

TOWN OF SILVER CITY, NEW MEXICO
RESOLUTION NO. 2014-23

RELATING TO THE TOWN OF SILVER CITY, NEW MEXICO GROSS RECEIPTS TAX IMPROVEMENT REVENUE NOTES, SERIES 2014 TO BE ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,150,000, CONSISTING OF TWO SERIES (1) \$650,000 GROSS RECEIPTS TAX IMPROVEMENT REVENUE NOTES, SERIES 2014A (TAX-EXEMPT) AND (2) \$500,000 GROSS RECEIPTS TAX IMPROVEMENT REVENUE NOTES, SERIES 2014B (TAXABLE); ESTABLISHING THE EXACT AGGREGATE PRINCIPAL AMOUNT, MATURITY DATES, RATES OF INTEREST, REDEMPTION FEATURES AND PRICE WITH RESPECT TO EACH SERIES OF NOTES IN ACCORDANCE WITH TOWN ORDINANCE NO. 1228 ADOPTED ON JUNE 9, 2014; APPROVING DOCUMENTS RELATING TO THE NOTES; AND RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH AND REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION.

WHEREAS, unless otherwise defined in this Resolution (hereinafter the “Sale Resolution”) or the context requires otherwise, capitalized terms in this Sale Resolution have the same meaning assigned to those terms in Section 1 of Town Ordinance No. 1228 (the “Bond Ordinance” and together with the Sale Resolution, the “Bond Legislation”) adopted by the Town Council (the “Council”) on June 9, 2014; and

WHEREAS, the Sale Resolution is adopted pursuant to the Bond Ordinance in order to approve the terms, sale price and other matters with respect to the Notes; and

WHEREAS, the Council has adopted the Ordinance which authorizes the issuance of the Notes and provides for the adoption of the Sale Resolution by the Council to approve specific terms and documents relating to the issuance, delivery, sale and administration of the Notes, and the Sale Resolution is adopted by the Council for those purposes; and

WHEREAS, the Council has determined to issue the Series 2014A Tax-Exempt Notes as tax-exempt obligations pursuant to the Act and Section 103 of the Code; and

WHEREAS, the Council has determined to issue the Series 2014B Taxable Notes as taxable obligations pursuant to the Act and Section 103 of the Code; and

WHEREAS, it is in the best interests of the Town to sell the Notes to the Purchaser upon the terms as set forth in the Bond Legislation and the Note Purchase Agreement; and

WHEREAS, NBH Capital Finance, a division of NBH Bank, N.A., has agreed to purchase the Notes at a purchase price of \$1,150,000 and has presented a final Note Purchase Agreement to the Council setting out the terms with respect to the purchase and sale of the Notes for approval by the Council in connection with adoption of this Sale Resolution; and

WHEREAS, the Note Purchase Agreement is on deposit with the Town and are presented to the Council; and

WHEREAS, all required authorizations, consents and approvals of any governmental body, agency or authority in connection with (i) the use and pledge of the Pledged Revenues for the payment of the Notes, and (ii) the authorization, execution and delivery of the Notes, which are required to have been obtained by the date on which the Sale Resolution is adopted have been or will have been obtained;

BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE TOWN OF SILVER CITY, NEW MEXICO:

Section 1. Additional Definitions. Throughout the Bond Legislation, the following terms shall have the meanings set forth below, unless the text of the Bond Ordinance or the Sale Resolution specifically indicates otherwise (such meaning to be equally applicable to both the singular and the plural forms of the terms defined):

“Act” means Sections 3-31-1 through 3-31-12 NMSA 1978, as amended.

“Series 2014A Acquisition Account” means the account created in Section 6 of this Sale Resolution as a separate account within the Acquisition Fund.

“Series 2014B Acquisition Account” means the account created in Section 6 of this Sale Resolution as a separate account within the Acquisition Fund.

