to proceed with issuing the Industrial Revenue Bonds within the next few months. As such, the Annual Payments in Lieu of Taxes (PILOT) schedule shall be updated based on the Tax Year 2024 mill levies and most recent student enrollment data.

State law, Section 3-32-6 NMSA 1978, provides for that the payments in lieu of taxes (PILOT) for renewable energy projects be split between the municipality and the school districts within the boundaries of the municipality formulaically based on mill levies and multiple parameters pertaining to
the school districts' boundaries and enrollment data.

The portion of the PILOT payable to the school districts within the boundaries of the municipality is to be allocated as follows: fifty percent (50%) is to be allocated equally among all school districts in which the project is to be located; forty percent (40%) is to be allocated to each school district in proportion to the area of each school district within the municipality; and ten percent (10%) allocated to the school districts in proportion to each school district's student membership pursuant to the Public School Code reported on the second and third reporting dates for the most recent school year for which data is available as of the date of issuance of the bonds.

Ordinance No. 8 approved a PILOT schedule for the City of Rio Rancho, Albuquerque Public Schools and Rio Rancho Public Schools, pursuant to State law.

Subsequent to the adoption of Ordinance No. 8, the school districts reported updated enrollment numbers, and the property tax certificates for Tax Year 2024 were issued, which requires updating the allocation of the PILOTS among the City and school districts as required by State Law.

IMPACT:

The change reflected in the Ordinance and attached updated PILOT schedule is the following:

June 2024 PILOT percentage payable to schools: 29.7045%; split between the schools: 64.24% Albuquerque Public Schools / 35.76% Rio Rancho Public Schools.

March 2025 PILOT percentage payable to the schools: 30.3504%; split between the schools: 64.23% Albuquerque Public Schools / 35.77% Rio Rancho Public Schools.

	Average/MW	PILOT-% Payable to Schools	*PILOT-% Split Between School Districts*		*CoRR PILOT Recurring*
			APS	RRPS	
March 2025	$3,592.76	30.3504%	64.23%	35.77%	$258,863.12
June 2024	$3,592.76	29.7045%	64.24%	35.76%	$261,263.94
Difference		0.6459%	0.01%	(0.01%)	($2,400.82)

ALTERNATIVES:

Approve the Ordinance.

Do not approve the Ordinance.

DEPARTMENT RECOMMENDATION:

Staff recommends approval of the Ordinance as presented.

ATTACHMENT: Ordinance_O9
ATTACHMENT: O8 2024 Signed
ATTACHMENT: 2024 Pilot Payment Distribution Schedule

CITY OF RIO RANCHO
ORDINANCE

ORDINANCE NO. **ENACTMENT NO.**

ORDINANCE AMENDING ORDINANCE NO. 8, ENACTMENT NO. 24-08 RELATING TO THE ISSUANCE AND SALE OF CITY OF RIO RANCHO, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BONDS (QUAIL RANCH ENERGY STORAGE LLC PROJECT), IN A MAXIMUM PRINCIPAL AMOUNT OF UP TO $140,000,000, FOR THE PURPOSE OF UPDATING AND APPROVING THE ANNUAL PAYMENTS IN LIEU OF TAXES TO THE CITY OF RIO RANCHO, RIO RANCHO PUBLIC SCHOOLS AND ALBUQUERQUE PUBLIC SCHOOLS IN CONFORMITY WITH THE REQUIREMENTS OF SECTION 3-32-6 NMSA 1978; AUTHORIZING EXECUTION AND DELIVERY OF THE BONDS WITH UPDATED SERIES DESIGNATION TO REFLECT THE DATE OF ISSUANCE AND DELIVERY; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE

WHEREAS: the City of Rio Rancho (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 the proposal of Quail Ranch Energy Storage LLC (the "Company"), on June 13, 2024, the Governing Body of the City (the "Governing Body") adopted Ordinance No.8, Enactment No. 24-08 (Ordinance No. 8"), authorizing the issuance of Taxable Industrial Revenue Bonds (Quail Ranch Energy Storage LLC Project), Series 2024 (the "Bonds") for the purpose of acquiring energy storage equipment and facilities to be located within the corporate boundaries of the City, to be used by the Company for the generation of electrical energy (the "Project"); and

WHEREAS: Section 3-32-6 NMSA 1978, provides for that the payments in lieu of taxes (PILOT) for renewable energy projects be split between the municipality and the school districts within the boundaries of the municipality formulaically based on mill levies and multiple parameters pertaining to the school districts' boundaries and enrollment data; and

WHEREAS: Section 3-32-6 NMSA 1978 provides for that the PILOT payable to the school districts within the boundaries of the municipality is to be allocated as follows: fifty percent (50%) is to be allocated equally among all school districts in which the project is to be located; forty percent (40%) is to be allocated to each school district in proportion to the area of each school district within the municipality; and ten percent (10%) allocated to the school districts in proportion to each school district's student membership pursuant to the Public School Code reported on the second and third reporting dates for the most recent school year for which data is available as of the date of issuance of the bonds; and

WHEREAS: the form of lease agreement presented to the Governing Body in connection with its consideration and adoption of Ordinance No.8 approved of PILOTs to each of the City, Rio Rancho Public Schools ("RRPS") and Albuquerque Public Schools ("APS" and together with RRPS, the "School Districts") allocated according to the requirements of Section 3-32-6 NMSA 1978 in effect at the time Ordinance No. 08 was adopted; and

WHEREAS: subsequent to the adoption of Ordinance No. 8, the School Districts have reported updated enrollment numbers which will require updating the allocation of the PILOTS among the School Districts as required under Section 3-32-6 NMSA 1978; as amended; and

WHEREAS: subsequent to the adoption of Ordinance No. 8, property tax certificates for Tax Year 2024 were issued which will require updating the allocation of the PILOTS to the City; and

WHEREAS: the Governing Body has determined that it is necessary to approve PILOT allocations to the City, RRPS and APS effective as of the date hereof which are consistent with Section 3-32-6 NMSA 1978, amended; and

WHEREAS: the Governing Body has determined that it is appropriate and advisable to authorize the Mayor of the City to execute and deliver the Bonds with a series designation that corresponds to the year in which the Bonds are executed and delivered; and

WHEREAS: the Governing Body intends that, except as expressly provided in this Amendatory Ordinance all provisions of Ordinance 08 shall remain effective.

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

Section 1. Ratification. All actions not inconsistent with the provisions of this Amendatory 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. Amendment of Approval of Form of Lease Agreement. The form of Lease Agreement approved in Ordinance No. 8 is hereby amended to delete the PILOT payment schedule attached as Exhibit D thereto, and to substitute in its place the PILOT payment schedule (Solar PILOT Payments Schedule) presented to the Governing Body in connection with its consideration of this Amendatory Resolution and attached hereto as Exhibit D.

Section 3. Delegation of Authority to Execute and Deliver Bonds with Updated Series Designation. The Mayor is hereby authorized to execute and deliver the Bonds with a series designation that corresponds to the year in which execution and delivery of the Bonds occurs.

Section 4. Ordinance No. 8 Otherwise not Amended. Except as expressly provided herein, all other provisions of Ordinance No. 8 shall remain effective.

Section 5. Severability Clause. If any section, paragraph, clause, or provision of this Ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder shall for any reason be held to be invalid, unlawful, or enforceable, the invalidity, illegality, or unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the remaining portions of this Ordinance or the regulation so challenged.

Section 6. Compiling Clause. This Ordinance shall be incorporated in and compiled as part of the Revised Ordinances of the City of Rio Rancho, (R.O. 2003).

Section 7. Effective Date. This Ordinance shall become effective ten days after adoption.

ADOPTED THIS _____DAY OF _____, 2025.

