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ORDINANCE NO. 18

AUTHORIZING THE ISSUANCE AND SALE OF THE COUNTY OF QUAY, NEW MEXICO GROSS RECEIPTS TAX REFUNDING REVENUE BONDS, SERIES 1994B, IN THE AGGREGATE PRINCIPAL AMOUNT OF $190,000 TO PROVIDE FUNDS TO DEFRAY THE COST OF REFUNDING THE OUTSTANDING $179,727 COUNTY OF QUAY GROSS RECEIPTS TAX REVENUE BOND, SERIES DECEMBER 1989; PROVIDING FOR THE PAYMENT OF SUCH BONDS SOLELY FROM THE ONE-EIGHTH PERCENT OF THE GROSS RECEIPTS TAX REMITTED TO THE COUNTY BY THE STATE OF NEW MEXICO AND WHICH IS DEDICATED TO SAID PURPOSE; PROVIDING FOR THE FORM, TERMS, EXECUTION AND OTHER DETAILS CONCERNING THE BONDS, THE FUNDS APPERTAINING THERETO; THE APPROVAL, EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT AND APPROVING A DISCLOSURE DOCUMENT AND THE USE AND DISTRIBUTION THEREOF; AND RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH.

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

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

WHEREAS, the Pledged County Gross Receipts Tax Revenues are pledged on a subordinate lien basis to the payment of the County's Fire District Revenue Bonds, Series 1994A (the "1994A Bonds") in the principal amount of $480,000 to be issued simultaneously with the 1994B Bonds; and

WHEREAS, the Pledged Gross Receipts Tax Revenue are currently pledged to the payment of the County's Gross Receipts Tax Revenue Bond, Series December, 1989 (the "1989 Bond") currently outstanding in the principal amount of $179,727; and

WHEREAS, the Gross Receipts Tax Revenues are dedicated, as of July 1, 1990, to the payment of debt service, including principal, premium, if any, and interest on revenue bonds issued by the County payable from gross receipts tax revenue, and to the extent not necessary therefor, to the County general fund; and

WHEREAS, the County has received a proposed form of the Bond Purchase Agreement, pursuant to which the Purchaser agrees to purchase the Bonds; and

WHEREAS, the Board has determined and hereby determines that it is in the best interests of the County and its residents that the Bonds be issued with a first lien, but not an exclusive first lien, on the Pledged County Gross Receipts Tax Revenues on a parity with the lien of future Parity Gross Receipts Tax Obligations; and

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WHEREAS, the Board has determined to pay all principal of, and interest on, the outstanding 1989 Bond from the proceeds of the 1994B Bonds herein authorized and from other legally available sources; and

WHEREAS, the Board hereby determines that the issuance of the "County of Quay Gross Receipts Tax Refunding Revenue Bonds, Series 1994B" ("Bonds" or "1994B Bonds" as further defined herein) for the refunding, refinancing, discharging and paying the 1989 Bond will effect deceleration and other modification of the payment of the 1989 Bonds, all to the benefit of the County, and consequentially will provide for the public health, peace and safety of the County and its citizens; and

WHEREAS, the County will issue the Bonds only after receipt of the required approval of the Bonds by the Department of Finance and Administration of the State of New Mexico; and

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

WHEREAS, after negotiation, the Board has determined and hereby determines that it is in the best interests of the County and its citizens that the Bonds be sold at negotiated sale to the Purchaser at a purchase price of par ($190,000) less an underwriting discount of $10,629 to be applied to payment of Expenses, plus accrued interest to the delivery date pursuant to the Bond Purchase Agreement and the Board hereby determines to sell, and hereby does sell such Bonds to the Purchaser pursuant to the Bond Purchase Agreement which is hereby accepted; and

WHEREAS, Section 4-62-6(C), NMSA 1978, provides as follows:

> C. Any law that authorized the pledge of any or all of the pledged revenues to the payment of any revenue bonds issued pursuant to Chapter 4, Article 62 NMSA 1978 or that affects the pledged revenues, or any law supplemental thereto or otherwise appertaining thereto, shall not be repealed or amended or otherwise modified in such a manner as to impair any outstanding revenue bonds, unless such outstanding revenue bonds have been discharged in full or provision has been fully made therefor; and

WHEREAS, there have been presented to the Board and there presently are on file with County Clerk (a) the Bond Ordinance, (b) the Bond Purchase Agreement, (c) the Preliminary Official Statement dated December 3, 1993 (the "Preliminary Official Statement") previously distributed by the Purchaser to prospective purchasers of the Bonds, and (d) a form of final Official Statement ("Final Official Statement") all of which are incorporated by reference and considered to be a part hereof; and

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WHEREAS, the Board hereby determines that the projects financed by the 1989 Bond are and were for governmental purposes and are not projects which would cause the Bonds to be "private activity bonds" as defined by the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Board has determined that it is in the best interest of the County to accept the offer of the Purchaser.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE COUNTY OF QUAY:

Section 1. Definitions. As used in the 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):

"Act" means the general laws of the State, including Sections 4-62-1 to 4-62-10, NMSA 1978, as amended, and enactments of the Board relating to the issuance of the Bonds, including the Bond Ordinance.

"Board" means the Board of County Commissioners of Quay County, New Mexico or any future successor governing body of the County.

"Bond Ordinance" means this County Ordinance No. 18, supplemented from time to time.

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

"Bondholder", "holder", "owner" or "Owner" means the registered owner of any Bond as shown on the registration books of the County 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 an aggregate principal amount of all Bonds then outstanding.

"Bonds" means the "County of Quay, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 1994B" 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.