Section 2. Ratification of Prior Actions and Awarding the Notes. All action previously taken (not inconsistent with the provisions of this Sale Resolution or the Bond Ordinance) by the Council and the officers of the Town, directed toward the authorization, pledge, collection and distribution of the Pledged Revenues and the authorization, issuance and sale of the Notes is ratified, approved and confirmed, and the Bonds are awarded to NBH Capital Finance, a division of NBH Bank, N.A., as provided below.

A. The Series 2014A Tax-Exempt Notes shall be issued as tax-exempt obligations in the aggregate principal amount of \$650,000, shall be dated the date of their issuance and delivery, shall bear interest from their date until maturity at the rates hereinafter designated, commencing on December 1, 2014 and semiannually thereafter on June 1 and December 1 in each year, and shall mature in the designated principal amounts on June 1 in each year, as follows:

<u>MATURITY</u> <u>(JUNE 1)</u>	<u>AMOUNTS</u> <u>MATURING</u>	<u>INTEREST</u> <u>RATE</u>
2018	\$70,000	3.17%
2019	60,000	3.17%
2020	60,000	3.17%
2021	70,000	3.17%
2022	125,000	3.17%
2023	130,000	3.17%
2024	135,000	3.17%

B. The Series 2014B Taxable Notes shall be issued as tax-exempt obligations in the aggregate principal amount of \$500,000, shall be dated the date of their issuance and delivery, shall bear interest from their date until maturity at the rates hereinafter designated, commencing on December 1, 2014 and semiannually thereafter on June 1 and December 1 in each year, and shall mature in the designated principal amounts on June 1 in each year, as follows:

<u>MATURITY</u> <u>(JUNE 1)</u>	<u>AMOUNTS</u> <u>MATURING</u>	<u>INTEREST</u> <u>RATE</u>
2015	\$95,000	3.62%
2016	100,000	3.62%
2017	105,000	3.62%
2018	40,000	3.62%
2019	55,000	3.62%
2020	55,000	3.62%
2021	50,000	3.62%

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

A. The issuance of the Notes under the Act to provide funds for the Project is necessary and in the interest of the public health, safety, morals and welfare of the residents of the Town.

B. The net effective interest rate of 3.17% on the Series 2014A Tax-Exempt Notes and the net effective interest rate of 3.62% on the Series 2014B Taxable Notes are reasonable under existing and anticipated bond market conditions.

C. The Town will complete the Tax-Exempt Project with the proceeds of the Series 2014A Tax-Exempt Notes together with other funds of the Town.

D. The Town will complete the Taxable Project with the proceeds of the Series 2014B Taxable Notes together with other funds of the Town.

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

Section 4. Bond Details.

A. Principal Amount. The Notes shall be issued in two series in the aggregate principal amount of \$1,150,000 to provide funds, together with other available funds of the Town, if any, to finance the Project and to pay Expenses relating to the issuance of the Notes.

B. Series Date; Registration. The Notes shall be dated as of the date of original issuance and delivery (the "Series Date"), and shall be issued in fully registered form

only, without coupons, and when issued will be registered in the name of NBH Capital Finance, a division of NBH Bank, N.A., as registered owner of the Notes, all as provided in the Bond Legislation.

C. Record Date. The Record Date shall be the 15th day of the calendar month preceding each scheduled Interest Payment Date.

D. Optional Redemption. Upon two Business Days' prior written notice to Purchaser, the Town may prepay amounts owing under the Notes at any time and from time to time. Such prepayment notice shall specify the amount of the prepayment which is to be applied. In the event of prepayment, the Town may be required to pay Purchaser an additional fee, determined in the matter provided below, to compensate Purchaser for all losses, costs and expenses incurred in connection with such prepayment.

