

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
MINUTES—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, February 18, 2015 at our Berino Office, 1150 Berino Rd.

- I. **Sign-in sheet and agenda are attached** Directors present were Vice-Chairman John Holguin (District 4), Secretary Santos Ruiz (District 2), Director Cali Tellez (District 3), Director Mike McMullen (District 6) and Director Furman Smith (District 7). Absent were Chairman Robert “Marty” Nieto (District 5) and Director Arturo Terrazas (District 1). Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Operations Manager Mike Lopez, Projects Manager Karen Nichols and Projects Specialist Joan Ferguson. Also present were Josh Smith, attorney; Matt Dyer, PSC; and Peter Ibarbo, Outreach Director with US Congressman Steve Pearce. With a quorum established the meeting was called to order by Mr. Holguin at 9:30am.
- II. **Pledge of Allegiance** {1:10}
- III. **Motion to approve the Agenda** Item IX.A (contract with Doña Ana County for wastewater treatment) was postponed. Mr. Smith moved to approve the agenda with the aforementioned postponement. Mr. McMullen seconded the motion and it passed 5–0. {3:30}
- IV. **Approval of Minutes: Motion to approve the Minutes of January 21, 2015 Regular Board Meeting** Mr. Tellez made a motion to approve the minutes of January 21, 2015. Mike McMullen seconded the motion and it passed 5–0. {4:10}
- V. **Guest Presentations** Mr. Ibarbo from Congressman Pearce’s office introduced himself to the board. He has participated, in the past, in ceremonies but was happy to be able to attend a meeting. He reminded management that submissions to USDA for the 2016 fiscal year would be due in March and conveyed Congressman Pearce’s appreciation. Mr. Martin interjected to thank Mr. Ibarbo for his and Congressman Pearce’s help in getting the partial release of lien for a Brazito property. {5:48}
- VI. **Public Input—15 minutes total allotted for this item, 3 minutes time limit per person—none** {5:56}
- VII. **Managers’ Reports**
 - A. **General Manager** Mr. Martin Lopez presented his report and stood for questions
 - Mr. Martin Lopez handed out the recently mailed newsletter on the upcoming election.
 - LRG has outgrown its current 401K plan because of the amounts of money contributed by employees to their retirement plans. The current financial advisor has advised management to switch to a third party administrator (rather than self administered). The upcoming plan will handle fees differently (they will come from the company rather than employees and the fee will be once per year). {14:49}
 - Mr. Tellez asked about the FEMA funds. At this point, Federal funds have been spent, and LRG has matched the State contribution with labor. The State has yet to contribute its \$1200 share.
 - Mr. Tellez asked about the first aid training. Mr. Lopez has inquired with the fire department but because the community college branch has cpr training, key staff may be taking that one in April or May.
 - Mr. Martin Lopez and Ms. Karen Nichols will be testifying to the Senate Conservation Committee on the amendment to the statute. He passed their talking points for the board to review. (See attachment.) Senator Cervantes is sponsoring the amendment in the Senate and Representative Gallegos in the House. It has been assigned to two committees. {14:49}
 - B. **Operations** Mr. Mike Lopez presented his report and stood for questions.
 - Mr. Holguin appreciated the excess water use notice received from LRG.

- Mr. Martin Lopez announced that he had gotten approval from the NM Environment Department for the vulnerability assessment and emergency response plan and thanked that staff that worked on it. {20:20}

C. Projects Ms. Karen Nichols presented her report and stood for questions.

- The bid advertisement for the Brazito water system improvements has been in the newspaper and bid opening will be March 16.
- RFP notice for the Mesquite-Brazito sewer project will be in the paper Feb 19.
- Ms. Nichols and Mr. Martin Lopez will be meeting on the Veteran's Road project to discuss the scope of the project because more funds are available than originally planned. The line will come from Hwy 28 and connect to those who have requested it. Mr. Tellez asked if Mr. Lechuga had spoken with Ms. Nichols. Now that the funding has been finalized, they will probably touch base. {25:00}

D. Finance Ms. Kathi Jackson presented her report and stood for questions

- Ms. Jackson included a comparison in her profit and loss statement of the water revenue from this January and last January. (The third column.) With the depreciation added in, this year's net income is \$16,000 compared with a negative \$6,000 last year.
- Mr. Martin Lopez mentioned that the funds for the new billing system need to be expended by June. To make things easier, he said that Rural Development had notified him that the transfer and assumption for the Brazito, Organ and Butterfield Park systems should be finalized this week. This means that only one set of rates will have to be programmed instead of four. {29:26}

VIII. Unfinished Business

- A. Motion to adopt Board Meeting and Agenda Policy** Mr. Martin Lopez reminded the board that this policy is to clarify how board meetings are conducted and how the public would be able to have an item added to the agenda. Mr. Holguin said that it looked straightforward. Mr. Smith made a motion to adopt the Board Meeting and Agenda Policy. Mr. Tellez seconded the motion and it passed 5-0 with no further discussion. {30:36}

IX. New Business

- A. Contract with Doña Ana County for wastewater treatment—postponed**

- B. Motion to approve the FY2014 audit with correction to Mr. Holguin's name in the exit conference** Mr. Martin Lopez noted that the audit had no findings. Mr. Tellez made a motion to approve the FY2014 audit with correction to Mr. Holguin's name in the exit conference. Mr. McMullen seconded the motion and it passed 5-0. {32:35}