"Code" means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, and all applicable regulations whether

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proposed, temporary or final, including regulations issued and proposed pursuant to the statutory predecessor of the Code, and, in addition, all official rulings and judicial determinations applicable to the Bonds, and under the statutory predecessor of the Code and any successor provisions to those sections or regulations.

"County" means Quay County, New Mexico.

"Debt Service Fund" means the "County of Quay Gross Receipts Tax Refunding Revenue Bonds, Series 1994B, Debt Service Fund" created in Section 16 of the Bond Ordinance.

"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 with respect to the issuance of the Bonds, including the fees, compensation, costs and expenses paid or to be paid to Purchaser attorneys' fees and the initial fees and expenses of the Paying Agent and Registrar.

"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 County as its fiscal year.

"Gross Receipts Tax Income Fund" means the "County of Quay Gross Receipts Tax Income Fund" established pursuant to Section 16 of the Bond Ordinance which is a continuation of a similar fund created under County Ordinance No. 9 for the 1989 Bond.

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

"Independent Accountant" means (i) an accountant employed by the State of New Mexico and under the supervision of the State Auditor of the State of New Mexico, or (ii) 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 County who (a) is, in fact, independent and not under the domination of the County, (b) does not have any substantial interest, direct or indirect, with the County, and (c) is not connected with the County as an officer or employee of the County, but who may be regularly retained to make annual or similar audits of the books or records of the County.

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

"Interest Payment Date" means September 1, 1994 and March 1 and September 1 of each year thereafter.

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"1989 Bond" or "Refunded Bond" means the County of Quay, New Mexico Gross Receipts Tax Revenue Bond, Series December, 1989, initially issued in the aggregate principal amount of $369,000 and to be outstanding on the date of issuance of the Bonds in the aggregate principal amount of $179,727.

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

"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 County at or prior to such date for cancellation;

B. those otherwise deemed to be paid in accordance with Section 31 or Section 34 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 County 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; and

D. those Bonds which have been refunded in accordance with the Bond Ordinance or other ordinance of the County authorizing the issuance of the applicable bonds.

"Parity Bonds" and "Parity Obligations" mean the Bonds, and any other bonds and other obligations, now or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged County Gross Receipts Tax Revenues and issued with a lien on the Pledged County Gross Receipts Tax Revenues on a parity with the Bonds.

"Paying Agent" means First National Bank of Farmington, Farmington, New Mexico, as agent for the County for the payment of the Bonds or any successor trust company, national or state banking association or financial institution at the time appointed Paying Agent by resolution of the Board.

"Permitted Investments" means securities which are at the time legal investments of the County for the money to be invested, including but not limited to the following if permitted by law: (i) direct obligations of, or obligations fully guaranteed by the United States of America or instruments evidencing ownership interests in those obligations or in specified portions of the principal of or interest on those obligations; and (ii) negotiable securities of the State or County.

"Pledged County Gross Receipts Tax Revenues" means the amounts of money derived from all of the revenue attributable to the first one-eighth of one per cent increment of the County gross receipts tax transferred to the County pursuant to Section 7-1-6.13 NMSA 1978 and any distribution related to the first one-eighth of one percent made pursuant to Section 7-1-6.16 NMSA 1978, which County gross receipts tax is imposed on all persons engaging in business in the County pursuant to Ordinance No. 6 adopted and approved on June 2, 1987, as amended by Ordinance No. 8 adopted and approved on November 20, 1989, and as authorized by Sections 7-20E-1 through 7-20E-18, NMSA 1978, (1) which tax equals, subject to the exemptions specified in Section 7-20E-5, NMSA 1978 and the exemptions and deductions referred to in Section 7-20E-7, NMSA 1978, one-eighth of one per cent of the gross receipts of all persons engaging in business in the County for the privilege of engaging in business in the County, and (2) which amounts are collected and, after any deductions for administrative costs and any disbursements for tax credits, refunds and the payment of interest applicable to such gross receipts tax and subject to any increase or decrease pursuant to Section 7-1-6.15, NMSA 1978, are distributed monthly (together with the balance of the County's gross receipts tax) by the Revenue Division of the Taxation and Revenue Department of the State of New Mexico to the County pursuant to Sections 7-1-6.13 and 7-1-6.16 NMSA 1978 (provided that "Pledged Gross Receipts Tax Revenues" does not include and the County is not pledging to the Bonds any of such County gross receipts tax revenues received pursuant to such Sections 7-1-6.13, which exceeds the aforesaid, and does not include any gross receipts tax revenues received pursuant to any other statute).

"Preliminary Official Statement" or "Official Statement" means the disclosure document to be used by the Purchaser in connection with the sale of the Bonds to the public.

"Prepayment Account" means the "County of Quay Gross Receipts Tax Refunding Revenue Bonds, Series 1994B Prepayment Account" created in Section 16 of the Bond Ordinance.

"Purchaser" means The Principal/Eppler, Guerin & Turner, Inc.

"Refunded Bond Requirements" means the principal of and the interest on (i.e., all debt service requirements) the Refunded Bond.

"Refunding" means refunding, refinancing, discharging and paying the Refunded Bond, including but not necessarily limited to the payment of Expenses, the payment and discharge of the Refunded Bond and funding of the Prepayment Account as provided in Section 15B hereof.

"Registrar" means First National Bank of Farmington, Farmington, New Mexico, as agent for the County for transfer and exchange of the Bonds or any successor trust company, national or state banking association or financial institution at the time appointed by resolution of the Board.

"State" means the State of New Mexico.