The fee shall be equal to (1) the present value of the difference between (a) the amount that would have been realized by Purchaser on the prepaid amount for the remaining term of the Notes at the fixed rate on the Notes and (b) the amount that would be realized by Purchaser by reinvesting such prepaid funds for the remaining term of the Notes at the (i) the-current market swap rate plus (ii) a spread of ____% in effect at the time of prepayment as determined by Purchaser; both (a) and (b) discounted at the then-current market swap rate excluding the spread; plus (2) interest accrued from the beginning of the last payment date to the date of prepayment. Should the present value have no value or a negative value, the Town may repay with no additional fee.

Partial prepayments may be made subject to a prepayment penalty based upon the same calculation methodology described above. Any partial prepayment shall be applied to installments of principal in the inverse order of maturity in an amount no less than \$250,000 and shall not postpone the due dates of, or relieve the amounts of, any scheduled installment payments due thereunder. Any amounts repaid hereunder may not be re-borrowed. The term "Business Day" shall mean any day other than a Saturday or Sunday or other day on which Purchaser is authorized or required to close.

Section 5. Parameters of Resolution. The net effective interest rate on the Notes is less than 12% per annum. The maturity dates of the Notes do not exceed fifty years. All other terms and conditions relating to the Notes and the sale of the Notes to the Purchaser set forth in this Sale Resolution are within the parameters established by the Bond Ordinance.

Section 6. Accounts and Funds. The Town shall establish such Funds and Accounts as required by the Bond Legislation and the net proceeds from the sale of the Notes shall be deposited or used as follows:

A. The accrued interest of \$-0- received on the date of delivery of the Notes shall be deposited into the Debt Service Fund.

B. \$650,000 shall be deposited in the "Town of Silver City, New Mexico Gross Receipts Tax Improvement Revenue Notes, Series 2014A Acquisition Account" hereby

created and maintained by the Town as a separate account within the Acquisition Fund. The moneys deposited in the Series 2014A Acquisition Account shall be used solely for the Tax-Exempt Project and payment of Expenses related to issuance of the Series 2014 Tax-Exempt Notes.

C. \$500,000 shall be deposited in the “Town of Silver City, New Mexico Gross Receipts Tax Improvement Revenue Notes, Series 2014B Acquisition Account” hereby created and maintained by the Town as a separate account within the Acquisition Fund. The moneys deposited in the Series 2014B Acquisition Account shall be used for the Taxable Project and Expenses.

Section 7. Amendments to Bond Ordinance. The Bond Ordinance is hereby amended as follows:

A. Section 6(A) is supplemented to provide: “Any interest which is payable on the Notes but which is not punctually paid or duly provided for on any Interest Payment Date, shall forthwith cease to be payable to the Owner on the relevant Regular Record Date by virtue of having been the Owner on such Regular Record Date but shall be payable to the Owner on the Special Record Date as hereinafter provided. During any default period, the Notes shall bear interest at the current applicable rate provided under Section 2 herein plus 500 basis points.

B. Section 25(D) of the Bond Ordinance is superseded to provide: “The Town shall, within two (2) weeks of completion or 210 days following close of the Fiscal Year, whichever is earlier, provide audited annual financial statements to Purchaser. The Town shall also provide to Purchaser within thirty (30) days of the close of the prior Fiscal Year the approved annual budget for the Town. The Town shall also provide any other reasonably requested financial information to the Purchaser.”

Section 8. Approval and Use of Documents. The form, terms and provisions of the Note Purchase Agreement is on file with the Town Clerk and presented to the Council is ratified and approved. The Mayor is authorized and directed to execute and the Town Clerk is authorized and directed to affix the seal of the Town to and attest where applicable, the Note Purchase Agreement in substantially the form presented at this meeting, or with such changes therein as are not inconsistent with the Bond Legislation and as shall be approved by the Mayor, his execution thereof to constitute conclusive evidence of his approval of any and all changes or revisions thereof from the form presented to the Council. The officers of the Town, including without limitation, the Mayor, Manager/Finance Director and Clerk be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Sale Resolution, including, without limiting the generality of the foregoing, the distribution of material relating to the Notes, the printing of the Notes, and the execution of the Note Purchase Agreement and such other certificates as may be required by the Purchaser or bond counsel.