- C. Motion to adopt Resolution FY2015-17 - 1st Amendment to Project 223-WTB** Mr. Martin Lopez explained that this amendment is an extension of Water Trust Board funds for the Berino/Mesquite-Del Cerro project. The funds expired at the end of January. Currently the project is expending Rural Development funds until this amendment is closed. The last bit of funding is \$250,000. Mr. Tellez made motion to adopt Resolution FY2015-17 - 1st Amendment to Project 223-WTB. Mr. Smith seconded the motion and it passed 5-0. {34:10}

- D. Motion to adopt Resolution FY2015-18 – NMFA 3093-PG Closing** Mr. Martin Lopez explained that this resolution is to close on the planning grant from the Finance Authority used for the appraisal and engineering report for the Rio Del Valle system. The services totaled just under \$14,000 and LRG will be reimbursed a little over \$10,000. Mr. Tellez made a motion to adopt Resolution FY2015-18 – NMFA 3093-PG Closing. Mr. Ruiz seconded the motion and it passed 5-0. {37:45}

- E. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.8—real property and water rights** Mr. Tellez made a motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.8—real property and water rights. Mr. Ruiz seconded the motion. The roll call vote was as follows: District #2 (Mr. Ruiz) yes, District #3 (Mr. Tellez) yes, District #4 (Mr. Holguin) yes, District #6 (Mr. McMullen) yes, and District #7 (Mr. Smith) yes. The motion passed 5–0 and the meeting was closed at 10:09am {38:45}
- F. Motion to reconvene in open session** Mr. Tellez made a motion to reconvene in open session. Mr. Smith seconded the motion. The motion passed 5–0 and the session was reconvened at 10:51 am. {39:08}
- G. Statement by the Chair that the matters discussed in the closed meeting were limited to real property and water rights** Mr. Holguin stated that the matters discussed in the closed meeting were limited to real property and water rights {39:15}
- H. Action, if any, related to real property and water rights** Mr. Smith made a motion to authorize the General Manager (Mr. Martin Lopez) to negotiate and draft an agreement. Mr. McMullen seconded the motion and it passed 5–0. {40:26}
- X. Other discussion and agenda items for next meeting, 9:30 a.m. March 18 at the East Mesa Office**
- The board chairman will be appointing a director to the rfp committee for the Mesquite-Brazito Sewer Project at the next board meeting.
 - Mr. Holguin asked if LRG will be impacted by the County’s discussion of minimum wage changes. Ms. Jackson replied that LRG has four employees that would be affected.
 - Mr. Martin Lopez announced that all candidates for districts 1, 2 and 6 will need to file for candidacy Tues, February 24, 2015 at the La Mesa office. {42:36}
- XI. Adjourn** Mr. McMullen made a motion to adjourn the meeting. Mr. Smith seconded the motion and it passed 5–0. The meeting adjourned at 10:55am {42:49}

Minutes approved March 18, 2015

Absent

Roberto Nieto, Chairman (District 5)

John Holguin, Vice-Chairman (District 4)

Santos Ruiz, Secretary (District 2)

Absent

Arturo Terrazas, Director (District 1)

Carlos Tellez, Director (District 3)

Michael McMullen, Director (District 6)

Furman Smith, Director (District 7)



Lower Rio Grande Public Water Works Authority

Sign In Sheet Page 1 of 2

Date: FEB 18, 2015 Time: 9:30 Places: Berino Event: Regular Board Meeting

Signature	Print Name, Title, Company or Agency Represented	Contact Information	Email Address
Jean Ferguson	JOAN FERGUSON LRG PWWA	233-5742, xt 123	joan.ferguson@lrgauthority.org
Mike McMullen	MIKE MCMULLEN LRG DWWA	970-342-7552	
FRANK SMITH	FURMAN SMITH ORGAN	382 5982	SMITHF@ZIMMET.COM
Santo Ruiz	Santo Ruiz LRG DWWA	575 882 5939	
Johny Delacruz	LRG PWA	575-605-9007	jdelacruz@lrg.org
Mike Lopez	LRG	525-253-4140	
Math Dyer	LRG	575-635-3921	mike.lopez@lrgauthority.org
Math Dyer	Math Dyer, Principal, PSC	575-644-6854	mdyer@team-psc.com
Karen Nichols	Karen Nichols, PM LRG PWA	915 203 2057	Karen.nichols@lrgauthority.org
John Lutz	Attorney	575 528-0500	jsmith.watsonlaw@gsmail.com
MARTIN GONZALEZ	LRG	525 571-3625	martingonzalez@lrgauthority.org
FRANK SMITH	Peter Harbo - Outreach Director U.S. Congressman Steve Pearce	(575) 517-0080	peter.harbo@mail.house.gov

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Meeting Notice & Agenda—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, February 18, 2015 at our Berino Office, 1150 Berino Rd.