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Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of the Bond Ordinance) by the Board directed toward the Refunding, the issuance of the Bonds for the Refunding and the sale of the Bonds to the Purchaser be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of Refunding. The Refunding and the method of financing the Refunding are hereby authorized and ordered at a total cost of $190,000 excluding any such cost defrayed or to be defrayed by any source other than Bond proceeds.

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

A. The Refunding is needed to meet the needs of the County and its inhabitants.

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

C. The Pledged County Gross Receipts Tax 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 Refunding by the issuance of the Bonds and the Refunding will result in net debt service savings and other economies to the County when compared to the debt service requirements on the Refunded Bond.

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

F. The net effective interest rate on the Bonds is less than 12% per annum, the maximum rate permitted by State law.

Section 5. Bonds - Authorization and Detail.

A. Authorization. This Bond Ordinance has been adopted by the affirmative vote of at least one-half of all of the members of the Board. For the purpose of protecting the public health, conserving the property, protecting the general welfare and prosperity of the citizens of the County and financing the Refunding, it is hereby declared necessary that the County, pursuant to the Act, issue its negotiable, fully registered, revenue bonds to be designated "County of Quay, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 1994B," in the aggregate principal amount of $190,000 and the issuance, sale and delivery of the Bonds is hereby authorized. The Bonds shall be sold to the Purchaser pursuant to the Bond Purchase Agreement at a negotiated sale.

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B. Basic Details. The Bonds shall be dated January 1, 1994, are issuable in the denomination of $5,000 each or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date and no individual Bond will be issued for more than one maturity), numbered consecutively from 1 upwards, shall bear interest from their dated date until maturity at the rates hereinafter designated, payable on September 1, 1994 and semiannually thereafter on March 1 and September 1 in each year, and shall mature on September 1 in each of the years hereinafter designated, as follows:

Amounts Maturing	Interest Rate (Per Annum)	Years Maturing (September 1)
$30,000	3.15%	1994
40,000	3.55%	1995
40,000	3.90%	1996
40,000	4.10%	1997
40,000	4.30%	1998

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

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 Purchaser, but exchangeable for other fully registered Bonds of any denominations which are multiples of $5,000.

Section 6. Prior Redemption. The Bonds are not subject to optional or mandatory redemption prior to their stated maturities.

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 Chairman of the Board and County Clerk shall 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 Chairman of the Board and shall be attested with the facsimile or manual signature of the County Clerk. There shall be affixed to each Bond the printed, engraved, stamped or otherwise placed facsimile of, or imprint of, the County'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

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thereof shall be valid and binding special obligations of the County, 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 Chairman of the Board and County 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. 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 fifteenth 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.

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Section 11. Registration, Transfer, Exchange and Ownership of Bonds and Successor Registrar and Paying Agent.

A. Registration, Transfer and Exchange. The County 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 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 series, maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. If any such lost, stolen, destroyed or mutilated Bond shall have matured, 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.

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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 County shall reasonably determine that said Registrar or Paying Agent has become incapable of fulfilling its duties hereunder, the County may, upon notice mailed to 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 $500,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the County shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 12. Special Limited Obligations. All of the Bonds and all payments of principal, premium, if any, and interest thereon, together with any interest accruing thereon, shall be special limited obligations of the County and shall be payable and collectible solely from the Pledged County Gross Receipts Tax Revenues, which revenues are so pledged and are payable as set forth in Sections 16 and 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 County within the meaning of any constitutional, charter or statutory provision or limitation, nor shall it be considered or held to be a general obligation of the County, and each of the Bonds shall recite that it is payable and collectible solely out of the Pledged County Gross Receipts Tax Revenues, pledged as set forth in the Bond Ordinance, and that the holders thereof may not look to any general or other county fund for the payment of the principal of and interest on the Bonds. Nothing herein shall prevent the County from applying other funds of the County legally available therefor to the payment of the Bonds, in its sole discretion.

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

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[Form of Face of Bond]

UNITED STATES OF AMERICA

STATE OF NEW MEXICO COUNTY OF QUAY

COUNTY OF QUAY, NEW MEXICO

GROSS RECEIPTS TAX REFUNDING REVENUE BOND

SERIES 1994B

Bond No. _____ $____________

INTEREST RATE	MATURITY DATE	DATE OF BOND	CUSIP
___% per annum	___________	January 1, 1994	

The County of Quay (the "County"), in the State of New Mexico, a county 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 stated above, upon presentation and surrender hereof at the principal office of First National Bank of Farmington, in Farmington, New Mexico, as paying agent, or any successor paying agent (the "Paying Agent"), the sum of __________ THOUSAND DOLLARS $_________ and to pay from said sources interest on the unpaid principal amount at the Interest Rate stated above on September 1, 1994, and on March 1 and September 1 of each year (each an "Interest Payment Date") thereafter to its 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 First National Bank of Farmington, in Farmington, 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

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at maturity, payment of this bond is not made as herein provided, interest hereon shall continue at the Interest Rate stated above 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 a duly authorized fully registered bond of the County in the aggregate principal amount of $190,000, designated as County of Quay, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 1994B (the "Bonds") issued under and pursuant to County Ordinance No. 18 (the "Bond Ordinance").

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE.

It is hereby certified that all acts and conditions necessary to be done or performed by the County or to have happened precedent to and in the issuance of the Bonds to make them legal, valid and binding special obligations of the County 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 County.

This bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the Certificate of Authentication on the face of this bond.