Section 9. Sale of the Notes. The Notes are hereby sold to NBH Capital Finance, a division of NBH Bank, N.A., in accordance with the Note Purchase Agreement, at the total purchase price for the Notes as set forth in the preambles of this Sale Resolution.

Section 10. Bond Ordinance. Except with respect to the terms set forth in this Sale Resolution, the Notes are governed by the Bond Ordinance. In the event of any conflict in the terms of this Sale Resolution and Bond Ordinance, the terms of the Bond Ordinance shall prevail. The adoption of this Resolution, and all procedures undertaken incident thereto, are in full compliance and conformity with all applicable requirements, provisions and limitations prescribed by the Constitution and laws of the state of New Mexico.

Section 11. Repealer Clause. All bylaws, orders and resolutions, or parts thereof, inconsistent with this Sale Resolution are repealed to the extent of such inconsistency. This repealer shall not be construed to revive any bylaw, order or resolution, or part thereof, previously repealed.

Section 12. Effective Date and Publication. This Sale Resolution shall be in full force and effect immediately upon adoption and approval by the Council and its execution and approval by the Mayor. A title and general summary of the subject matter contained in this Sale Resolution shall be published in substantially the following form after adoption of this Sale Resolution.

Town of Silver City, New Mexico

Notice of Adoption of Sale Resolution

Notice is hereby given of the title and of a general summary of the subject matter contained in Town Resolution No. 2014-23 duly adopted and approved by the Silver City Town Council on July 8, 2014, relating to the details of the Town's Gross Receipts Tax Improvement Revenue Notes, Series 2014A (Tax-Exempt) and Series 2014B (Taxable) as authorized pursuant to its Ordinance No. 1228 duly adopted by the Council on June 9, 2014. Complete copies of the Sale Resolution are available for public inspection during the normal and regular business hours of the Town Clerk, 101 West Broadway, Silver City, New Mexico.

The title of the Resolution is:

RELATING TO THE TOWN OF SILVER CITY, NEW MEXICO GROSS RECEIPTS TAX IMPROVEMENT REVENUE NOTES, SERIES 2014 TO BE ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,150,000, CONSISTING OF TWO SERIES (1) \$650,000 GROSS RECEIPTS TAX IMPROVEMENT REVENUE NOTES, SERIES 2014A (TAX-EXEMPT) AND (2) \$500,000 GROSS RECEIPTS TAX IMPROVEMENT REVENUE NOTES, SERIES 2014B (TAXABLE); ESTABLISHING THE EXACT AGGREGATE PRINCIPAL AMOUNT, MATURITY DATES, RATES OF INTEREST, REDEMPTION FEATURES AND PRICE WITH RESPECT TO EACH SERIES OF NOTES IN ACCORDANCE WITH TOWN ORDINANCE NO. 1228 ADOPTED ON JUNE 9, 2014; APPROVING DOCUMENTS RELATING TO THE NOTES; AND RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH AND REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION.

The title sets forth a general summary of the subject matter contained in the Resolution.

PASSED, APPROVED, AND ADOPTED this 8th day of July, 2014.

TOWN OF SILVER CITY, NEW MEXICO

[SEAL]

By _____
Michael S. Morones, Mayor

ATTEST:

By _____
Ann L. Mackie, Town Clerk

DRAFT

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

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

Those Voting Aye:

Those Voting Nay:

Those Absent:

____ (___) Councilors having voted in favor of said motion, the Mayor declared said motion carried and said ordinance adopted, whereupon the Mayor and Town Clerk signed the ordinance upon the records of the minutes of the Council.