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel C. Davis, City Clerk
(SEAL)

EXHIBIT D

STORAGE PILOT PAYMENTS

Year	Total PILOT	City Portion	Percent Payable to School Districts	APS	RRPS
1	$52,033.10	$36,240.84	$15,792.26	$10,143.70	$5,648.56
2	$156,099.30	$108,722.51	$47,376.79	$30,431.11	$16,945.68
3	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
4	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
5	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
6	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
7	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24

8	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
9	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
10	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
11	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
12	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
13	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
14	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
15	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
16	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
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28	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
29	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24
30	$208,132.40	$144,963.35	$63,169.05	$40,574.82	$22,594.24

CITY OF RIO RANCHO
ORDINANCE

ORDINANCE NO. 8 **ENACTMENT NO. 24-08**

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF RIO RANCHO, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BONDS (QUAIL RANCH ENERGY STORAGE LLC PROJECT), IN A MAXIMUM PRINCIPAL AMOUNT OF UP TO $140,000,000 IN ONE OR MORE SERIES TO PROVIDE FUNDS TO FINANCE THE EQUIPPING OF AN INDUSTRIAL REVENUE BOND PROJECT FOR USE BY QUAIL RANCH ENERGY STORAGE 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 THE SCHOOL DISTRICTS WITHIN THE CITY BY THE COMPANY; 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 Rio Rancho (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: Quail Ranch Energy Storage 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 Rio Rancho City Council, (the "City Council") a proposal whereby the City would (a) issue its Taxable Industrial Revenue Bonds (Quail Ranch Energy Storage LLC Project), Series 2024 (the "Bonds"), and (b) acquire solar energy storage equipment and facilities (the "Project Property"), to be located within the corporate boundaries of the City, to be used by the Company for the storage of electrical energy; 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 storage 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 would enter into one or more subleases with the Company in connection with the Bonds (collectively, the "Sublease"), whereby the Company would sublease to the City the site for the Project (the "Project Site"), and the Company would enter into a lease with the City for in connection with the Bonds (the "Lease") pursuant to which the Company would lease or sublease from the City the Project Property including the Project Site; 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 $140,000,000 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. Sublease
5. Bonds

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 will make annual in-lieu tax payments ("PILT Payments") under the Lease to the City, the Rio Rancho Public School District and the Albuquerque Public School District (collectively, the "Districts") pursuant to and in accordance with NMSA 1978, § 3-32-6(A)(2) (2023) for the period that the City owns and leases the Project Property to the Company; and

WHEREAS: this City Council has been advised by Sutin, Thayer & Browne A Professional Corporation, as bond counsel to the Company ("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 Albuquerque Journal*, 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 RIO RANCHO CITY COUNCIL, THE GOVERNING BODY OF THE CITY OF RIO RANCHO, 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 the City and its residents 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 $140,000,000.

(3) The developer of the Project Property is the Company.

(4) The Project Property is located within the corporate limits of the City.

Section 3. BONDS - APPROVAL, AUTHORIZATION AND DETAIL.

A. Approval and Sale. The issuance of the Bonds in a principal amount not to exceed $140,000,000 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 $140,000,000 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 $140,000,000, 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 percent (4%).

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 consistent with 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 Bonds will be outstanding for a maximum of thirty (30) years from the date of issuance of such bonds. No principal will be due for the 1st year to and including the 29th year that the Bonds are outstanding. Assuming issuance of the Bonds on June 30, 2024 in the maximum principal amount of $140,000,000 bearing an annual interest rate of four percent (4%), interest payments will be due in the amount of $5,600,000 in each of the years 2025 through 2053 and the full principal plus interest thereon shall be due at maturity on June 30, 2054 in the amount of $ 145,600,000.

B. The Bonds will bear interest at the rate of four percent (4%).

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, fees of bond counsel to the City and fees of the City's financial advisor.

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 shall require 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 shall require 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).

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 to impose any tax nor to pay any amount (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 to impose any tax nor to pay any amount (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 authorization or issuance of the Bonds or 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.

ADOPTED THIS 13TH DAY OF JUNE, 2024.

Greggory D. Hull, Mayor

ATTEST:

Noel C. Davis, City Clerk
(SEAL)

Quail Ranch Solar/Storage Proposed PILOT Schedule - Combined

Assessed Value: $ 250,000,000.00
MW: 100 Pilot-$ per mW $ 3,716.65

		PILOT-% Payable to Schools	PILOT-% Split between School Districts	
Average/MW	$ 3,592.76	29.7045%	64.24%	35.76%

Year	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 92,916.25	$ 27,600.27	$ 17,730.90	$ 9,869.36	$ 65,315.98
2	$ 278,748.75	$ 82,800.80	$ 53,192.70	$ 29,608.09	$ 195,947.95
3	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
4	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
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29	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
30	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
Sum	$ 10,778,285.00	$ 3,201,630.84	$ 2,056,784.53	$ 1,144,846.31	$ 7,576,654.16
Validate	$ 10,778,285.00	$ 3,201,630.84	$ 2,056,784.53	$ 1,144,846.31	$ 7,576,654.16

Quail Ranch Storage Proposed PILOT Schedule

Assessed Value: $ 140,000,000.00 — 56.00% — **Storage** — PILOT-% Split between School Districts: 64.24% / 35.76%

Yr.	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 52,033.10	$ 15,456.15	$ 9,929.30	$ 5,526.84	$ 36,576.95
2	$ 156,099.30	$ 46,368.45	$ 29,787.91	$ 16,580.53	$ 109,730.85
3	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
4	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
5	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
6	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
7	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
8	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
9	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
10	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
11	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
12	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
13	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
14	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
15	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
16	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
17	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
18	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
19	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
20	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
21	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
22	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
23	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
24	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
25	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
26	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
27	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
28	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
29	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
30	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
	$ 6,035,839.60	$ 1,792,913.27	$ 1,151,799.34	$ 641,113.93	$ 4,242,926.33
	$ 6,035,839.60	$ 1,792,913.27	$ 1,151,799.34	$ 641,113.93	$ 4,242,926.33

Quail Ranch Solar Proposed PILOT Schedule

Assessed Value: $ 110,000,000.00 — 44.00% — **Solar** — PILOT-% Split between School Districts: 64.24% / 35.76%

Yr.	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 40,883.15	$ 12,144.12	$ 7,801.60	$ 4,342.52	$ 28,739.03
2	$ 122,649.45	$ 36,432.35	$ 23,404.79	$ 13,027.56	$ 86,217.10
3	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
4	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
5	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
6	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
7	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
8	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
9	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
10	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
11	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
12	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
13	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
14	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
15	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
16	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
17	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
18	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
19	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
20	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
21	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
22	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
23	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
24	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
25	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
26	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
27	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
28	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
29	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
30	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
	$ 4,742,445.40	$ 1,408,717.57	$ 704,358.79	$ 704,358.79	$ 3,333,727.83
	$ 4,742,445.40	$ 1,408,717.57	$ 904,985.19	$ 503,732.38	$ 3,333,727.83

PILOT Allocation as defined in Section 3-32-6 NMSA 1978

Criteria

(c) 1) "1) *fifty percent allocated equally among all school districts in which the project is located;* "
See Exhibit II - RRPS APS and Solar Location
That overlays the City's boundaries to the respective school districts service area

APS	50%
RRPS	0%

(c) 2) *"2) forty percent allocated to the school districts within the municipality in proportion to the area of each school district within the municipality ;"*
See Attachment- RRPS and APS Boundary Percentages
Shows the service areas with respect to the City's limits.

	Acres	*% of Area*		
RRPS	56,362.10	84.95%	34.0%	of the PILOT for Schools Districts
APS	9,984.76	15.05%	6.0%	of the PILOT for Schools Districts
CoRR	66,346.87			

(c) 3) *"and 3) ten percent allocated to the school districts in proportion to the average of each school district's student membership pursuant to the Public School Code [Chapter 22 NMSA 1978, except Article 5A] reported on the second and third reporting dates for the most recent school year for which data is available as of the date of issuance of*

10%

District	Date	Total	Average	RRPS Proportion	APS Proportion
RRPS	Dec-2022	17,276			
RRPS	Mar-2023	17,314	17,295	17.78%	
APS	Dec-2022	80,157			
APS	Mar-2023	79,802	79,980		82.22%
			97,275	1.78%	8.22%

* See Exhbits IV and V (Enrollmend data provided by NM Public Education Department on Aug 4, 2023).

Total Allocation:

APS	64.24%
RRPS	35.76%

PILOT % Attributable to School Districts

TY2023	Sandoval County	Sandoval County	Bernalillo County
MUNICIPALITY:	**Rio Rancho**	**Rio Rancho**	**Rio Rancho**
TAXABLE VALUE:	2,684,054,256	478,400,569	9,051,534
CATEGORY:	94 IN R	94 IN NR	R1-A NR
State Debt Service	1.360	1.360	1.360
Total State	1.360	1.360	1.360
County Operational	6.089	10.350	10.750
County Debt Service	0.606	0.606	1.264
			0.200
Bern. County Judgement (A) (4)			0.006
Bern. County Debt Service (4)			
Total County	6.695	10.956	12.220
Municipal Operational	7.004	7.650	7.650
Municipal Debt Service	2.772	2.772	2.772
Total Municipal	9.776	10.422	10.422
School District Operational	0.254	0.477	0.500
School District Debt Service	8.543	8.543	4.480
School Dist. Cap. Improvement	1.908	1.908	2.000
HB 33 School Building	0.000	0.000	4.344
School Dist. Educ. Tech. Debt Service	0.000	0.000	0.000
Total School District	10.705	10.928	11.324
Total State, County, Municipal, & School District	28.536	33.666	35.326
Other:			
Contracting Hospitals	1.816	1.900	6.400
Central NM Comm College (1)	2.790	3.000	3.000
Central NM Comm. College Debt	1.000	1.000	1.000
Total Other	5.606	5.900	10.400
SUB-TOTAL	**34.142**	**39.566**	**45.726**
SSCAFCA/AMAFCA	2.025	2.074	1.152
AMAFCA			
Grand Total - with Flood Control	**36.167**	**41.640**	**46.878**