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office—call 575-233-5742 for information

- I. Call to Order, Roll Call to Establish Quorum: District #1 (Mr. Terrazas)____, #2 (Mr. Ruiz)____, #3 (Mr. Tellez)____, #4 (Mr. Holguin)____, #5 (Mr. Nieto)____, #6 (Mr. McMullen)____, & #7 (Mr. Smith)____
- II. Pledge of Allegiance
- III. Motion to approve the Agenda
- IV. Approval of Minutes: Motion to approve the Minutes of January 21, 2015 Regular Board Meeting
- V. Guest Presentations
- VI. Public Input—15 minutes total allotted for this item, 3 minutes time limit per person
- VII. Managers' Reports
 - A. General Manager
 - B. Operations
 - C. Projects
 - D. Finance
- VIII. Unfinished Business
 - A. Motion to adopt Board Meeting and Agenda Policy
- IX. New Business
 - A. Contract with Doña Ana County for wastewater treatment
 - B. Motion to approve the FY2014 audit with correction to Mr. Holguin's name in the exit conference
 - C. Motion to adopt Resolution FY2015-17 - 1st Amendment to Project 223-WTB
 - D. Motion to adopt Resolution FY2015-18 – NMFA 3093-PG Closing
 - E. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.8—real property and water rights: Roll Call Vote
 - F. Motion to reconvene in open session.
 - G. Statement by the Chair that the matters discussed in the closed meeting were limited only to those specified in the motion for closure
 - H. Action, if any, related to threatened or pending litigation
- X. Other discussion and agenda items for next meeting, 9:30 a.m. March 18 at the East Mesa Office
- XI. Adjourn

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aide or service to attend or participate in the hearing or meeting, please contact the LRGPWWA office at 575-233-5742, PO Box 2646, Anthony NM 88021 OR 215 Bryant St., Mesquite NM at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the LRGPWWA office if a summary or other type of accessible format is needed.

Si es un individuo con una incapacidad esta en necesidad de un lector, amplificador, lenguaje por señas, o cualquier otra forma de asistencia o servicio para atender o participar en las juntas, por favor llame a la oficina LRGPWWA, 575-233-5742, PO Box 2646, Anthony NM 88021 O 215 Bryant St., Mesquite NM una semana antes de la junta o en cuanto posible. Documentos públicos, incluyendo la agenda y minutos, están disponibles en varios formatos. Por favor opóngase en contacto con la oficina LRGPWWA si un resumen o otro tipo de forma accesible es necesario.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, January 21, 2015 at LRGPWWA Berino Office, 1150 Berino Rd.

- I. **Call to Order, Roll Call to Establish Quorum** Sign-in sheet and agenda are attached. Directors present were Chairman Robert “Marty” Nieto (District 5), Vice-Chairman John Holguin (District 4), Secretary Santos Ruiz (District 2), Director Cali Tellez (District 3), Director Mike McMullen (District 6) and Director Furman Smith (District 7) (arrived at 9:33). Director Arturo Terrazas (District 1) was absent. Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Operations Manager, Mike Lopez, Projects Manager Karen Nichols and Project Specialist, Joan Ferguson. Also present was Matt Dyer (PSC). With a quorum established the meeting was called to order by Mr. Nieto at 9:31 am.
- II. **Pledge of Allegiance** {0:37}
- III. **Motion to approve the Agenda** Item IV should read December 10, 2014 instead of November 12, 2014. Item IX.H will be postponed until February’s meeting. Mr. Nieto made a motion to approve the agenda with the above changes. Mr. Tellez seconded the motion and it passed 6–0. {2:21}
- IV. Approval of Minutes: **Motion to approve the Minutes of December 10, 2014, Regular Board Meeting** Mr. Nieto made a motion to approve the minutes of December 10, 2014 Regular Board Meeting. Mr. Tellez seconded the motion and it passed 6–0. {4:04}
- V. **Guest Presentations** none {4:13}
- VI. **Public Input—15 minutes total allotted for this item, 3 minutes time limit per person** none {4:24}
- VII. **Managers’ Reports**
 - A. **General Manager** Mr. Martin Lopez submitted his report and stood for questions
 - Mr. Holguin asked about the construction schedule at the Vado exit. In the recent public meeting, NMDOT said they could be finished by the end of March.
 - Mr. Martin Lopez pointed out the newsletter in his report. It had been requested by the DAC Clerk because of issues during the last election. Mr. Tellez asked if anyone had expressed interest in running. One person has expressed interest in running.
 - Mr. Nieto asked the purpose of a surface water treatment plant (EBID letter to Reclamation in GM’s report) when the river only flows 2-3 months per year. The plant is being given to LRG because of a previous agreement between EBID and Brazito MDWCA who has merged with LRGPWWA.
 - Mr. Nieto asked if the board of directors training offered by RCAC in the GM’s report was mandatory. It isn’t; staff is researching the possibility of board training either through the Municipal League or the Association of Counties which would be more appropriate. Board training is a condition of the Authority’s funding with USDA-Rural Development but the trainings by RCAC are geared towards smaller systems. The Authority’s board would receive more appropriate training through either the Municipal League or the Association of Counties. Mr. Martin Lopez also noted that the trainings put on by the Attorney General (Open Meetings Act, etc.) would be very useful for board members. {12:33}
 - B. **Projects** Ms. Karen Nichols submitted her report, reviewed highlights and stood for questions
 - Updates for Ms. Nichol’s report include a new RFP for the Mesquite-Brazito Sewer Project and a closing date for the funding of Feb 6, 2015.
 - Ms. Nichols strongly recommended updating the Forty-Year Water Plan so that it could be included in the Regional Water Plan that currently is being worked on.