DRAFT

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

TOWN OF SILVER CITY, NEW MEXICO

[SEAL]

By _____
Michael S. Morones, Mayor

ATTEST:

By _____
Ann L. Mackie, Town Clerk

DRAFT

NOTE PURCHASE AGREEMENT

\$1,150,000
TOWN OF SILVER CITY, NEW MEXICO
GROSS RECEIPTS TAX IMPROVEMENT REVENUE NOTES
SERIES 2014

\$650,000 Gross Receipts Tax Improvement Revenue Notes, Series 2014A
\$500,000 Gross Receipts Tax Improvement Revenue Notes, Taxable Series 2014B

July 8, 2014

Town of Silver City, New Mexico
Silver City, New Mexico

Ladies and Gentlemen:

NBH Capital Finance, a division of NBH Bank, N.A. (the "Purchaser"), enters into this Note Purchase Agreement ("Agreement") with the Town of Silver City, New Mexico (the "Town") to purchase the Town of Silver City, New Mexico Gross Receipts Tax Improvement Revenue Notes, Series 2014 issued in two series as provided above in the aggregate principal amount of \$1,150,000 (the "Notes"). The Notes are issued pursuant to Sections 3-31-1 through 3-31-12, as amended (the "Act"), and Ordinance No. 1228 of the Town Council (the "Council"), adopted on June 9, 2014, as amended by Resolution No. 2014-23 of the Council, adopted on July 8, 2014 (collectively, the "Debt Legislation") authorizing the sale of the Notes in the total principal amount of \$1,150,000 (the "Purchase Price"). Capitalized terms in this Agreement shall have the same definitions as set forth in the Debt Legislation, unless the term is defined herein or the context used clearly requires otherwise.

1. Purchase, Sale and Delivery of the Notes.

A. On the basis of the representations, warranties, covenants and agreements contained in this Agreement, the Debt Legislation and the Notes, and subject to the terms and conditions set forth herein and therein, the Town agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Town, the Notes for the Purchase Price. The Notes shall be in the principal amounts, mature on the dates, bear interest at the rates and have the terms set forth in the Debt Legislation.

B. The date of delivery of and payment for the Notes is referred to in subparagraph C below in this Agreement as the "Closing Date." The Notes shall be delivered to the Purchaser in typewritten form on the Closing Date upon receipt of the Purchase Price by the Town, and a copy of the Notes shall be available for examination by the Purchaser prior to the Closing Date.

C. The parties hereto understand and agree that the Closing Date will occur on or about July 22, 2014, or such other mutually agreeable date.

D. Proceeds from the sale of the Notes in an amount equal to the Purchase Price shall be available to the Town on the Closing Date.

2. Representations, Warranties and Covenants of the Town. By the Town's acceptance of this Agreement, the Town hereby represents and warrants to, and agrees with, the Purchaser as follows:

A. The Town is a political subdivision of the State, duly organized and validly existing under the laws of the State;

B. In connection with the issuance of the Notes, the Town has complied in all respects with the Constitution of the State and the laws of the State, including the Act;

C. The Town is authorized to issue the Notes for the purpose of acquiring, constructing, purchasing, furnishing, equipping, rehabilitating, beautifying, making additions to or making improvements to capital projects for the Town, including but not limited to public safety equipment and recreation facilities and the costs of issuance of the Notes (collectively, the "Project"). The Town has the power to enter into the transactions contemplated by, and to carry out its obligations under, this Agreement and the Debt Legislation. The Council has duly executed the Debt Legislation, which is valid and enforceable against the Town and which authorizes the execution and delivery of this Agreement and the execution, issuance, sale and delivery of the Notes. At or prior to Closing, the Town: (i) will have full legal right, power and authority to (A) perform its obligations under and comply with the provisions of the Debt Legislation and the Act, (B) issue, execute and deliver, and perform its obligations under the Notes, and (C) carry out and consummate the transactions contemplated by and perform its obligations under this Agreement, and the documents delivered in connection with the Debt Legislation and the Act; and (ii) will have the full legal right, power and authority under the Act to execute and deliver this Agreement and to adopt the Debt Legislation;