IN WITNESS WHEREOF, the County of Quay, New Mexico has caused this bond to be signed and executed on the County's behalf with the facsimile signature of the Chairman of the Board, to be countersigned with the facsimile signature of the County Clerk and has caused a facsimile of the corporate seal of the County to be affixed hereon, all as of the Date of Bond stated above.

COUNTY OF QUAY

By ______________________________
Chairman, Board of County Commissioners

By ______________________________
County Clerk

[FACSIMILE SEAL]

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(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: ______________

____

By:_____________________________________
Authorized Officer

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

(End of Form of Face of Bond)

(Form of Reverse of Bond)

This bond is not subject to optional or mandatory redemption prior to its stated maturity.

Books for the registration and transfer of the Bond 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 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, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

This bond does not constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the County, and is payable and collectible solely out of the amounts of money derived from all of the revenue attributable to the first one-eighth of one per cent increment of the County gross receipts tax transferred to the County pursuant to Ordinance No. 6 adopted and approved on June 2, 1987, as amended by Ordinance No. 8 adopted and approved on November 20, 1989, and as authorized by Sections 7-20E-1 through 7-20E-18, NMSA 1978, (1) which tax equals, subject to the exemptions specified in Section 7-20E-5, NMSA 1978 and the exemptions and deductions referred to in Section 7-20E-7, NMSA 1978, one-eighth of one per cent of the gross receipts of all persons engaging in business in the County for the privilege of engaging in business in the County, and (2) which amounts are collected and, after any deductions for administrative costs and any disbursements for tax credits, refunds and the payment of interest applicable to such gross receipts tax and subject to any increase or decrease pursuant to Section 7-1-6.15, NMSA 1978, are distributed monthly (together with the balance of the County's gross receipts tax) by the Revenue Division of the Taxation and Revenue Department of the State of New Mexico to the County pursuant to Sections 7-1-6.13 and 7-1-6.16 NMSA 1978 (provided that "Pledged Gross Receipts Tax Revenues" does not include and the County is not pledging to the Bonds any of such County gross receipts tax revenues received pursuant to such Sections 7-1-6.13, which exceeds the aforesaid, and does not include any gross receipts tax revenues received pursuant to any other statute). The bondholders may not look to any general or other county fund other than those described above for the payment of the interest and principal of this bond. Additional bonds may be issued and made payable from the Pledged County Gross Receipts Tax Revenues, upon satisfaction of the conditions set forth in the Bond Ordinance, having a lien thereon either on a parity with, or subordinate and junior to, the lien on the Pledged County Gross Receipts Tax Revenues of the Bonds, but additional bonds may not be issued with a lien thereon superior to the lien thereon of the Bonds. The Bonds are equally and ratably secured by the Pledged County Gross Receipts Tax Revenues.

Reference is made to the Bond Ordinance for a full description of the pledge securing the Bonds, the nature, extent and manner of enforcement of that pledge, the rights and remedies of owners of Bonds with respect thereto and the terms and conditions upon which the Bonds are issued. The acceptance of the terms and conditions of the Bond Ordinance is an explicit and material part of the consideration of the County's issuance of this bond, and each Owner, by acceptance of this bond, agrees and assents to the provisions thereof as if fully set forth in this bond.

The Bonds are issued to provide funds to defray in part the cost of refunding, refinancing, discharging and paying the County's outstanding $179,727 Gross Receipts Tax Revenue Bond, Series December, 1989, and all costs incidental to the foregoing, and the costs of the issuance of the Bonds.

The County 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.

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

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.

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(Form of Legal Opinion Certificate)

STATE OF NEW MEXICO
COUNTY OF QUAY

LEGAL OPINION CERTIFICATE

I, Jeannette Maddaford, County Clerk of the County of Quay, in the State of New Mexico, do hereby certify that the following approving legal opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, to-wit:

[Form of Attorney's Approving Opinion]

is a full, true and correct copy of manually executed and dated copies thereof on file in the records of the County in my office; that manually executed and dated copies of the opinion were forwarded to a representative of the original purchasers and that the opinion was dated and issued as of the date of delivery of, and the payment for, and premised on the facts and law in effect on the date of original delivery of, the bonds of the series of which this bond is one.

IN WITNESS WHEREOF, I have caused to be hereunto set my facsimile signature and have affixed hereto a facsimile of the official seal of the County of Quay.

(Facsimile Signature)
County Clerk
County of Quay, New Mexico

(FACSIMILE SEAL)

(End of Form of Legal Opinion Certificate)

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(Form of Assignment)

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

_____________________________ ____

Social Security or Tax Identification No, of Assignee ________________________________

Dated: _______________________

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 Reverse of Bond)

Section 14. Period of Usefulness of Prior Project. It is hereby determined and recited that the period of usefulness of the project acquired with the proceeds of the 1989 Bonds exceeds the final maturity date of the Bonds.

Section 15. Disposition of Proceeds; Completion of Refunding. Except as herein otherwise specifically provided, the proceeds derived from the sale of the Bonds and the amounts on deposit in the County of Quay Gross Receipts Tax Revenue Bonds, Series December, 1989, Debt Service Fund for the Refunded Bond, shall be used and paid solely for the valid costs of financing the Refunding.

A. Accrued Interest and Premium. Upon the sale of the Bonds, all moneys received as accrued interest and any premium therefor, shall be deposited into the Debt Service Fund, to apply on the payment of interest next due on the Bonds.

B. Prepayment Account. An amount of $356 of other legally available money of the County and $179,371 of the proceeds received from the sale of the Bonds, which together total an amount equal to the Refunded Bond Requirements, shall be deposited in the Prepayment Account and used by the County to pay and redeem the outstanding 1989 Bond on January 27, 1994.