- Ms. Nichols also mentioned that the Board Packets that were distributed after the last election needed to be updated and if members could return them, they could be updated and supplemented.
- Mr. Nieto asked how LRG was proceeding with proposed legislation in the upcoming session that would negatively affect LRG. Ms. Nichols pointed out that bills that were on her report had only been filed and had not begun to make their way through respective committees. As they are assigned and heard by committees, then staff would contact local legislators. [See also IX.I: Travel Authorization] {19:17}

C. Operations Mr. Mike Lopez submitted his report and stood for questions.

- Mr. Mike Lopez called the board's attention to the (new) water loss report. The numbers were "quirky" but the annual loss rate is 10.9%. He plans on breaking the report down by route. Mr. Martin Lopez interjected to tell the board that BECC had chosen LRG for a water audit. It is at no cost to LRG and it will help pinpoint potential water loss as well as help firm up some of staff's current numbers.
- The tank at Well 12 will be back in commission next week. It had been recoated in mid-December and has been curing.
- Mr. Tellez asked about brownish water that had come from the tap at his home. Mr. Mike Lopez explained that they were trying to isolate an area and someone hadn't tightened a valve which caused some backflow into that area. {22:51}

D. Finance Ms. Kathi Jackson submitted her report and stood for questions.

- The new state auditor is targeting Special Districts to try to move everyone to compliance. LRG has had three audits within compliance and the books are in great shape.
- Some numbers may change due to recent Operations purchases that were over \$5,000.
- By late summer or early fall the new billing system will begin switching over accounts.
- There is a new payment window in Mesquite.
- Should be able to cover the 401K contributions and all the loans without resorting to reserves. She was happy to report that LRG is in the best shape it has been since its inception.
- Mr. Nieto asked about the rate increases. The last one was Jan 1, 2015, then next will be July 1 and then and there will be two more.

VIII. Unfinished Business—none {28:14}

IX. New Business

A. Motion to approve termination of engineering agreement with Vencor for the Mesquite-Brazito sewer project Mr. Martin Lopez explained that LRG PWWA and Vencor Engineering have agreed to terminate the engineering agreement for the Mesquite-Brazito sewer project. Vencor has recently opened an office in Hobbs, has contracts at White Sands and is currently managing the Berino/Mesquite-Del Cerro Water System Project. Vencor would not be able to adequately address the Mesquite-Brazito sewer project until 2017. Given that funding has been acquired for the full project design and construction, both parties have come to an agreement to terminate and Ms. Nichols will be drafting a termination letter and copying it to the funding agencies. Mr. Holguin made a motion to approve termination of engineering agreement with Vencor for the Mesquite-Brazito sewer project. Mr. Smith seconded the motion and it passed 6–0. There was no further discussion.

B. Motion to authorization to RFP engineering services for Mesquite-Brazito sewer project Mr. Nieto asked how soon the new RFP for engineering services would be out. Pending NMED and USDA-RD approval, perhaps eight weeks according to Mr. Martin Lopez. Mr. Nieto made a motion to authorize a new RFP for engineering services for Mesquite-Brazito sewer project. Mr. Smith seconded the motion and it passed 6–0. {33:38}

- C. Motion to approve Disposition Committee Recommendations** The Disposition Committee met before the board meeting to review the GM's list of vehicles to be sold. On the list are three vehicles that are inoperable, two backhoes for which parts are not available and 2 pickups that will be continued to be used until the board approves new purchases. See attachment. Mr. Holguin made a motion to approve Disposition Committee Recommendations. Mr. Tellez seconded the motion and it passed 6-0. Mr. Martin Lopez added that the Department of Finance Administration – Budget and the Auditor need to be notified before the above vehicles can be disposed of. {35:38}
- D. Motion to adopt Additional Minimum Policy amendment** The amendment to this policy allows for a three (3) month grace period for those who will be required to purchase additional water and/or wastewater facilities. Mr. Smith made a Motion to adopt Additional Minimum Policy amendment. Mr. Nieto seconded the motion and it passed 6-0.
- E. Motion to adopt Board Meeting and Agenda Policy** Mr. Martin Lopez suggested to the board that they review the attached draft policy and make discuss it next month. Ms. Nichols added that funding agencies ask whether an entity has this sort of policy and, in the future, it may become mandatory. Mr. Nieto made a motion to review and act on the Board Meeting and Agenda Policy in February. Mr. Tellez seconded the motion and it passed 6-0.
- F. Motion to adopt Resolution 2015-15 Election Proclamation** Mr. Martin Lopez noted that this is the election proclamation for the Authority's biannual, staggered election that will be held April 7, 2015. The proclamation lays out the time line for publication, deadlines for candidacy filing, and how a member can rectify accounts in order to vote. Mr. Nieto made a motion to adopt Resolution 2015-15 Election Proclamation. Mr. Tellez seconded the motion and it passed 6-0. {44:12}
- G. Motion to adopt Resolution 2015-16 Second Quarter Budget Report** Mr. Nieto made a motion to adopt Resolution 2015-16 Second Quarter Budget Report. Mr. Tellez seconded the motion and it passed 6-0. {47:04}
- H. Motion to approve the FY2014 audit** —postponed
- I. Travel authorization for 2015 Legislature as needed to include Colonias Day** LRG is proposing changes to its statute—the same as last year—to change the language dealing with combining and comingling from “shall” to “may” and to add language concerning liens. Mr. Martin Lopez estimates a minimum of six trips to testify for the changes to the statute plus one day for Colonias Day. Mr. Nieto made a motion to authorize travel for the 2015 Legislature, as needed to include Colonias Day. Mr. Smith seconded the motion and it passed 6-0. {51:10}
- J. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.8—real property and water rights:** Mr. Smith made a motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.8—real property and water rights. Mr. Tellez seconded the motion and the roll call was as follows: Chairman Robert “Marty” Nieto (District 5) aye, Vice-Chairman John Holguin (District 4) aye, Secretary Santos Ruiz (District 2) aye, Director Cali Tellez (District 3) aye, Director Mike McMullen (District 6) aye and Director Furman Smith (District 7) aye. The meeting was closed at 10:21 am.
- K. Motion to reconvene in open session** Mr. Nieto made a motion to reconvene in open session. Mr. Tellez seconded the motion and it passed 6-0. The motion reconvened at 10:38. {52:02}
- L. Statement by the Chair that the matters discussed in the closed meeting were limited only to those specified in the motion for closure** Mr. Nieto stated that the matters discussed in the closed meeting were limited only to real property and water rights.
- M. Action, if any, related to real property and water rights**—none