D. The Debt Legislation and this Agreement constitute legal, valid and binding agreements of the Town, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights. The Notes, when issued, delivered and paid for, in accordance with the Debt Legislation and this Agreement, will constitute legal, valid and binding general obligations of the Town entitled to the benefits of the Debt Legislation and will be enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and upon the issuance, authentication and delivery of the Notes as aforesaid, the Debt Legislation will provide the legally valid and binding pledge of certain taxes it purports to create as set forth in the Debt Legislation;

E. The proceeds of the Notes will be deposited in certain funds and accounts created pursuant to the Debt Legislation and shall be used by the Town only for (i) payment of costs of the Project and (ii) for payment of the Town's Expenses related to issuance of the Notes. The distribution and use of the Note proceeds will be in compliance with the provisions of the Debt Legislation;

F. The proceeds of the Notes will be expended for the Project within three (3) years of the Closing Date, unless a longer term is approved by Bond Counsel in writing;

G. There is no litigation or proceeding pending or, to the knowledge of the undersigned, after due inquiry, threatened, in any way affecting the existence of the Town, or seeking to restrain or to enjoin the issuance, sale or delivery of the Notes, or in any way contesting or affecting the

validity or enforceability of the Notes, the Debt Legislation or this Agreement, or contesting the powers of the Town or its authority with respect to the Notes, the Debt Legislation or this Agreement;

H. The issuance, sale and delivery of the Notes, the execution and delivery of this Agreement and compliance with the obligations on the part of the Town contained in this Agreement and in the Notes do not conflict with or constitute a breach or default under any administrative regulation, judgment, decree, loan agreement, indenture, note, bond, resolution, agreement or other instrument to which the Town is a party or to which the Town, or any of its properties or other assets, is otherwise subject;

I. Statements contained in any certificate of the Town provided to the Purchaser pursuant to this Agreement or in connection with the delivery of the Notes and delivered to the Purchaser shall be deemed representations and warranties by the Town to the Purchaser;

J. The Town is not in default, and has not been in default, in the payment of principal of, premium, if any, or interest on, any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, or interest;

K. Since January 1, 2014, the Town has not incurred any material liabilities, direct or contingent, nor has there been any adverse change in the financial position of the Town, whether or not arising from transactions in the ordinary course of business;

L. At or prior to the Closing Date, except as may be required under the securities law of the State, all approvals, consents and orders of any governmental authority having jurisdiction in the matter which would constitute a condition precedent to any of the actions to be taken by the Town with respect to the Notes prior to the Closing Date will have been obtained and will be in full force and effect;

M. The Town agrees to provide continuing disclosure to the Purchaser, as the Purchaser may reasonably require, that shall include, but not be limited to annual audits and notification of any event deemed material by the Purchaser.

N. The Town agrees that neither this Agreement nor the Notes will be amended without the prior written consent of the Purchaser.

3. Representations and Warranties of the Purchaser. The Purchaser represents and warrants, and agrees with the Town, as follows:

A. The Purchaser represents and warrants that it is authorized to purchase the Notes.

B. In connection with the purchase of the Notes, the Purchaser acknowledges that no offering document or prospectus has been prepared with respect to the sale of the Notes to the Purchaser, and that the Purchaser is buying the Notes in a private placement by the Town to the Purchaser. The Purchaser has reviewed such information as it deems relevant in making its decision to purchase the Notes.

C. The Purchaser acknowledges that the Notes will not be listed on any securities exchanges and that no trading market now exists in the Notes and none may exist in the future.

D. The Purchaser is purchasing the Notes for its own account (and not on behalf of another) and has no present intention of reselling the Notes; however, the Purchaser reserves the right to sell, pledge, transfer, convey, hypothecate, mortgage, or dispose of the Notes at some future date determined by the Purchaser, but only to persons who have been provided sufficient information with which to make an informed decision to invest in the Notes and in compliance with the Securities Act of 1933, as amended and as then in effect, the regulations promulgated thereunder and applicable state securities law and regulations.