The relevant portion of the IRB statute setting out the requirements for School District PILOT, Section 3-32-6(A)(2) is as follows:

A municipality shall not acquire any electricity generation or transmission facility project unless the school districts within the municipality in which the project is located receive annual in-lieu tax payments; provided that the annual in-lieu tax payments required by this paragraph shall be:

(a) payable to the school districts for the period the municipality owns and leases the project;

(b) in an aggregate amount equal to the amount received by the municipality multiplied by the percentage [School District PILOT Percentage] determined by dividing the average of the operating, capital improvement and bond mills imposed by the school districts in the municipality [Average School District Mill Levy] and state debt service mills [State Debt Service Mill Levy] as of the date of issuance of the bonds [together, the Numerator] by the average of the mills imposed by all entities levying taxes on property in the municipality [Average Total Mill Levy as the Denominator] as of such date;

(c) shared among the school districts located within the municipality equally; and

(d) not be less than the amount due to the school districts in the tax year immediately preceding the issuance of the bonds from the property included in a project, had such project not been created;

Average School District Mill Levies	State Debt Sevice Mill Levy	Numerator
10.986	1.36	12.346

Average Total Mill Levy in Municipality as the Denominator
39.811

School District PILOT Percentage (Total Numerator/Total Denominator)
31.0104%

Average Total Mill Levy in Municipality as the Denominator
41.562

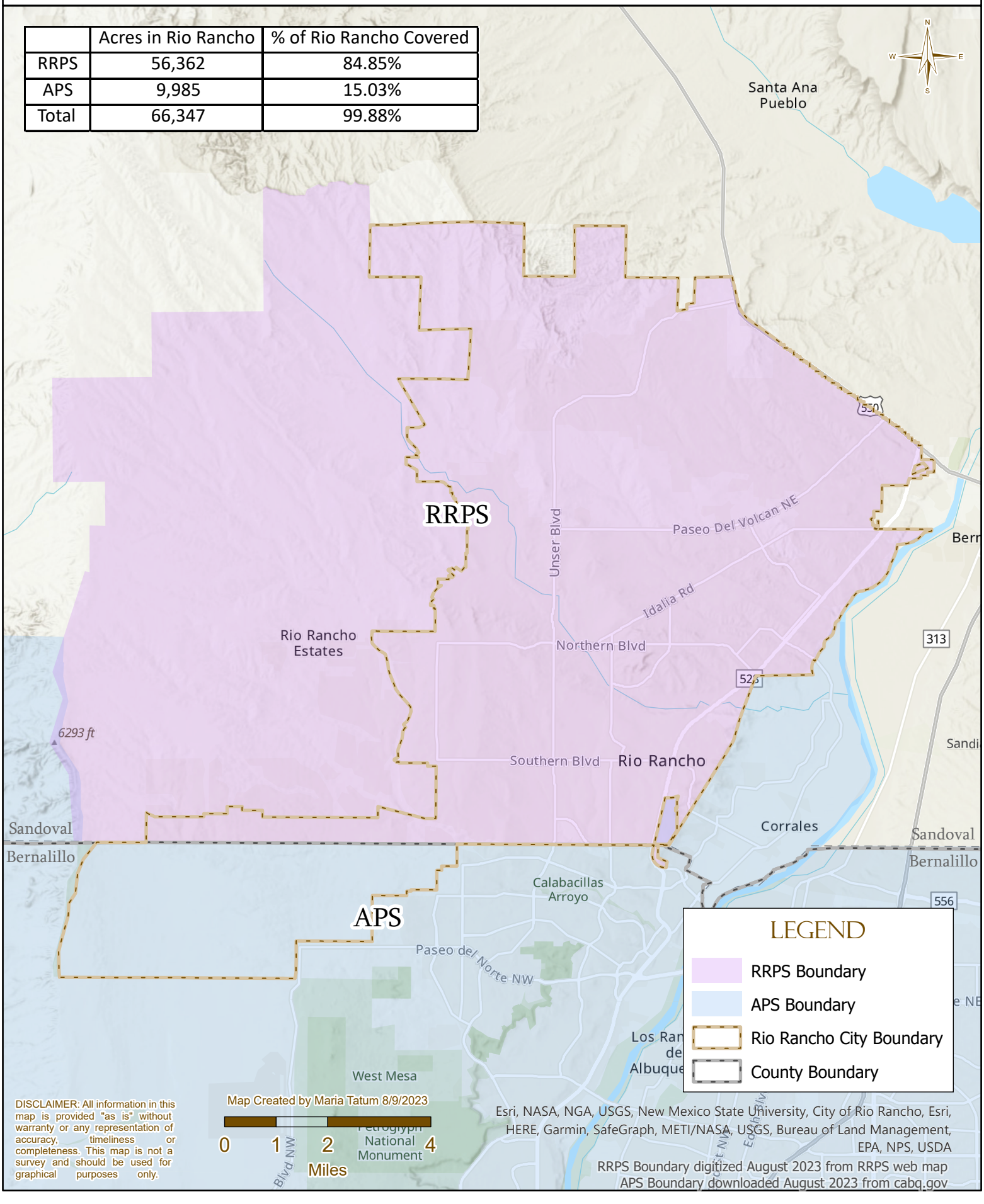
School District PILOT Percentage (Total Numerator/Total Denominator)
29.7045%

Average School District Mill Levies	10.986	
(+) State Debt Service Levy (1.360)	12.346	(a) = numerator
Average Total Mill Levies	41.562	(b) = denominator
School District PILOT Percentage (a / b)	29.7045%	
Number of School Districts In City	2	

0.779
0.779

RRPS AND APS BOUNDARIES

	Acres in Rio Rancho	% of Rio Rancho Covered
RRPS	56,362	84.85%
APS	9,985	15.03%
Total	66,347	99.88%



DISCLAIMER: All information in this map is provided "as is" without warranty or any representation of accuracy, timeliness or completeness. This map is not a survey and should be used for graphical purposes only.

Esri, NASA, NGA, USGS, New Mexico State University, City of Rio Rancho, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA

RRPS Boundary digitized August 2023 from RRPS web map
APS Boundary downloaded August 2023 from cabq.gov

Updated March 2025

Quail Ranch Solar/Storage Proposed PILOT Schedule - Combined

Assessed Value: $ 250,000,000.00
MW: 100 Pilot-$ per mW $ 3,716.65
Average/MW $ 3,592.76 *PILOT-% Payable to Schools* 30.3504% *PILOT-% Split between School Districts* 64.23% 35.77%

Year	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 92,916.25	$ 28,200.47	$ 18,113.76	$ 10,086.71	$ 64,715.78
2	$ 278,748.75	$ 84,601.41	$ 54,341.27	$ 30,260.14	$ 194,147.34
3	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
4	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
5	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
6	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
7	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
8	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
9	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
10	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
11	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
12	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
13	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
14	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
15	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
16	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
17	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
18	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
19	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
20	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
21	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
22	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
23	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
24	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
25	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
26	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
27	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
28	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
29	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
30	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
Sum	$ 10,778,285.00	$ 3,271,254.50	$ 2,101,195.87	$ 1,170,058.62	$ 7,507,030.50
Validate	$ 10,778,285.00	$ 3,271,254.50	$ 2,101,195.87	$ 1,170,058.62	$ 7,507,030.50

Quail Ranch Storage Proposed PILOT Schedule

Assessed Value: $ 140,000,000.00 56.00% **Storage** *PILOT-% Split between School Districts* 64.23% 35.77%

Yr.	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 52,033.10	$ 15,792.26	$ 10,143.70	$ 5,648.56	$ 36,240.84
2	$ 156,099.30	$ 47,376.79	$ 30,431.11	$ 16,945.68	$ 108,722.51
3	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
4	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
5	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
6	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
7	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
8	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
9	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
10	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
11	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
12	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
13	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
14	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
15	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
16	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
17	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
18	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
19	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
20	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
21	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
22	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
23	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
24	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
25	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
26	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
27	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
28	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
29	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
30	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
	$ 6,035,839.60	$ 1,831,902.52	$ 1,176,669.69	$ 655,232.83	$ 4,203,937.08
	$ 6,035,839.60	$ 1,831,902.52	$ 1,176,669.69	$ 655,232.83	$ 4,203,937.08