- X. Other discussion and agenda items for next meeting, 9:30 a.m. February 19, 2015 at the Berino Office
- Black Programs at NMSU at the Vado Historical Society presentation February 2, 2015 from 4:00–6:00pm.
 - Contract with Doña Ana County for wastewater treatment
 - Audit
 - Board Meeting and Agenda Policy
 - Water Trust Board Funding extension for Berino/Mesquite-Del Cerro Project
- XI. **Adjourn** Mr. Nieto made a motion to adjourn the meeting. Mr. Tellez seconded the motion and the meeting was adjourned at 10:44 am.

Minutes approved February 19, 2015

Roberto Nieto, Chairman (District 5)

John Holguin, Vice-Chairman (District 4)

Santos Ruiz, Secretary (District 2)

Absent

Arturo Terrazas, Director (District 1)

Carlos Tellez, Director (District 3)

Michael McMullen, Director (District 6)

Furman Smith, Director (District 7)

LRGPWWA
Manager's Report
February 18, 2015

- Preparation of Election: Newsletter to Districts went out the week of February 9th
- FEMA Lack replacement of tamper
- Additional payment window is being completed at the Mesquite office
- Employees 401K will be moved to a different plan due to third party administration and reporting requirement



LOWER RIO GRANDE

Public Water Works Authority

325 Holguin Road

Vado, New Mexico 88072

(575) 233-5742

www.LRGauthority.org

SENATE BILL 392 PROVIDING THAT WATER RIGHTS MAY BE COMBINED OR COMMINGLED AMONG MERGING COMPONENTS OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY; PROVIDING FOR UTILITY CHARGES OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY AS A LIEN AGAINST PROPERTY SERVED.

- This bill amends NMSA 1978 73-26-1 Lower Rio Grande Public Water Works Authority, the statute which established the Lower Rio Grande Public Water Works Authority by providing for the initial merger of five mutual domestic associations in southern Doña Ana County.
- Three additional associations have merged with us since it was enacted by the Legislature in 2009, and in this bill, we seek to address a couple of issues that have come up.
- The first amendment makes a provision to allow for combine/commingle of water rights where appropriate instead of requiring it in all cases.
 - The current statute did not adequately address the fact that our service area does not necessarily have to be contiguous because it requires us to combine & commingle our water rights in all mergers.
 - The Butterfield Park MDWCA and Organ WSA have merged with us to form our East Mesa service area. These systems had already combined & commingled their water rights, but they are in a different geographical area and different aquifer than the rest of our system and it makes no sense to combine & commingle those with our South Valley service area.
- The second amendment brings in and adapts elements from the Municipal Code that addresses the filing of liens against property to ensure payment of unpaid water & sewer charges.
 - Our current statute already gives us the ability to file liens, but does not specify the procedure.
 - Fees for water & wastewater service are the only source of income for the Lower Rio Grande PWWA. When one customer does not pay, it increases costs for those who do. The ability to file liens is an important last resort measure to ensure collection of fees for water & wastewater service.
 - The procedure outlined in the Municipal Code provides a detailed procedure that provides for due process that is clearly laid out. That is the basis of the new language in this bill.

Lower Rio Grande PWWA

Operators Report

February 18, 2015

System Problems and Repairs.

- Backflow inspections are current.(Mesquite District)
- My operators are working on the closure plan for the Wetlands .
- Well 12 is back online.
- We have had a lot of small leaks due to the construction company.
- For the month of December my operators and I were issued 142 work orders.
- For the Month of January we have been issued 139 work orders.
- We have had 9 new service connections this past month.
- The contractor is ready to put the new 12” water into service.

NMED: All of our Monthly Bac-T-Samples were taken and all samples were negative.