C. Purchaser Not Responsible. The Purchaser of the Bonds shall in no manner be responsible for the application or disposal by the County 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 County hereby creates and continues, as applicable, the following special and separate funds, which shall be under the control of the County:

A. Gross Receipts Tax Income Fund. Continues the County of Quay Gross Receipts Tax Income Fund established pursuant to County Ordinance No. 9 which shall constitute a special bond fund as required by Section 4-62-1B, NMSA 1978.

B. Debt Service Fund. Creates the "County of Quay Gross Receipts Tax Refunding Revenue Bonds, Series 1994B, Debt Service Fund" to be maintained by the County.

C. Prepayment Account. Creates the "County of Quay Gross Receipts Tax Refunding Revenue Bonds, Series 1994B Prepayment Account" to be maintained by the County.

Section 17. Deposit of Pledged County Gross Receipts Tax Revenues and Flow of Funds.

A. Gross Receipts Tax Income Fund. So long as any of the Bonds are outstanding, the Pledged County Gross Receipts Tax Revenues shall be set aside and deposited monthly into the Gross Receipts Tax Income Fund, and thereafter transferred to the Debt Service Fund, as hereinafter provided.

B. Debt Service Fund. From moneys in the Gross Receipts Tax Income Fund there shall be transferred to the Debt Service Fund the following:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount, in equal monthly installments, which is necessary to pay the first maturing installment of interest on the Bonds, and monthly thereafter commencing in the month of said interest payment date and in the month of each interest payment date thereafter, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the outstanding Bonds.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount, in equal monthly installments, which is necessary to pay the first maturing principal amount of the Bonds, and monthly thereafter commencing in the month of each principal payment date, one-twelfth (1/12) of the amount which is necessary to pay the next maturing principal amount of the Bonds.

C. Deficiency. After deposits from the Gross Receipts Tax Income Fund set forth in paragraph B of this Section, if any monthly deposit made into the Debt Service Fund is less than the amount required to be deposited pursuant to paragraph B above, the County shall include in addition to the next monthly deposit, on a cumulative basis, the sum of any such deficiency.

D. 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 paragraphs B and C above shall be reduced by the amount available in such fund and available for such purpose.

E. 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 and used exclusively for such payments of principal and interest to the owners of the Bonds.

F. Payment of Additional Parity Obligations. Concurrently with the payment of the Pledged County Gross Receipts Tax Revenues required by paragraph B of this Section, any amounts on deposit in the County of Quay County Gross Receipts Tax Income Fund shall be used by the County for the payment of principal of and interest on Parity Obligations, if any, hereafter authorized to be issued and payable from the Pledged County Gross Receipts Tax Revenues, as applicable, as the same accrue.

G. Termination Upon Deposits to Maturity. No payment shall be made into the Debt Service Fund if the amount in such fund totals 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 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 may be used as provided below.

H. Use of Surplus Revenues. At the end of each Fiscal Year, all amounts remaining in the Gross Receipts Tax Income Fund, after all annual obligations of principal and interest on and expenses related to the 1994B Bonds have been fully met, shall be transferred to any other fund or account as may be required or permitted by the Constitution and laws of the State, as the County may from time to time determine.

Section 18. General Administration of Funds. The funds designated in Sections 16 and 17 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 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 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 County 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 for other funds and accounts of the County.

B. Investment of Money. Except as otherwise provided herein, any moneys in any fund or account designated in Sections 16 and 17 may be invested in any Permitted Investment. The obligations so purchased as an investment of moneys in said fund or account shall be deemed at all times to be part of said fund or account, and any profit realized therefrom shall be credited to the fund or account. The County Treasurer shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund or account.

Section 19. Lien on Pledged County Gross Receipts Tax Revenues. The Pledged County Gross Receipts Tax Revenues are hereby authorized to be pledged to, and are hereby pledged, and the County 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, the Bond Ordinance. The Bonds constitute an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged County Gross Receipts Tax Revenues as set forth herein.

Section 20. Bonds or Other Obligations Payable From Pledged County Gross Receipts Tax Revenues.

A. Limitations Upon Issuance of Parity Obligations. No provision of the Bond Ordinance shall be construed in such a manner as to prevent the issuance by the County of additional Parity Obligations, nor to prevent the issuance of bonds or other obligations refunding all or a part of the Bonds; provided, however, that before any such additional Parity Obligations are actually issued (excluding refunding bonds or refunding obligations which refund Parity Obligations but including parity refunding bonds and obligations which refund subordinate obligations as provided in Section 21 hereof), it must be determined that:

(1) The County is then current in all of the accumulations required to be made into the funds as provided in Section 17 of the Bond Ordinance; and

(2) No default shall exist in connection with any of the covenants or requirements of the Bond Ordinance; and

(3) The Pledged County Gross Receipts Tax Revenues received by the County for the Fiscal Year immediately preceding the date of the issuance of such additional Parity Obligations shall have been sufficient to pay an amount representing one hundred and fifty percent (125%) of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on the then outstanding Parity Obligations and the Parity Obligations proposed to be issued (excluding any reserves therefor).

B. Certificate or Opinion of Revenues. A written certificate or opinion by an Independent Accountant that such annual Pledged County Gross Receipts Tax Revenues are sufficient to pay such amounts shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver such additional bonds or other obligations on a parity with the Bond herein authorized.