Quail Ranch Solar Proposed PILOT Schedule

Assessed Value: $ 110,000,000.00 44.00% **Solar** *PILOT-% Split between School Districts* 64.23% 35.77%

Yr.	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 40,883.15	$ 12,408.21	$ 7,970.05	$ 4,438.15	$ 28,474.94
2	$ 122,649.45	$ 37,224.62	$ 23,910.16	$ 13,314.46	$ 85,424.83
3	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
4	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
5	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
6	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
7	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
8	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
9	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
10	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
11	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
12	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
13	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
14	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
15	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
16	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
17	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
18	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
19	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
20	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
21	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
22	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
23	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
24	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
25	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
26	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
27	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
28	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
29	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
30	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
	$ 4,742,445.40	$ 1,439,351.98	$ 719,675.99	$ 719,675.99	$ 3,303,093.42
	$ 4,742,445.40	$ 1,439,351.98	$ 924,526.18	$ 514,825.79	$ 3,303,093.42

PILOT Allocation as defined in Section 3-32-6 NMSA 1978

arch 2025

Criteria

(c) 1) "1) *fifty percent allocated equally among all school districts in which the project is located;* "

See Exhibit II - RRPS APS and Solar Location

That overlays the City's boundaries to the respective school districts service area

APS	50%
RRPS	0%

(c) 2) *"2) forty percent allocated to the school districts within the municipality in proportion to the area of each school district within the municipality ;"*

See Exhibit III - RRPS and APS Boundary Percentages

Shows the service areas with respect to the City's limits.

	Acres	*% of Area*		
RRPS	56,362.10	84.95%	34.0%	of the PILOT for Schools Districts
APS	9,984.76	15.05%	6.0%	of the PILOT for Schools Districts
CoRR	66,346.87			

(c) 3) *"and 3) ten percent allocated to the school districts in proportion to the average of each school district's student membership pursuant to the Public School Code [Chapter 22 NMSA 1978, except Article 5A] reported on the second and third reporting dates for the most recent school year for which data is available as of the date of issuance of*

10%

District	Date	Total	Average	RRPS Proportion	APS Proportion
RRPS	Dec-2023	16,724			
RRPS	Feb-2024	16,741	16,733	17.88%	
APS	Dec-2023	76,876			
APS	Feb-2024	76,863	76,870		82.12%
			93,602	1.79%	8.21%

* See Exhbits IV and V (Enrollmend data provided by NM Public Education Department on Feb 2025).

Total Allocation:

APS	64.23%
RRPS	35.77%

PILOT % Attributable to School Districts

TY2024 (Updated March 2025)	Sandoval County	Sandoval County	Bernalillo County
MUNICIPALITY:	**Rio Rancho**	**Rio Rancho**	**Rio Rancho**
TAXABLE VALUE:	2,930,774,600	576,502,676	15,408,199
CATEGORY:	94 IN R	94 IN NR	R1-A NR
State Debt Service	1.360	1.360	1.360
Total State	1.360	1.360	1.360
County Operational	5.901	7.255	10.750
County Debt Service	1.084	1.084	1.264
			0.200
Bern. County Judgement (A) (4)			0.000
Bern. County Debt Service (4)			
Total County	6.985	8.339	12.214
Municipal Operational	6.791	7.093	7.093
Municipal Debt Service	2.771	2.771	2.771
Total Municipal	9.562	9.864	9.864
School District Operational	0.246	0.287	0.500
School District Debt Service	8.543	8.543	4.480
School Dist. Cap. Improvement	1.850	1.149	2.000
HB 33 School Building	0.000	0.000	4.344
School Dist. Educ. Tech. Debt Service	0.000	0.000	0.000
Total School District	10.639	9.979	11.324
Total State, County, Municipal, & School District	28.546	29.542	34.762
Other:			
Contracting Hospitals	1.760	1.332	6.400
Central NM Comm College (1)	2.733	2.838	2.838
Central NM Comm. College Debt	1.000	1.000	1.000
Total College and Hospital	5.493	5.170	10.238
SUB-TOTAL	**34.039**	**34.712**	**45.000**
SSCAFCA/AMAFCA	2.001	1.783	1.152
Total Other	2.001	1.783	1.152
Grand Total - with Flood Control	**36.040**	**36.495**	**46.152**

The relevant portion of the IRB statute setting out the requirements for School District PILOT, Section 3-32-6(A)(2) is as follows:

A municipality shall not acquire any electricity generation or transmission facility project unless the school districts within the municipality in which the project is located receive annual in-lieu tax payments; provided that the annual in-lieu tax payments required by this paragraph shall be:

(a) payable to the school districts for the period the municipality owns and leases the project;

(b) in an aggregate amount equal to the amount received by the municipality multiplied by the percentage [School District PILOT Percentage] determined by dividing the average of the operating, capital improvement and bond mills imposed by the school districts in the municipality [Average School District Mill Levy] and state debt service mills [State Debt Service Mill Levy] as of the date of issuance of the bonds [together, the Numerator] by the average of the mills imposed by all entities levying taxes on property in the municipality [Average Total Mill Levy as the Denominator] as of such date;

(c) shared among the school districts located within the municipality equally; and

(d) not be less than the amount due to the school districts in the tax year immediately preceding the issuance of the bonds from the property included in a project, had such project not been created;

Average School District Mill Levies	State Debt Sevice Mill Levy	Numerator
10.647	1.36	12.007

Average Total Mill Levy in Municipality as the Denominator pior to "Other"	School District PILOT Percentage (Total Numerator/Total Denominator)
37.917	31.6674%

Average Total Mill Levy in Municipality as the Denominator	School District PILOT Percentage (Total Numerator/Total Denominator)
39.562	30.3504%

Average School District Mill Levies	10.647	
(+) State Debt Service Levy (1.360)	12.007	(a) = numerator
Average Total Mill Levies	39.562	(b) = denominator
School District PILOT Percentage (a / b)	30.3504%	
Number of School Districts In City	2	

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: O10

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Administration

SUBJECT:
O10, Ordinance Amending Ordinance No. 9, Enactment No. 24-09 Relating to the Issuance and Sale of City of Rio Rancho, New Mexico Taxable Industrial Revenue Bonds (Quail Ranch Solar LLC Project), in a Maximum Principal Amount of up to $110,000,000, for the Purpose of Updated and Approving the Annual Payments in Lieu of Taxes to the City of Rio Rancho, Rio Rancho Public Schools and Albuquerque Public Schools in Conformity with the Requirements of Section 3-32-6 NMSA 1978; Authorizing Execution and Delivery of the Bonds with Updated Series Designation to Reflect the Date of Issuance and Delivery; Ratifying Certain Actions Taken Previously; and Repealing All Actions Inconsistent with this Ordinance

BACKGROUND AND ANALYSIS:
First reading of an Ordinance. Two readings with approval required for adoption.

On June 13, 2024, the Governing Body adopted Ordinance No. 9, Enactment No. 24-09 authorizing the issuance of Taxable Industrial Revenue Bonds, in a maximum principal amount of up to $110,000,000, for the purpose of acquiring solar energy power generation equipment and facilities to
be located within the corporate boundaries of the City and to be used by Quail Ranch Solar LLC for the generation of electrical energy.

The project intends to proceed with issuing the Industrial Revenue Bonds within the next few months. As such, the Annual Payments in Lieu of Taxes (PILOT) schedule shall be updated based on the Tax Year 2024 mill levies and most recent student enrollment data.

State law, Section 3-32-6 NMSA 1978, provides for that the payments in lieu of taxes (PILOT) for renewable energy projects be split between the municipality and the school districts within the boundaries of the municipality formulaically based on mill levies and multiple parameters pertaining to
the school districts' boundaries and enrollment data.

The portion of the PILOT payable to the school districts within the boundaries of the municipality is to be allocated as follows: fifty percent (50%) is to be allocated equally among all school districts in which the project is to be located; forty percent (40%) is to be allocated to each school district in proportion to the area of each school district within the municipality; and ten percent (10%) allocated to the school districts in proportion to each school district's student membership pursuant to the Public School Code reported on the second and third reporting dates for the most recent school year for which data is available as of the date of issuance of the bonds.

Ordinance No.9 approved a PILOT schedule for the City of Rio Rancho, Albuquerque Public

Schools and Rio Rancho Public Schools, pursuant to State law.

Subsequent to the adoption of Ordinance No. 9, the school districts reported updated enrollment numbers, and the property tax certificates for Tax Year 2024 were issued, which requires updating the allocation of the PILOTS among the City and school districts as required by State Law.

IMPACT:

The change reflected in the Ordinance and attached updated PILOT schedule is the following:

June 2024 PILOT percentage payable to schools: 29.7045%; split between the schools: 64.24% Albuquerque Public Schools / 35.76% Rio Rancho Public Schools.