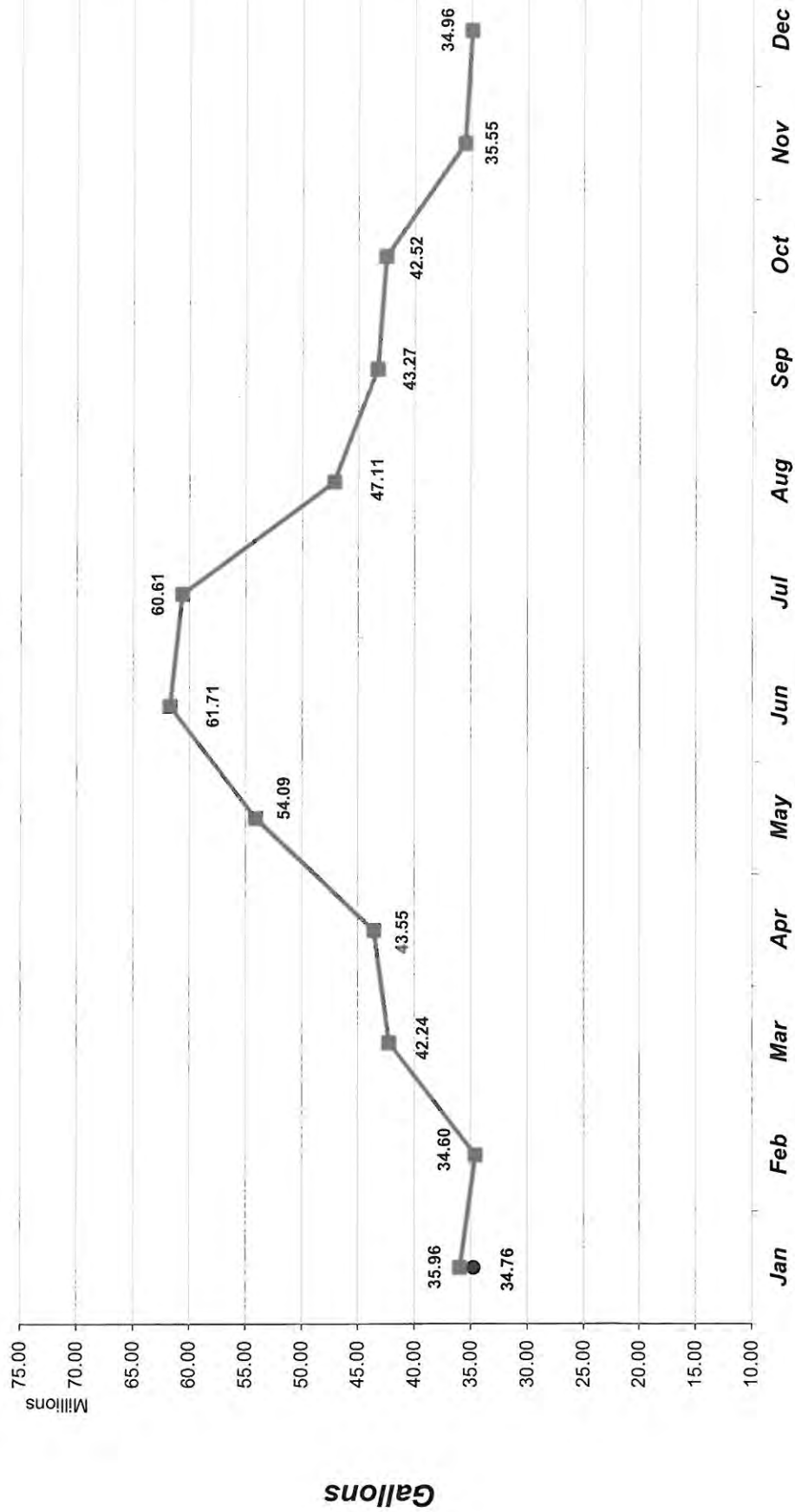
Mesquite district Wetlands: My Operators have begun demolition of the wetlands according to our closure plan.

Mesquite Sewer Report.

Chlorine: No problems.

Reports: NMED, State Engineers, and the water conservation reports have been sent.

Lower Rio Grande PWWA Water Production Report



—●— 2015 Production —■— 2014 Production

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
PROJECTS REPORT – 2/18/15 BOARD OF DIRECTORS MEETING**

Authority Construction Projects:

LRG: 11-02.1 -Mesquite Wastewater Project – Gannett Fleming– CONSTRUCTION Stage – Layne Southwest - RD \$7,262,081, CITF \$1,670,257: With the help of LRG staff, engineer has reached an agreement with the contractor regarding the deduction for the deficient work, which should help cover the costs of equipment to do regular maintenance on the sewer system. Engineer is completing the final pay request and final adjusting change order which will be routed for execution in the next week. LRG staff is in the process of obtaining quotes for the equipment and improvements to be paid for with the remaining funding. The funding should be closed out in the next month or two.

LRG-11-02.2 – Mesquite-Brazito Sewer Project – Vencor – LOC Stage – NMFA PG/SAP funded Planning, \$30k 2014 SAP, \$540,608 2014 CITF (10% Loan), USDA-RD Loan \$357,000 @ 3.250%, Grant \$1,194,919, Colonias Grants of \$6,356,474 & \$119,407: We continue to have monthly phone conferences scheduled with USDA RD regarding progress on the Letter of Conditions. Closing on CITF was completed on 2/6/15. New RFP has been drafted and reviewed by NMED-CPB, and will appear in the Las Cruces Sun News on 2/19/15 and 2/22/15. RFP Committee will meet after the 3/30/15 deadline. Request that the Chairman appoint a Director to the committee.

LRG-11-03 – Interconnect & Looping Project – see 12-01 Authority PER

LRG-11-04 – Berino/ Mesquite-Del Cerro Water System Project WTB #223 – Vencor – Construction Stage - Smithco – RD - \$5,420,147/WTB - \$4,371,630: February progress was held on 2/4/15. Six contractor's pay applications have been approved and paid to date. January & February pay apps and Vencor invoices are being paid out of USDA RD funds pending closing on the WTB extension (Resolution is on today's agenda). Hot tap connections completed include Smokey Rd/Mesquite Drive 12" connection and Mesquite Well as a 6" connection. Contractor has completed the installation of the 12" PVC C900 on Line B. Contractor connected to stub out located on Line B at Station 46+80 on 2/02/15. As of 1/29/15, Contractor completed the bore crossing at Berino Rd. and Three Saints Road. Contractor also finished the Line R2 Bore and Line Q2. New 6" PVC lines installed at East Plaza Road, Tawa Road, Hannah Road, Bradbury Avenue, Santo Thomas, Bryant Street and Emerson Street as of 1/29/15. Pending items include residential meter re-connects, pressure tests, disinfection and Bac-t's. Contractor has 2 line crews and 1 service bore crew on-site. Service bore crew has completed Line A service bore connections except for one pending LRGPWWA approval. Service line bore completions include: East Plaza, Post and Edwards Street. As of 1/29/15, pressure testing has been completed on all of Line A, east of the Mesquite Drain. Branch/side streets that have completed pressure testing include 3 Sons Road, Aceituna Street, Hilda Road, Tres Caballos Road and Fire House Road. Side Streets still pending pressure testing approval include Lost Dutchman, White Oaks and Sierra Madre.