C. Subordinate Obligations Permitted. No provision of the Bond Ordinance shall be construed in such a manner as to prevent the issuance by the County of additional bonds or other obligations payable from the Pledged County Gross County Receipts Tax Revenues constituting a lien upon such Pledged County Gross Receipts Tax Revenues subordinate and junior to the lien of the Bonds nor to prevent the issuance of bonds or other obligations refunding all or part of the Bonds herein authorized as permitted by Section 21 hereof.

D. Superior Obligations Prohibited. The County shall not issue bonds payable from the Pledged County Gross Receipts Tax Revenues having a lien thereon prior and superior to the Bonds.

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Section 21. Refunding Bonds Payable From Pledged County Gross Receipts Tax Revenues. The provisions of Section 20 hereof are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time after the Bonds, or any part thereof, shall have been issued and remain outstanding, the County shall find it desirable to refund any outstanding bonds or other outstanding obligations payable from the Pledged County Gross Receipts Tax Revenues, such bond or other obligations, or any part thereof, may be refunded (but the holders of bonds to be refunded may not be compelled to surrender their bonds, unless the bonds or other obligations, at the time of their required surrender for payment, shall then mature, or shall then be callable for prior redemption at the County's option), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged County Gross Receipts Tax Revenues is changed, except as provided in subparagraph C of Section 20 hereof and in subparagraphs B and C of this Section.

B. Limitations Upon Issuance of Parity Refunding Obligations. No refunding bonds or other refunding obligations payable from the Pledged County Gross Receipts Tax Revenues shall be issued on a parity with the Bonds herein authorized, unless:

(1) The outstanding obligations so refunded are Parity Bonds and the refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such refunded obligations; or

(2) The refunding bonds or other refunding obligations are issued in compliance with paragraph A of Section 20 hereof.

C. Refunding Part of an Issue. The refunding bonds or other obligations so issued shall enjoy complete equality of lien on the Pledged County Gross Receipts Tax Revenues 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 such other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of the bonds or other obligations of the same issue refunded thereby. If only a part of the outstanding bonds and any other outstanding obligations of any issue or issues payable from the Pledged County Gross Receipts Tax Revenues is refunded, then such obligations may not be refunded without the consent of the holder or holders of the unrefunded portion of such obligations, unless:

(1) The refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such refunded obligations and by the outstanding obligations not refunded on and prior to the last maturity date of such unrefunded obligations; or

(2) The refunding bonds or other refunding obligations are issued in compliance with paragraph A of Section 20 hereof; or

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(3) The lien on the Pledged County Gross Receipts Tax Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any obligations not refunded.

D. Limitations Upon Issuance of Refunding Obligations. Any refunding bonds or other refunding obligations payable from the Pledged County Gross Receipts Tax Revenues shall be issued with such details as the County may provide by ordinance, but without any impairment of any contractual obligations imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues (including, but not necessarily limited to, the Bonds).

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

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

A. Use of Bond Proceeds. The County will proceed without delay to apply the proceeds of the Bonds to accomplish the Refunding.

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

D. Prohibition of any Extension of Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the County will not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on any of the Bonds, and the County 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.

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

F. Audits. The County will, within one hundred eighty (180) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the Pledged County Gross Receipts Tax Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues. The County agrees to furnish forthwith a copy of each of such audits and reports to the Purchaser and the holder of any of the Bonds upon written request.

G. Other Pledged County Gross Receipts Tax Revenues 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 County Gross Receipts Tax Revenues.

H. Duty to Impose Gross Receipts Tax. If State law or any County ordinance or part thereof, which in any manner affect the Pledged County Gross Receipts Tax Revenues, shall ever be held to be invalid or unenforceable, it shall be the duty of the County to immediately take any action necessary to produce sufficient Pledged County Gross Receipts Tax Revenues to comply with the contracted obligations of the Bond Ordinance, except as is provided in paragraph I of this Section.

I. Impairment of Contract. The County agrees that any law, ordinance or resolution of the County that in any manner affects the Pledged County Gross Receipts Tax Revenues, or the Bond shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely the 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.

J. Tax Covenants. The County 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 appropriate officers of the Board having responsibility for the issuance of the Bonds shall give an appropriate certificate of the County, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the County 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.

Section 24. Qualified Tax-Exempt Obligations. The Bonds are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. In that connection, the County hereby covenants that the County, it having no "subordinate entities" with authority to issue obligations within the meaning of that Section of the Code, in or during the calendar year in which the Bonds are issued, (i) will not designate as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, tax-exempt obligations, including the Bonds, in an aggregate principal amount in excess of $10,000,000, and (ii) will not issue tax-exempt obligations within the meaning of Section 265(b)(4) of the Code, including the Bonds and any qualified 501(c)(3) bonds as defined in Section 145 of the Code (but excluding obligations, other than qualified 501(c)(3) bonds, that are private activity bonds as defined in Section 141 of the Code), in an aggregate principal amount exceeding $10,000,000, unless the County receives an opinion of nationally recognized bond counsel that such designation or issuance, as applicable, will not cause the Bond to cease to be "qualified tax-exempt obligations."

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 or failure to pay any installment of interest on the Bonds when the same becomes due and payable, either at maturity, or by proceedings for redemption, or otherwise.

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

C. Default of any Provision. Default by the County 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, and the continuance of such default (other than a default set forth in subparagraph A of this Section) for sixty (60) days after written notice specifying such default and requiring the same to be remedied has been given to the County by the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding.

Section 26. Remedies Upon Default. Upon the happening and continuance of any of the events of default as provided in Section 25 of the Bond Ordinance, then 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 County, the Board and its agents, officers and employees 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 (except for acceleration of debt service on the Bonds which shall never be a permitted remedy hereunder) 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 Board 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 County or any of its officers, agents or employees of any liability for failure to perform 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 happening of any of the events of default provided in Section 25 of the Bond Ordinance, the County, 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 therefrom, 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 the Bond Ordinance. In the event the County 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 County 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 County.