March 2025 PILOT percentage payable to the schools: 30.3504%; split between the schools: 64.23% Albuquerque Public Schools / 35.77% Rio Rancho Public Schools.

	Average/MW	PILOT -% Payable to Schools	*PILOT -% Split Between Schools Districts*		*CoRR PILOT Recurring*
			APS	RRPS	
March 2025	$3,592.76	30.3504%	64.23%	35.77%	$258,863.12
June 2024	$3,592.76	29.7045%	64.24%	35.76%	$261,263.94
Difference		0.6459%	0.01%	(0.01%)	($2,400.82)

ALTERNATIVES:

Approve the Ordinance.

Do not approve the Ordinance.

DEPARTMENT RECOMMENDATION:

Staff recommends approval of the Ordinance as presented.

ATTACHMENT: Final Ordinance Solar 09 March 2025.doc
ATTACHMENT: O9 2024 Signed
ATTACHMENT: 2024 Pilot Payment Distribution Schedule

CITY OF RIO RANCHO
ORDINANCE

ORDINANCE NO. **ENACTMENT NO.**

ORDINANCE AMENDING ORDINANCE NO. 9, ENACTMENT NO. 24-09 RELATING TO THE ISSUANCE AND SALE OF CITY OF RIO RANCHO, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BONDS (QUAIL RANCH SOLAR LLC PROJECT), IN A MAXIMUM PRINCIPAL AMOUNT OF UP TO $110,000,000, FOR THE PURPOSE OF UPDATED AND APPROVING THE ANNUAL PAYMENTS IN LIEU OF TAXES TO THE CITY OF RIO RANCHO, RIO RANCHO PUBLIC SCHOOLS AND ALBUQUERQUE PUBLIC SCHOOLS IN CONFORMITY WITH THE REQUIREMENTS OF SECTION 3-32-6 NMSA 1978; AUTHORIZING EXECUTION AND DELIVERY OF THE BONDS WITH UPDATED SERIES DESIGNATION TO REFLECT THE DATE OF ISSUANCE AND DELIVERY; RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY; AND REPEALING ALL ACTIONS INCONSISTENT WITH THIS ORDINANCE

WHEREAS: the City of Rio Rancho (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 the proposal of Quail Ranch Solar LLC (the "Company"), on June 13 2024, the Governing Body of the City (the "Governing Body") adopted Ordinance No. 9, Enactment No. 24-09 ("Ordinance No. 9"), authorizing the issuance of Taxable Industrial Revenue Bonds (Quail Ranch Solar LLC Project), Series 2024 (the "Bonds") for the purpose of acquiring solar energy power generation equipment and facilities to be located within the corporate boundaries of the City, to be used by the Company for the generation of electrical energy (the "Project"); and

WHEREAS: Section 3-32-6 NMSA 1978, provides for that the payments in lieu of taxes (PILOT) for renewable energy projects be split between the municipality and the school districts within the boundaries of the municipality formulaically based on mill levies and multiple parameters pertaining to the school districts' boundaries and enrollment data; and

WHEREAS: Section 3-32-6 NMSA 1978 provides for that the PILOT payable to the school districts within the boundaries of the municipality is to be allocated as follows: fifty percent (50%) is to be allocated equally among all school districts in which the project is to be located; forty percent (40%) is to be allocated to each school district in proportion to the area of each school district within the municipality; and ten percent (10%) allocated to the school districts in proportion to each school district's student membership pursuant to the Public School Code reported on the second and third reporting dates for the most recent school year for which data is available as of the date of issuance of the bonds; and

WHEREAS: the form of lease agreement presented to the Governing Body in connection with its consideration and adoption of Ordinance No. 9

approved of PILOTs to each of the City, Rio Rancho Public Schools ("RRPS") and Albuquerque Public Schools ("APS" and together with RRPS, the "School Districts") allocated according to the requirements of Section 3-32-6 NMSA 1978 in effect at the time Ordinance No. 9 was adopted; and

WHEREAS: subsequent to the adoption of Ordinance No. 9, the School Districts have reported updated enrollment numbers which will require updating the allocation of the PILOTS among the School Districts as required under Section 3-32-6 NMSA 1978; as amended; and

WHEREAS: subsequent to the adoption of Ordinance No. 9, property tax certificates for Tax Year 2024 were issued which will require updating the allocation of the PILOTS to the City; and

WHEREAS: the Governing Body has determined that it is necessary to approve PILOT allocations to the City, RRPS and APS effective as of the date hereof which are consistent with Section 3-32-6 NMSA 1978, amended; and

WHEREAS: the Governing Body has determined that it is appropriate and advisable to authorize the Mayor of the City to execute and deliver the Bonds with a series designation that corresponds to the year in which the Bonds are executed and delivered; and

WHEREAS: the Governing Body intends that, except as expressly provided in this Amendatory Ordinance, all provisions of Ordinance 09 shall remain effective.

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

Section 1. Ratification. All actions not inconsistent with the provisions of this Amendatory 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. **Amendment of Approval of Form of Lease Agreement**. The form of Lease Agreement approved in Ordinance No. 9 is hereby amended to delete the PILOT payment schedule attached as Exhibit D thereto, and to substitute in its place the PILOT payment schedule (Solar PILOT Payments Schedule) presented to the Governing Body in connection with its consideration of this Amendatory Resolution and attached hereto as Exhibit D.

Section 3. Delegation of Authority to Execute and Deliver Bonds with Updated Series Designation. The Mayor is hereby authorized to execute and deliver the Bonds with a series designation that corresponds to the year in which execution and delivery of the Bonds occurs.

Section 4. Ordinance No. 9 Otherwise not Amended. Except as expressly provided

herein, all other provisions of Ordinance No. 9 shall remain effective.

Section 5. Severability Clause. If any section, paragraph, clause, or provision of this Ordinance, or any section, paragraph, clause, or provision of any regulation promulgated hereunder shall for any reason be held to be invalid, unlawful, or enforceable, the invalidity, illegality, or unenforceability of such section, paragraph, clause, or provision shall not affect the validity of the remaining portions of this Ordinance or the regulation so challenged.

Section 6. Compiling Clause. This Ordinance shall be incorporated in and compiled as part of the Revised Ordinances of the City of Rio Rancho, (R.O. 2003).

Section 7. Effective Date. This Ordinance shall become effective ten days after adoption.

ADOPTED THIS _____DAY OF _____, 2025.

_____
Greggory D. Hull, Mayor

ATTEST:

_____
Noel C. Davis, City Clerk
(SEAL)

EXHIBIT D

SOLAR PILOT PAYMENTS

Year	Total PILOT	City Portion	Percent Payable to School Districts	APS	RRPS
1	$40,883.15	$28,474.94	$12,408.21	$7,970.05	$4,438.15
2	$122,649.45	$85,424.83	$37,224.62	$23,910.16	$13,314.46
3	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
4	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
5	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
6	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
7	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61

8	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
9	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
10	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
11	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
12	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
13	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
14	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
15	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
16	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
17	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
18	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
19	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
20	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
21	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
22	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
23	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
24	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
25	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
26	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
27	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
28	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
29	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61
30	$163,532.60	$113,899.77	$49,632.83	$31,880.21	$17,752.61

CITY OF RIO RANCHO
ORDINANCE

ORDINANCE NO. 9 **ENACTMENT NO. 24-09**

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF RIO RANCHO, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BONDS (QUAIL RANCH ENERGY LLC PROJECT), IN A MAXIMUM PRINCIPAL AMOUNT OF UP TO $110,000,000 IN ONE OR MORE SERIES TO PROVIDE FUNDS TO FINANCE THE EQUIPPING OF AN INDUSTRIAL REVENUE BOND PROJECT FOR USE BY QUAIL RANCH ENERGY 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 THE SCHOOL DISTRICTS WITHIN THE CITY BY THE COMPANY; 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 Rio Rancho (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: Quail Ranch Energy 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 Rio Rancho City Council, (the "City Council") a proposal whereby the City would (a) issue its Taxable Industrial Revenue Bonds (Quail Ranch Energy LLC Project), Series 2024 (the "Bonds"), and (b) acquire solar energy power generation 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 of electrical energy; 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 generation 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 would enter into one or more subleases with the Company in connection with the Bonds (collectively, the "Sublease"), whereby the Company would sublease to the City the site for the Project (the "Project Site"), and the Company would enter into a lease with the City for in connection with the Bonds (the "Lease") pursuant to which the Company would lease or sublease from the City the Project Property including the Project Site; 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 $110,000,000 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. Sublease
5. Bonds

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 will make annual in-lieu tax payments ("PILT Payments") under the Lease to the City, the Rio Rancho Public School District and the Albuquerque Public School District (collectively, the "Districts") pursuant to and in accordance with NMSA 1978, § 3-32-6(A)(2) (2023) for the period that the City owns and leases the Project Property to the Company; and

WHEREAS: this City Council has been advised by Sutin, Thayer & Browne A Professional Corporation, as bond counsel to the Company ("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 *Albuquerque Journal*, 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.