LRG-11-05 – Surface Water Treatment Plant WTB #252– Bohannon Huston - Design stage - \$750,000 WTB – 10% Loan 10% Match – Team member John Shomaker and Associates (JSAI) has completed the new groundwater computer model and are to send resulting report to BHI/CDM mid-February. Next task to be completed is to integrate those results into the PER amendment update/justification for

NMED's inquiries, as well as the other items regarding brine disposal and alternative cost comparisons. A draft of this is expected to be completed by mid-April timeframe.

LRG-12-01 – Authority Water System Improvements PER 2013 – Vencor – Planning Stage - CDBG Planning Grant \$50,000, NMFA Planning Grant \$37,500 & \$12,500 Local Match: PER is a complete, planning grants have both closed.

Forty-Year Water Plan – CE&M – complete – needs update for new mergers: pending NM-OSE comments/approval.

LRG-13-02 – System-wide Information Technology Standardization - \$175,000 NM STB: Telephone conferences are scheduled with Tyler every two weeks. Gamwell is obtaining a quote for two new servers under the state purchasing contract with Dell and is completing an initial questionnaire for the project. One requisition has been submitted to NMED-CPB for the initial payment on software license fees.

LRG-15-01 – System-wide Information Technology Standardization - \$130,000 NM STB: Staff met 1/20/15 to discuss next steps. Had a preliminary discussion with Ms. Kahl at NMED-CPB concerning procurement. Will discuss with her further after Operations provides some additional information on our SCADA needs.

LRG-13-03 – Water System Purchase Project – for RFP – Planning Stage - \$37,500 NMFA Planning Grant – on DWSRLF Priority List: Closing on Planning Grant is on today's agenda.

LRG-13-01 – Brazito Water System Improvements – Souder, Miller & Associates. – Design Phase - \$523,354 NM CITF Grant, \$58,150 Loan, \$58,150 Match Requirement, 2014 CITF \$157,986 (10% loan): Closing on the CITF funds was finalized on 2/6/15. The permits for EBID, NMDOT, NMED DWB and DAC have been approved. SMA submitted an application for a new wage decision. The advertisement for bidding will run in the Las Cruces Sun News on Sunday, February 15, 2015. Pre-bidding meeting will be held on February 25, 2015 at 2:00 p.m. and construction bids will be opened on March 16, 2015 at 2:00 p.m.

LRG-14-01 – Waterline Extension Project (incl. Veterans Road) – Design/Build - \$882,430 CITF incl. 10% Loan: CITF Closing was finalized on 2/6/15. Staff scoping meeting is scheduled for next week.

Other projects:

Water Audit – BECC: Initial meeting was held with J.T. O'Brien on 1/15/15. Saw him at Chope's on 2/12, and he indicated that they will be selecting an engineering firm for the project.

2015 Legislature: The legislative report has been posted on the Board's web page and will continue to be updated through the pocket veto date. Our bill was sponsored by Senator Cervantes (SB 392) and Representative Gallegos (HB 413) and is posted on the Board's web page. Colonias Day is tomorrow.

2015 Water Fair: We will be participating in the Water Fair at Young Park on April 16th again this year.

USDA-RD Transfer & Assumption Application Packages: Application packages for Butterfield Park, Organ & Brazito were submitted 1/7/13 and are still under review at RD at national level. Updated

financial information was requested and has been provided. RD is working on these, and we anticipate receiving Letters of Conditions soon. Local office has them drafted and is waiting on approval from DC.

Infrastructure Capital Improvements Plan 2017-2021: Will be contacting SCCOG to assist with the process again this year.

Documents Retention & Destruction – Sorting of old association documents for storage or destruction is ongoing, and staff is implementing approved retention/destruction schedules for LRGPWWA documents. Desert Sands, La Mesa, Vado, Berino, Brazito, Organ and Mesquite files have all been sorted and stored or destroyed. Butterfield Park is pending. Two more containers have been sent out for shredding.

Website and Email – Notices and Board Minutes pages are current. Other updates are ongoing.

2015 Board Election – Joan put together the newsletter, Finance staff helped with translation and mail prep, and it was mailed out to all members in Districts 1, 2 and 6, and a copy was provided to County Election Bureau. Angie created the mailing list labels and is updating the voter rolls.

Training –

Lower Rio Grande Water Users Organization – Regional Water Plan Update is in process, we are participating. Met with the Water Providers Committee on 2/12/15.

RCAC Work Group on Regional Authority Legislation – SB 550 was introduced by Sen. Griego. LCS bill drafter was difficult to work with, and the language is still not what we asked for.

US-EPA Regionalization Case Study – I received a draft and submitted edits on 2/2/15. Have heard nothing further.