Section 29. Delegated Powers. The officers of the County be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of the Bond Ordinance, including, without limiting the generality of the foregoing, the publication of the summary of publication set out in Section 37 of the Bond Ordinance (with such changes, additions and deletions as they may determine), the distribution of material relating to the Bonds, the printing of the Bonds, the printing, execution and distribution of a Preliminary and final Official Statement, and the execution thereof, of the Bond Purchase Agreement and of such certificates as may be required by the Purchaser, the Bond Purchase Agreement, or bond counsel. The use and distribution of the Preliminary Official Statement and the Official Statement in connection with the sale of the Bonds is hereby ratified, authorized, approved and acknowledged.

Section 30. Amendment of Ordinance. This 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, or to comply with the provisions of the Code, or to comply with any rule or regulation of the Securities and Exchange Commission relating to the Bonds. Prior to the date of the initial delivery of the Bonds to the Purchaser, the provisions of this Ordinance may be amended or supplemented with the written consent of the

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Purchaser, by resolution of the Board with respect to any changes which are not inconsistent with the substantive provisions of this Ordinance. Except as provided above, this Ordinance may be amended without receipt by the County of any additional consideration, but with the written consent of the holders of three-fourths (3/4th) of the aggregate principal amount of the Bonds then outstanding (not including Bonds which may be held for the account of the County); 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 County Gross Receipts Tax Revenues ranking prior to the lien or pledge created by this 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 this Ordinance; or

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

Any amendment to this Ordinance which is not inconsistent with the terms hereof, may be made by resolution of the Board; any other amendment to this Ordinance shall be made by subsequent ordinance of the Board.

Section 31. Defeasance. When all principal, interest and prior redemption premium, if any, in connection with the Bonds hereby authorized has 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 Board has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities) 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 Federal Securities shall become due when needed in accordance with a schedule agreed upon between the Board and such bank at the time of the creation of the escrow. Federal Securities within the meaning of this Section shall include only direct obligations of, or obligations the principal of and interest of which are unconditionally guaranteed by the United States of America.

Section 32. Ordinance Irrepealable. After any of the Bonds are issued, the Bond Ordinance shall be and remain irrepealable until the Bonds and the interest thereon shall be fully

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paid, canceled and discharged, as herein provided, or there has been defeasance as herein provided.

Section 33. Severability Clause. 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 such section, paragraph, clause or provision shall not affect any of the remaining provisions of the 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 County kept for that purpose, authenticated by the signatures of the Chairman of the Board and County Clerk, and the title and general summary of the subject matter contained in the 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 County, or posted in accordance with law, and said Ordinance shall be in full force and effect thereafter, in accordance with law.

Section 36. Prior Redemption and Notice of Prior Redemption and Defeasance for the 1989 Bond. The County has elected and does hereby declare its intent to exercise on behalf of and in the name of the County its option to prior redeem on January 27, 1994, the outstanding 1989 Bond, at a redemption price equal to $179,727. The County is hereby obligated so to exercise this option, which option shall be deemed to have been exercised upon delivery of the 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 the Bond Ordinance shall be published in substantially the following form:

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(Form of Summary of Ordinance for Publication)

Quay County, 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 County Ordinance No. 18, duly adopted and approved by the Board of County Commissioners of Quay County, New Mexico, on December 13, 1993, relating to the authorization and issuance of the County's Gross Receipts Tax Refunding Revenue Bonds, Series 1994B (the "Bonds"). Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the County Clerk, Quay County Courthouse, Tucumcari, New Mexico.

The title of the Ordinance is:

AUTHORIZING THE ISSUANCE AND SALE OF THE COUNTY OF QUAY, NEW MEXICO GROSS RECEIPTS TAX REFUNDING REVENUE BONDS, SERIES 1994B, IN THE AGGREGATE PRINCIPAL AMOUNT OF $190,000 TO PROVIDE FUNDS TO DEFRAY THE COST OF REFUNDING THE OUTSTANDING $179,727 COUNTY OF QUAY GROSS RECEIPTS TAX REVENUE BOND, SERIES DECEMBER 1989; PROVIDING FOR THE PAYMENT OF SUCH BONDS SOLELY FROM THE ONE-EIGHTH PERCENT OF THE GROSS RECEIPTS TAX REMITTED TO THE COUNTY BY THE STATE OF NEW MEXICO AND WHICH IS DEDICATED TO SAID PURPOSE; PROVIDING FOR THE FORM, TERMS, EXECUTION AND OTHER DETAILS CONCERNING THE BONDS, THE FUNDS APPERTAINING THERETO; THE APPROVAL, EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT AND APPROVING A DISCLOSURE DOCUMENT AND THE USE AND DISTRIBUTION THEREOF; AND RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH.

The following is a general summary of the subject matter contained in the Ordinance:

Preambles recite or include such matters as: the status of the gross receipts tax revenues received by the County from the State of New Mexico and from county gross receipts taxes imposed by the County; the County's receipt of the proposed form of bond purchase agreement and official statement, which relate to the issuance and sale of the County's Gross Receipts Tax Refunding Revenue Bonds, Series 1994B (the "Bonds"); the County Commission has determined that it is in the best interests of the County and its residents to issue Bonds secured by a first lien on the pledged gross receipts tax revenues, and the County Commission has determined that it is in the best interest of the County to enter into the bond purchase agreement with, and sell the bonds to The Principal/Eppler, Guerin and Turner, Inc. (the "Purchaser").