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

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 the City and its residents, 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 $110,000,000.

(3) The developer of the Project Property is the Company.

(4) The Project Property is located within the corporate limits of the City.

Section 3. BONDS - APPROVAL, AUTHORIZATION AND DETAIL.

A. Approval and Sale. The issuance of the Bonds in a principal amount not to exceed $110,000,000 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 $110,000,000 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 $110,000,000, 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 percent (4%).

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 consistent with 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 Bonds will be outstanding for a maximum of thirty (30) years from the date of issuance of such bonds. No principal will be due for the 1st year to and including the 29th year that the Bonds are outstanding. Assuming issuance of the Bonds on June 30, 2024 in the maximum principal amount of $110,000,000 bearing an annual interest rate of four percent (4%), interest payments will be due in the amount of $4,400,000 in each of the years 2025 through 2053 and the full principal plus interest thereon shall be due at maturity on June 30, 2054 in the amount of $114,400,000.

B. The Bonds will bear interest at the rate of four percent (4%).

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, fees of bond counsel to the City and fees of the City's financial advisor.

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 shall require 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 shall require 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).

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 to impose any tax nor to pay any amount (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 to impose any tax nor to pay any amount (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 authorization or issuance of the Bonds, or 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.

ADOPTED THIS 13TH DAY OFJUNE, 2024.

Greggory D. Hull, Mayor

ATTEST:

Noel C. Davis, City Clerk
(SEAL)

Quail Ranch Solar/Storage Proposed PILOT Schedule - Combined

Assessed Value: $ 250,000,000.00
MW: 100 Pilot-$ per mW $ 3,716.65

		PILOT-% Payable to Schools	PILOT-% Split between School Districts	
Average/MW	$ 3,592.76	29.7045%	64.24%	35.76%

Year	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 92,916.25	$ 27,600.27	$ 17,730.90	$ 9,869.36	$ 65,315.98
2	$ 278,748.75	$ 82,800.80	$ 53,192.70	$ 29,608.09	$ 195,947.95
3	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
4	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
5	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
6	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
7	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
8	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
9	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
10	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
11	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
12	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
13	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
14	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
15	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
16	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
17	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
18	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
19	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
20	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
21	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
22	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
23	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
24	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
25	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
26	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
27	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
28	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
29	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
30	$ 371,665.00	$ 110,401.06	$ 70,923.60	$ 39,477.46	$ 261,263.94
Sum	$ 10,778,285.00	$ 3,201,630.84	$ 2,056,784.53	$ 1,144,846.31	$ 7,576,654.16
Validate	$ 10,778,285.00	$ 3,201,630.84	$ 2,056,784.53	$ 1,144,846.31	$ 7,576,654.16

Quail Ranch Storage Proposed PILOT Schedule

Assessed Value: $ 140,000,000.00 — 56.00% — **Storage** — PILOT-% Split between School Districts: 64.24% / 35.76%

Yr.	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 52,033.10	$ 15,456.15	$ 9,929.30	$ 5,526.84	$ 36,576.95
2	$ 156,099.30	$ 46,368.45	$ 29,787.91	$ 16,580.53	$ 109,730.85
3	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
4	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
5	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
6	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
7	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
8	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
9	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
10	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
11	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
12	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
13	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
14	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
15	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
16	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
17	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
18	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
19	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
20	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
21	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
22	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
23	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
24	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
25	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
26	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
27	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
28	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
29	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
30	$ 208,132.40	$ 61,824.60	$ 39,717.22	$ 22,107.38	$ 146,307.80
	$ 6,035,839.60	$ 1,792,913.27	$ 1,151,799.34	$ 641,113.93	$ 4,242,926.33
	$ 6,035,839.60	$ 1,792,913.27	$ 1,151,799.34	$ 641,113.93	$ 4,242,926.33

Quail Ranch Solar Proposed PILOT Schedule

Assessed Value: $ 110,000,000.00 — 44.00% — **Solar** — PILOT-% Split between School Districts: 64.24% / 35.76%

Yr.	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 40,883.15	$ 12,144.12	$ 7,801.60	$ 4,342.52	$ 28,739.03
2	$ 122,649.45	$ 36,432.35	$ 23,404.79	$ 13,027.56	$ 86,217.10
3	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
4	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
5	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
6	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
7	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
8	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
9	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
10	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
11	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
12	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
13	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
14	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
15	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
16	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
17	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
18	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
19	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
20	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
21	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
22	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
23	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
24	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
25	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
26	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
27	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
28	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
29	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
30	$ 163,532.60	$ 48,576.47	$ 31,206.39	$ 17,370.08	$ 114,956.13
	$ 4,742,445.40	$ 1,408,717.57	$ 704,358.79	$ 704,358.79	$ 3,333,727.83
	$ 4,742,445.40	$ 1,408,717.57	$ 904,985.19	$ 503,732.38	$ 3,333,727.83

PILOT Allocation as defined in Section 3-32-6 NMSA 1978

Criteria

(c) 1) "1) *fifty percent allocated equally among all school districts in which the project is located;* "
See Exhibit II - RRPS APS and Solar Location
That overlays the City's boundaries to the respective school districts service area

APS	50%
RRPS	0%

(c) 2) *"2) forty percent allocated to the school districts within the municipality in proportion to the area of each school district within the municipality ;"*
See Attachment- RRPS and APS Boundary Percentages
Shows the service areas with respect to the City's limits.

	Acres	*% of Area*		
RRPS	56,362.10	84.95%	34.0%	of the PILOT for Schools Districts
APS	9,984.76	15.05%	6.0%	of the PILOT for Schools Districts
CoRR	66,346.87			

(c) 3) *"and 3) ten percent allocated to the school districts in proportion to the average of each school district's student membership pursuant to the Public School Code [Chapter 22 NMSA 1978, except Article 5A] reported on the second and third reporting dates for the most recent school year for which data is available as of the date of issuance of*

10%

District	Date	Total	Average	RRPS Proportion	APS Proportion
RRPS	Dec-2022	17,276			
RRPS	Mar-2023	17,314	17,295	17.78%	
APS	Dec-2022	80,157			
APS	Mar-2023	79,802	79,980		82.22%
			97,275	1.78%	8.22%

* See Exhbits IV and V (Enrollmend data provided by NM Public Education Department on Aug 4, 2023).

Total Allocation:

APS	64.24%
RRPS	35.76%

PILOT % Attributable to School Districts

TY2023	Sandoval County	Sandoval County	Bernalillo County
MUNICIPALITY:	**Rio Rancho**	**Rio Rancho**	**Rio Rancho**
TAXABLE VALUE:	2,684,054,256	478,400,569	9,051,534
CATEGORY:	94 IN R	94 IN NR	R1-A NR
State Debt Service	1.360	1.360	1.360
Total State	1.360	1.360	1.360
County Operational	6.089	10.350	10.750
County Debt Service	0.606	0.606	1.264
			0.200
Bern. County Judgement (A) (4)			0.006
Bern. County Debt Service (4)			
Total County	6.695	10.956	12.220
Municipal Operational	7.004	7.650	7.650
Municipal Debt Service	2.772	2.772	2.772
Total Municipal	9.776	10.422	10.422
School District Operational	0.254	0.477	0.500
School District Debt Service	8.543	8.543	4.480
School Dist. Cap. Improvement	1.908	1.908	2.000
HB 33 School Building	0.000	0.000	4.344
School Dist. Educ. Tech. Debt Service	0.000	0.000	0.000
Total School District	10.705	10.928	11.324
Total State, County, Municipal, & School District	28.536	33.666	35.326
Other:			
Contracting Hospitals	1.816	1.900	6.400
Central NM Comm College (1)	2.790	3.000	3.000
Central NM Comm. College Debt	1.000	1.000	1.000
Total Other	5.606	5.900	10.400
SUB-TOTAL	**34.142**	**39.566**	**45.726**
SSCAFCA/AMAFCA	2.025	2.074	1.152
AMAFCA			
Grand Total - with Flood Control	**36.167**	**41.640**	**46.878**

The relevant portion of the IRB statute setting out the requirements for School District PILOT, Section 3-32-6(A)(2) is as follows:

A municipality shall not acquire any electricity generation or transmission facility project unless the school districts within the municipality in which the project is located receive annual in-lieu tax payments; provided that the annual in-lieu tax payments required by this paragraph shall be:

(a) payable to the school districts for the period the municipality owns and leases the project;