E. The Purchaser is acting solely as purchaser for its own loan account and not as a fiduciary for the Town or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor. The Purchaser has not provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the Town with respect to the Notes. The Town has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the Notes from its financial, legal and other advisors to the extent that the Town desired to obtain such advice.

4. Redemption. The Notes are subject to redemption at the option of the Town prior to their scheduled maturity as provided in the Debt Legislation.

5. Conditions of Closing. The Town's obligation to sell and the Purchaser's obligations under this Agreement to purchase and pay for the Notes shall be subject to the following conditions:

A. The Town shall have performed its obligations and agreements to be performed under the Debt Legislation and this Agreement at or before the Closing Date, and the representations and warranties of the Town contained in this Agreement shall be accurate as of the date of this Agreement and as of the Closing Date.

B. This Agreement shall have been duly authorized and executed by the Town and the Purchaser and shall be in full force and effect.

C. As determined by the Purchaser in its sole discretion, there shall not have been any material adverse change since the date of this Agreement relating to the Town, or its operations, or any material adverse change in the law affecting the validity or tax-exempt status of the Notes.

D. On the Closing Date, the Purchaser shall receive the following, each in a form satisfactory to the Purchaser:

(1) The written opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A. ("Bond Counsel") dated the Closing Date that the Town has the authority to pledge the Pledged Revenues, and approving the legality and enforceability of the Notes and the tax-exempt status of the Series 2014A Notes, addressed and delivered to the Town and the Purchaser;

(2) A certificate, dated the Closing Date, of an authorized officer of the Town to the effect that each of the representations and warranties of the Town set forth in this Agreement are true, accurate and complete as of the Closing Date;

(3) A General and No-Litigation Certificate dated the Closing Date of an authorized officer of the Town;

(4) An executed IRS Form 8038-G Tax Exempt Governmental Obligations Return for the Series 2014A Notes;

(5) A specimen Series 2014 Note;

(6) An executed Tax Certificate of the Town with respect to the Series 2014A Notes; and

(7) Such additional certificates, opinions or other documents as Bond Counsel, Purchaser, or Purchaser's Counsel may reasonably require evidencing the satisfaction, as of the Closing Date, of the conditions then to be satisfied in connection with the transactions contemplated by the Debt Legislation and this Agreement.

E. All matters relating to this Agreement, the Notes, the sale of the Notes to the Purchaser, the Debt Legislation and the consummation of the transactions contemplated by this Agreement and the Debt Legislation shall be mutually satisfactory to and approved by the Town and Purchaser.

F. No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling, regulation or administrative proceeding by any governmental body or Council, shall have been issued or commenced with the purpose or effect of prohibiting the issuance or sale of the Notes.

If the Town is unable to satisfy the conditions to the obligations of the Purchaser contained in this Agreement, or if the obligations of the Purchaser are terminated for any reason permitted by this Agreement, this Agreement may be terminated and neither the Purchaser nor the Town shall have any further obligations under this Agreement. Payment by the Purchaser to the Town of the Purchase Price shall be conclusive evidence that all of the conditions set forth in this section have been satisfied or waived by the Purchaser.

6. The Purchaser's Right to Cancel. The Purchaser shall have the right in its sole discretion to cancel its obligations under this Agreement to purchase the Notes by notifying the Town in writing of its election to do so between the date hereof and the Closing Date, if any of the following events occur prior to the Closing:

A. Legislation, not yet introduced in Congress, shall be enacted or actively considered for enactment by the Congress, or recommended by the President of the United States of America to the Congress for passage, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration; a decision by a court of the United States of America or the United States Tax Court shall be rendered; or a ruling, regulation (proposed, temporary or final) or an official statement by or on behalf of the Treasury Department of the United States of America, the Internal Revenue Service or other agency or department of the United States of America shall be made or proposed to be made, which has the purpose or effect, directly or indirectly, of imposing federal income taxes upon interest on the Notes;