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Sections 1 through 4 define the terms used in the Ordinance; ratify and confirm all previous actions taken by the County directed toward the authorization of the Bonds; authorize the issuance of the Bonds for the purpose of refunding the outstanding bond of the County, (the "Refunding"); and set forth certain findings of the County Commission which include: the need for the Refunding; monies available for the Refunding from all sources other than the issuance of revenue bonds are not sufficient to defray the cost of the Refunding.

Section 5 authorizes the issuance of the Bonds in the principal amount of $190,000 to be payable and collectable from gross receipts tax revenues received by the County; authorizes and approves the negotiated sale of the Bonds to the Purchaser pursuant to the Bond Purchase Agreement; provides a maturity schedule for the Bonds, and that the Bonds shall be issued as fully registered bonds.

Sections 6 through 9 provide the Bonds are not subject to prior redemption; for the filing of signatures and execution and authentication of the Bonds; and that the Bonds are fully negotiable.

Sections 10 through 14 provide details relating to payment of the Bonds and presentation of the Bonds for payment; for the registration, transfer and exchange and ownership of the Bonds; that the Bonds constitute a special limited obligation of the County; for the form of the Bonds; and determine the period of usefulness of the project originally financed with the proceeds of the refunded bond.

Sections 15 through 18 provide details relating to disposition of the proceeds of the Bonds; for creation and administration of special funds and accounts for deposit of the revenues pledged to the payment of the Bonds; provide for the deposit and flow of funds to pay the Bonds, security for the payment of the Bonds and other obligations of the County relating thereto.

Sections 19 through 22 grant a security interest in the pledged gross receipts tax revenues to the owners of the Bonds; provide details relating to the issuance of additional bonds and refunding bonds secured by pledged revenues; and provide that all Bonds shall be equally and ratably secured.

Sections 23 through 27 provide protective covenants relating to such matters as the use of Bond proceeds, the payment of the Bonds, the existence of the County, other gross receipts tax revenue liens, the duty to impose taxes, impairment of contract, and the exclusion of interest paid on the Bonds from net income for federal income tax purposes; designate the Bonds as qualified tax-exempt obligations; define events of default; and provide for remedies and duties upon default.

Sections 28 and 29 relate to the extent of liability for Bonds not presented when due; and delegate powers to the officers of the County to effectuate the provisions of the Ordinance.

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<u>Sections 30 through 37</u> provide for amendments to the Ordinance and the defeasance of the Bond; state that the Ordinance is irrepealable; provide for severability and repealer clauses; provide an effective date for the Ordinance; call the refunded bonds for early redemption; and provide a form for publication.

This notice constitutes compliance with § 6-14-6 N.M.S.A. 1978.

WITNESS my hand and the seal of the County of Quay, New Mexico, this 13th day of December, 1993.

Jeannette Maddaford
County Clerk

(End of Form of Summary for Publication)

PASSED, APPROVED AND ADOPTED THIS 13TH DAY OF DECEMBER, 1993.

Glenn Briscoe
CHAIRMAN, COUNTY COMMISSION

[SEAL]

ATTEST:

Jeannette Maddaford
COUNTY CLERK

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A motion to temporarily suspend any and all rules and regulations of the Board which might prohibit the immediate adoption and passage of said ordinance was made by Commissioner Thrasher, duly seconded by Commissioner Hendrickson, and upon being put to a vote, was passed and adopted on the following recorded vote:

Those Voting Aye:	Glenn Briscoe
	Jim Bob Hendrickson
	Robert E. Thrasher
Those Voting Nay:	None
Those Absent:	None

3 Commissioners having voted in favor of said motion, the motion to suspend the rules was thereupon declared by the Chairman to have passed.

Commissioner Thrasher then moved adoption of the foregoing ordinance, duly seconded by Commissioner Hendrickson.

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STATE OF NEW MEXICO
COUNTY OF QUAY

I, Jeannette Maddaford, the duly elected, qualified, and acting County Clerk of the County of Quay, New Mexico (the "County"), do hereby certify:

1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the Board of County Commissioners of the County of Quay, New Mexico (the "Board"), constituting the governing board of, the County, had and taken at a duly called regular open meeting held in the Quay County Courthouse in Tucumcari, New Mexico, on December 13, 1993, at the hour of 10:00 a.m., insofar as the same relate to the proposed bond issue, a copy of which is set forth in the official records of the proceedings of the Board kept in my office. None of the action taken has been rescinded, repealed, or modified.

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

3. Notice of said meeting was given by publication of a notice of such meeting in *The Quay County Sun*, a newspaper of general circulation in the County and by posting notice of such meeting at the office of the County Clerk at least three days in advance of such meeting. Such notice constitutes compliance with one of the permitted methods of giving notice of meetings of the Board as required by the open meetings standards presently in effect, i e., County Resolution No. 81-8, adopted on January 11, 1993.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of December, 1993.

Jeannette Maddaford
County Clerk

[SEAL]

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

Those Voting Aye: Glenn Briscoe
Jim Bob Hendrickson
Robert E. Thrasher

Those Voting Nay: None

Those Absent: None

3 Commissioners having voted in favor of said motion, the Chairman declared said motion carried and said ordinance adopted, whereupon the Chairman and County Clerk signed the ordinance upon the records of the minutes of the Commission.

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

Glenn Briscoe
CHAIRMAN, BOARD OF COUNTY COMMISSIONERS

[SEAL]

ATTEST:

Jeannette Maddaford
COUNTY CLERK