(b) in an aggregate amount equal to the amount received by the municipality multiplied by the percentage [School District PILOT Percentage] determined by dividing the average of the operating, capital improvement and bond mills imposed by the school districts in the municipality [Average School District Mill Levy] and state debt service mills [State Debt Service Mill Levy] as of the date of issuance of the bonds [together, the Numerator] by the average of the mills imposed by all entities levying taxes on property in the municipality [Average Total Mill Levy as the Denominator] as of such date;

(c) shared among the school districts located within the municipality equally; and

(d) not be less than the amount due to the school districts in the tax year immediately preceding the issuance of the bonds from the property included in a project, had such project not been created;

Average School District Mill Levies	State Debt Sevice Mill Levy	Numerator
10.986	1.36	12.346

Average Total Mill Levy in Municipality as the Denominator
39.811

School District PILOT Percentage (Total Numerator/Total Denominator)
31.0104%

Average Total Mill Levy in Municipality as the Denominator
41.562

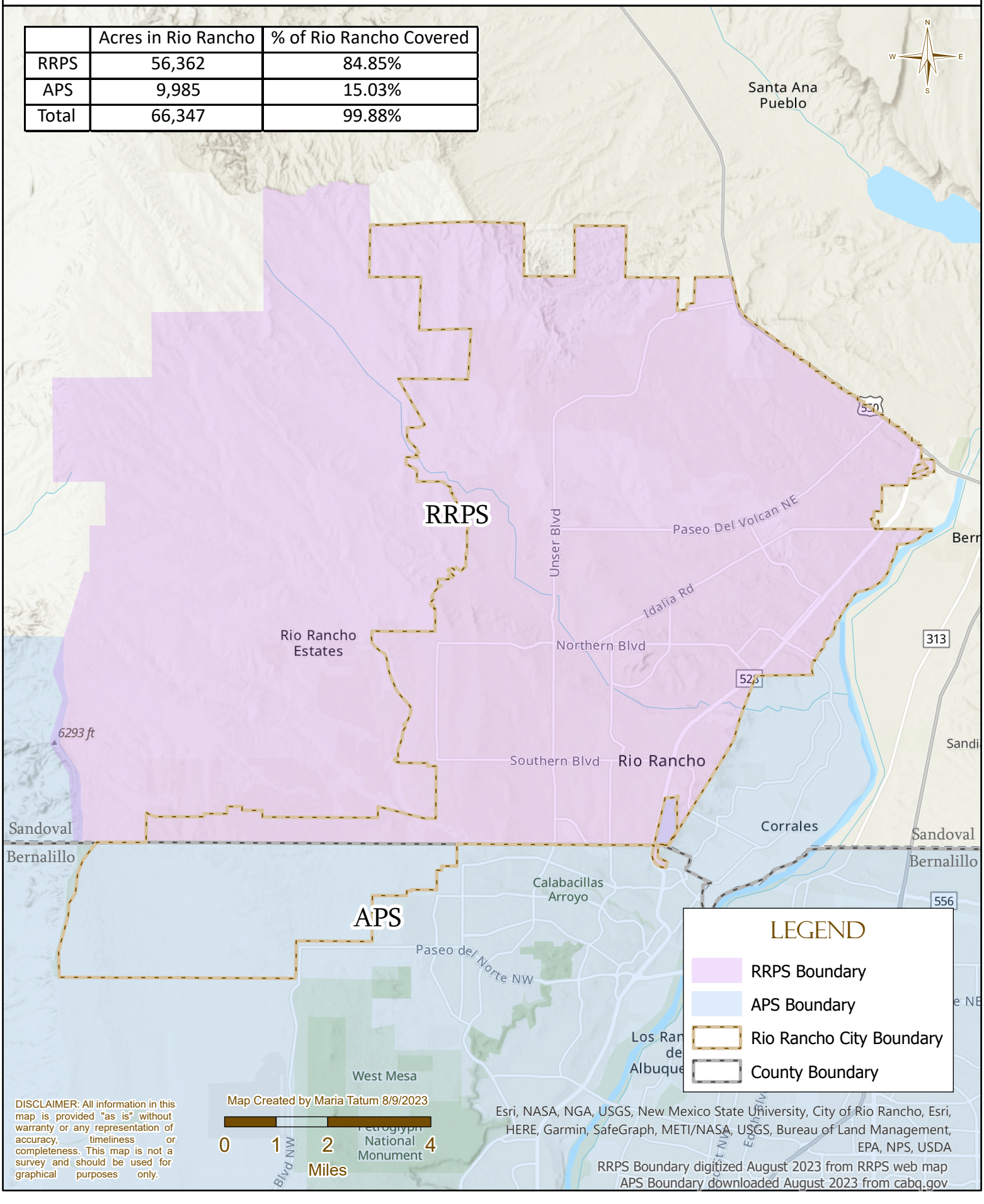
School District PILOT Percentage (Total Numerator/Total Denominator)
29.7045%

Average School District Mill Levies	10.986	
(+) State Debt Service Levy (1.360)	12.346	(a) = numerator
Average Total Mill Levies	41.562	(b) = denominator
School District PILOT Percentage (a / b)	29.7045%	
Number of School Districts In City	2	

0.779
0.779

RRPS AND APS BOUNDARIES

	Acres in Rio Rancho	% of Rio Rancho Covered
RRPS	56,362	84.85%
APS	9,985	15.03%
Total	66,347	99.88%



DISCLAIMER: All information in this map is provided "as is" without warranty or any representation of accuracy, timeliness or completeness. This map is not a survey and should be used for graphical purposes only.

Esri, NASA, NGA, USGS, New Mexico State University, City of Rio Rancho, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA

RRPS Boundary digitized August 2023 from RRPS web map
APS Boundary downloaded August 2023 from cabq.gov

Updated March 2025

Quail Ranch Solar/Storage Proposed PILOT Schedule - Combined

Assessed Value: $ 250,000,000.00
MW: 100 Pilot-$ per mW $ 3,716.65
Average/MW $ 3,592.76 *PILOT-% Payable to Schools* 30.3504% *PILOT-% Split between School Districts* 64.23% 35.77%

Year	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 92,916.25	$ 28,200.47	$ 18,113.76	$ 10,086.71	$ 64,715.78
2	$ 278,748.75	$ 84,601.41	$ 54,341.27	$ 30,260.14	$ 194,147.34
3	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
4	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
5	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
6	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
7	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
8	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
9	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
10	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
11	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
12	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
13	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
14	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
15	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
16	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
17	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
18	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
19	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
20	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
21	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
22	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
23	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
24	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
25	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
26	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
27	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
28	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
29	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
30	$ 371,665.00	$ 112,801.88	$ 72,455.03	$ 40,346.85	$ 258,863.12
Sum	$ 10,778,285.00	$ 3,271,254.50	$ 2,101,195.87	$ 1,170,058.62	$ 7,507,030.50
Validate	$ 10,778,285.00	$ 3,271,254.50	$ 2,101,195.87	$ 1,170,058.62	$ 7,507,030.50

Quail Ranch Storage Proposed PILOT Schedule

Assessed Value: $ 140,000,000.00 56.00% **Storage** *PILOT-% Split between School Districts* 64.23% 35.77%

Yr.	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 52,033.10	$ 15,792.26	$ 10,143.70	$ 5,648.56	$ 36,240.84
2	$ 156,099.30	$ 47,376.79	$ 30,431.11	$ 16,945.68	$ 108,722.51
3	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
4	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
5	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
6	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
7	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
8	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
9	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
10	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
11	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
12	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
13	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
14	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
15	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
16	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
17	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
18	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
19	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
20	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
21	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
22	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
23	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
24	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
25	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
26	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
27	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
28	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
29	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
30	$ 208,132.40	$ 63,169.05	$ 40,574.82	$ 22,594.24	$ 144,963.35
	$ 6,035,839.60	$ 1,831,902.52	$ 1,176,669.69	$ 655,232.83	$ 4,203,937.08
	$ 6,035,839.60	$ 1,831,902.52	$ 1,176,669.69	$ 655,232.83	$ 4,203,937.08

Quail Ranch Solar Proposed PILOT Schedule

Assessed Value: $ 110,000,000.00 44.00% **Solar** *PILOT-% Split between School Districts* 64.23% 35.77%

Yr.	PILOT	$ Payable to Schools	APS	RRPS	Net to City of Rio Rancho
1	$ 40,883.15	$ 12,408.21	$ 7,970.05	$ 4,438.15	$ 28,474.94
2	$ 122,649.45	$ 37,224.62	$ 23,910.16	$ 13,314.46	$ 85,424.83
3	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
4	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
5	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
6	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
7	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
8	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
9	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
10	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
11	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
12	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
13	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
14	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
15	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
16	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
17	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
18	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
19	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
20	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
21	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
22	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
23	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
24	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
25	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
26	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
27	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
28	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
29	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
30	$ 163,532.60	$ 49,632.83	$ 31,880.21	$ 17,752.61	$ 113,899.77
	$ 4,742,445.40	$ 1,439,351.98	$ 719,675.99	$ 719,675.99	$ 3,303,093.42
	$ 4,742,445.40	$ 1,439,351.98	$ 924,526.18	$ 514,825.79	$ 3,303,093.42

PILOT Allocation as defined in Section 3-32-6 NMSA 1978

arch 2025

Criteria

(c) 1) "1) *fifty percent allocated equally among all school districts in which the project is located;* "

See Exhibit II - RRPS APS and Solar Location

That overlays the City's boundaries to the respective school districts service area

APS	50%
RRPS	0%

(c) 2) *"2) forty percent allocated to the school districts within the municipality in proportion to the area of each school district within the municipality ;"*

See Exhibit III - RRPS and APS Boundary Percentages

Shows the service areas with respect to the City's limits.