B. Any other action or event shall have transpired which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated herewith or contemplated by the Debt Legislation and this Agreement and, in the sole judgment of the Purchaser, materially adversely affects the purchase of the Notes by the Purchaser;

C. Legislation shall be enacted, or actively considered for enactment by the Congress, with an effective date on or prior to the date of Closing, or a decision by a court of the United States of America shall be rendered, or a ruling or regulation by the Securities and Exchange Commission (the "SEC") or other governmental agency having jurisdiction over the subject matter shall be made, the effect of which is that (1) the Notes are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and then in effect, or (2) the Debt Legislation is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and then in effect;

D. A stop order, ruling or regulation by the SEC shall be issued or made, the effect of which is that the sale of the Notes, as contemplated herein, is in violation of any provision of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect;

E. There shall exist any fact or there shall occur any event which, in the sole judgment of the Purchaser, either (1) makes untrue or incorrect in any material respect any statement or information provided by the Town to the Purchaser in connection with the sale of the Notes by the Town to the Purchaser, or (2) is not reflected in statements or information provided by the Town to the Purchaser in connection with the sale of the Notes by the Town to the Purchaser but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect;

F. There shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the sole judgment of the Purchaser, impractical or inadvisable to proceed with the purchase of the Notes;

G. Trading in the Town's outstanding securities shall have been suspended by the SEC or trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such Exchange;

H. A banking moratorium shall have been declared either by Federal, New York or State authorities; or

I. Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Notes or in any way contesting or affecting any authority for or the validity of the Notes, this Agreement, the Debt Legislation, the existence or powers of the Town, or any of the transactions described herein.

7. Representations and Agreements to Survive Delivery. All representations, warranties, covenants and agreements of the Town and the Purchaser set forth in this Agreement and any other document relating to the issuance of the Notes shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Town or the Purchaser, and shall survive the delivery of the Notes to the Purchaser.

8. Payment of Expenses. The Purchaser shall pay the fees, expenses and costs incurred by it and its counsel relating to the preparation, issuance, delivery and sale of the Notes. All other fees, expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Notes

shall be paid by the Town including the expenses incurred by it, its bond counsel and its financial advisor relating to the preparation, issuance, delivery and sale of the Notes.

9. Parties in Interest. This Agreement is solely for the benefit of the Purchaser and the Town and their respective successors and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement.

10. Applicable Law; No Assignability. This Agreement shall be construed in accordance with the laws of the State of New Mexico. This Agreement may not be assigned by the Town or the Purchaser.

11. Notice. Any notice or other communication to be given to the Purchaser under this Agreement may be given by mailing or delivering the same in writing to NBH Capital Finance, a division of NBH Bank, N.A., 7800 E. Orchard Rd., Suite 300, Greenwood Village, Colorado 80111; and any notice or other communication to be given to the Town under this Agreement may be given by delivering the same in writing to Town of Silver City, 101 West Broadway, Silver City, New Mexico, 88062.

12. Entire Agreement. This Agreement, when accepted by the Town in writing as heretofore specified, shall constitute the entire agreement among the Town and the Purchaser and is made solely for the benefit of the Purchaser and the Town, and no other person shall acquire or have any right hereunder or by virtue hereof.

13. Amendments; Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document. This Agreement may not be effectively amended, changed, modified or altered without the written consent of all the parties hereto.

Please sign and return a duplicate original of this Agreement to the Purchaser. Upon your signing and delivering this Agreement, it will constitute a binding agreement.

NBH Capital Finance,
A division of NBH Bank, N.A.

By: _____
Title: _____

Accepted and confirmed
as of July 8, 2014:

TOWN OF SILVER CITY, NEW MEXICO

By: _____
Mayor

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