	Acres	*% of Area*		
RRPS	56,362.10	84.95%	34.0%	of the PILOT for Schools Districts
APS	9,984.76	15.05%	6.0%	of the PILOT for Schools Districts
CoRR	66,346.87			

(c) 3) *"and 3) ten percent allocated to the school districts in proportion to the average of each school district's student membership pursuant to the Public School Code [Chapter 22 NMSA 1978, except Article 5A] reported on the second and third reporting dates for the most recent school year for which data is available as of the date of issuance of*

10%

District	Date	Total	Average	RRPS Proportion	APS Proportion
RRPS	Dec-2023	16,724			
RRPS	Feb-2024	16,741	16,733	17.88%	
APS	Dec-2023	76,876			
APS	Feb-2024	76,863	76,870		82.12%
			93,602	1.79%	8.21%

* See Exhbits IV and V (Enrollmend data provided by NM Public Education Department on Feb 2025).

Total Allocation:

APS	64.23%
RRPS	35.77%

PILOT % Attributable to School Districts

TY2024 (Updated March 2025)	Sandoval County	Sandoval County	Bernalillo County
MUNICIPALITY:	**Rio Rancho**	**Rio Rancho**	**Rio Rancho**
TAXABLE VALUE:	2,930,774,600	576,502,676	15,408,199
CATEGORY:	94 IN R	94 IN NR	R1-A NR
State Debt Service	1.360	1.360	1.360
Total State	1.360	1.360	1.360
County Operational	5.901	7.255	10.750
County Debt Service	1.084	1.084	1.264
			0.200
Bern. County Judgement (A) (4)			0.000
Bern. County Debt Service (4)			
Total County	6.985	8.339	12.214
Municipal Operational	6.791	7.093	7.093
Municipal Debt Service	2.771	2.771	2.771
Total Municipal	9.562	9.864	9.864
School District Operational	0.246	0.287	0.500
School District Debt Service	8.543	8.543	4.480
School Dist. Cap. Improvement	1.850	1.149	2.000
HB 33 School Building	0.000	0.000	4.344
School Dist. Educ. Tech. Debt Service	0.000	0.000	0.000
Total School District	10.639	9.979	11.324
Total State, County, Municipal, & School District	28.546	29.542	34.762
Other:			
Contracting Hospitals	1.760	1.332	6.400
Central NM Comm College (1)	2.733	2.838	2.838
Central NM Comm. College Debt	1.000	1.000	1.000
Total College and Hospital	5.493	5.170	10.238
SUB-TOTAL	**34.039**	**34.712**	**45.000**
SSCAFCA/AMAFCA	2.001	1.783	1.152
Total Other	2.001	1.783	1.152
Grand Total - with Flood Control	**36.040**	**36.495**	**46.152**

The relevant portion of the IRB statute setting out the requirements for School District PILOT, Section 3-32-6(A)(2) is as follows:

A municipality shall not acquire any electricity generation or transmission facility project unless the school districts within the municipality in which the project is located receive annual in-lieu tax payments; provided that the annual in-lieu tax payments required by this paragraph shall be:

(a) payable to the school districts for the period the municipality owns and leases the project;

(b) in an aggregate amount equal to the amount received by the municipality multiplied by the percentage [School District PILOT Percentage] determined by dividing the average of the operating, capital improvement and bond mills imposed by the school districts in the municipality [Average School District Mill Levy] and state debt service mills [State Debt Service Mill Levy] as of the date of issuance of the bonds [together, the Numerator] by the average of the mills imposed by all entities levying taxes on property in the municipality [Average Total Mill Levy as the Denominator] as of such date;

(c) shared among the school districts located within the municipality equally; and

(d) not be less than the amount due to the school districts in the tax year immediately preceding the issuance of the bonds from the property included in a project, had such project not been created;

Average School District Mill Levies	State Debt Sevice Mill Levy	Numerator
10.647	1.36	12.007

Average Total Mill Levy in Municipality as the Denominator pior to "Other"	School District PILOT Percentage (Total Numerator/Total Denominator)
37.917	31.6674%

Average Total Mill Levy in Municipality as the Denominator	School District PILOT Percentage (Total Numerator/Total Denominator)
39.562	30.3504%

Average School District Mill Levies	10.647	
(+) State Debt Service Levy (1.360)	12.007	(a) = numerator
Average Total Mill Levies	39.562	(b) = denominator
School District PILOT Percentage (a / b)	30.3504%	
Number of School Districts In City	2	

CITY OF RIO RANCHO
COVER PAGE

Legislation Item: R27

AGENDA DATE:
March 13, 2025

DEPARTMENT:
Police Department

SUBJECT:
R27, Resolution Authorizing a Budget Adjustment to the General Fund (101) and the City Facility Improvement Fund (313)

BACKGROUND AND ANALYSIS:
The Emergency Communications Center is currently housed within the Rio Rancho Police Department located at 500 Quantum Road.

Several facility deficiencies exist and upgrades have been identified. Needed improvements include electrical, uninterrupted power supply, isolation of the septic access room away from the general entry, additional administrative offices (two), restroom remodel, addition of employee locker area, kitchen/break room remodel, roof, lighting, flooring, and fire suppression system.

The estimated costs to make the noted improvements including design are $820,000. Previously allocated funding ($200,000) for facility improvements will be applied to the project cost ($100,000) and used for contingency purposes ($100,000).

Approval of the Resolution would transfer $720,000 from General Fund Unreserved Ending Fund Balance to the appropriate building replacement budget line item in order to facilitate project work in the future via a contractor(s).

IMPACT:
The General Fund Unreserved Ending Fund Balance ($22,569,898) will be reduced by $720,000.

Identified improvements at the Emergency Communications Center will be made.

ALTERNATIVES:
Approve Resolution.

Do not approve Resolution.

DEPARTMENT RECOMMENDATION:
Staff recommends approval of the Resolution.

ATTACHMENT: Resolution_R27

CITY OF RIO RANCHO
RESOLUTION

RESOLUTION NO. **ENACTMENT NO.**

RESOLUTION AUTHORIZING A BUDGET ADJUSTMENT TO THE GENERAL FUND (101) AND THE CITY FACILITY IMPROVEMENT FUND (313)

WHEREAS: the Emergency Communications Center is currently housed within the Rio Rancho Police Department located at 500 Quantum Road; and

WHEREAS: several facility deficiencies exist and upgrades have been identified; and

WHEREAS: a budget adjustment is necessary to make facility improvements.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF RIO RANCHO:

That authorization is given for the following budget adjustment:

General Fund (101)

Account	Project No.	Revised Budget	Increase	Decrease	Adjusted Budget
101-0515-410.80-26 Transfer to Building Replacement	N/A	$8,883,780	$720,000		$9,603,780
101-0515-410.90-01 Ending Fund Balance / Unreserved	N/A	$22,569,898		$720,000	$21,849,898
Total Uses		$31,453,678	$720,000	$720,000	$31,453,678

City Facility Improvement Fund (313)

Account	Project No.	Revised Budget	Increase	Decrease	Adjusted Budget
313-0000-392.30-00 Transfer from General Fund	N/A	$8,883,780	$720,000		$9,603,780
Total Sources		$8,883,780	$720,000		$9,603,780

Account	Project No.	Revised Budget	Increase	Decrease	Adjusted Budget
313-0000-416.70-11 Building Improvements	PS2553	$9,891,977	$720,000		$10,611,977
Total Uses		$9,891,977	$720,000		$10,611,977

ADOPTED THIS _____DAY OF _____, 2025.

Greggory D. Hull, Mayor

ATTEST:

Noel C. Davis, City Clerk
(SEAL)