FINANCE REPORT FOR FEBRUARY 2015

The report compares January of this year to January of last year

You can see the positive impact the rate increase has had especially during the winter months

We spent \$4,513.05 on repairs to the offices

- The water heater in Mesquite went out

- A second payment window has been installed

- Repairs to the heating system in La Mesa office

We have started work on conversion to the new billing system

- The accounting system will be converted first

- After it is up and running correctly we will proceed to billing

LRGPWWA
Profit & Loss
January 2015

	Jan 15	Jan 14	Jul '14 - Jan 15
Ordinary Income/Expense			
Income			
Credit Card Fees	1,001.09	662.94	6,430.62
Interest	54.50	31.67	325.76
Non-Operating Revenue			
Copy/Fax	36.50	23.25	459.75
Other Income	1,140.89	1,650.00	18,033.85
Tower Rent	0.00	0.00	1,400.00
Total Non-Operating Revenue	1,177.39	1,673.25	19,893.60
Operating Revenue			
Activation & Connection Fees	2,045.67	2,500.00	20,878.17
Contract Services	1,732.45	0.00	14,836.54
Impact Fees	0.00	1,600.00	9,250.00
Installation Fees	50.00	1,348.48	10,494.12
Membership Fees	255.00	660.00	4,195.00
Monthly Services	150,910.51	126,701.32	1,245,411.26
Monthly Services-Sewer	11,444.63	7,818.58	88,474.92
Other Income	0.00	6,814.99	1,010.00
Penalties-Sewer	387.78	229.64	2,905.97
Penalties-Water	3,684.80	3,240.35	32,780.17
Returned Check Fees	0.00	385.00	1,050.00
Tampering Fee/Line Breaks	0.00	0.00	1,000.00
Total Operating Revenue	170,510.84	151,298.36	1,432,286.15
Other Types of Income			
Miscellaneous Revenue	0.00	0.00	110.00
Other Types of Income - Other	0.00	0.00	100.00
Total Other Types of Income	0.00	0.00	210.00
Professional Fees-Other	4,287.93	4,167.56	21,600.98
Total Income	177,031.75	157,833.78	1,480,747.11
Cost of Goods Sold			
Cost of Goods Sold	0.00	0.00	-555.51
Total COGS	0.00	0.00	-555.51
Gross Profit	177,031.75	157,833.78	1,481,302.62
Expense			
Accounting, Auditing, Legal			
Advertising	0.00	0.00	656.07
Audit	0.00	0.00	11,340.00
Bad Debts	0.00	90,697.29	-1,755.02
Bank Service Charges	831.80	732.57	5,513.66
Cash Short/Over	45.34	-12.40	409.33
Dues and Subscriptions	0.00	0.00	2,000.00
Legal Fees	588.27	919.66	5,443.18
Legal Notices	0.00	158.50	0.00
Licenses & Fees	151.75	0.00	1,716.75
Meals	154.82	0.00	1,871.82
Permit Fees	200.00	0.00	2,966.67
Postage	490.33	1,669.25	10,567.02
Professional Fees-Other	0.00	0.00	238.73
Reconciliation Discrepancies	0.00	0.00	50.00
Retirement Account Fees	0.00	0.00	775.00
Training	895.90	560.00	3,949.51
Travel			
Lodging Per Diem	117.52	0.00	1,423.45
Meals Per Diem	20.26	80.00	20.26
Mileage/Parking Per Diem	1.00	0.00	1.00
Travel - Other	0.00	0.00	1,129.46
Total Travel	138.78	80.00	2,574.17
Total Accounting, Auditing, Legal	3,496.99	94,804.87	48,316.89

LRGPWWA Profit & Loss January 2015

	Jan 15	Jan 14	Jul '14 - Jan 15
Debit Service			
Interest paid to NMED	0.00	0.00	0.00
Interest paid to NMFA	1,951.00	1,979.68	17,936.97
Interest paid to USDA	10,930.37	4,433.29	77,628.94
Total Debit Service	12,881.37	6,412.97	95,565.91
Depreciation Expense			
Sewer	5,693.51	5,696.92	39,854.57
Water	57,567.70	57,602.14	402,973.90
Total Depreciation Expense	63,261.21	63,299.06	442,828.47
Salaries			
401K 10% Company Contribution	0.00	0.00	0.00
401K Employee Contribution	0.00	0.00	677.40
Accrued Leave	4,896.61	3,610.79	20,371.70
Administrative Labor	19,541.91	19,096.73	150,428.23
Clerical Labor	15,178.30	12,184.65	102,700.36
Employee Benefits-401K Contrib	2,202.38	1,819.96	16,181.99
Federal Income Tax Withholding	0.00	0.00	0.08
HISC-Blue Medicare Rx.	0.00	85.40	362.80
Insurance-Dental	943.94	858.46	5,474.09
Insurance-Health	11,824.41	10,479.70	64,437.42
Insurance-Life,Disability	693.00	0.00	5,510.25
Insurance-Work Comp	1,761.00	4,500.00	11,304.00
Merit	0.00	0.00	5,847.29
Mileage	0.00	0.00	62.70
Operations Labor	28,057.34	26,654.33	211,873.44
Payroll Taxes-Federal Unemploy	0.00	0.00	1,174.50
Payroll Taxes-Medicare	757.98	887.29	5,454.05
Payroll Taxes-Social Security	3,241.00	3,793.79	23,320.60
Payroll Taxes-State Unemploy	0.00	0.00	0.00
Payroll Taxes-Worker's Comp Fee	0.00	-2.00	938.25
Salaries - Other	0.00	0.00	74.40
Total Salaries	89,097.87	83,969.10	626,193.55
Sewer			
DAC Waste Water Flow Charge	3,694.25	1,780.40	24,636.63
Electricity-Sewer	57.76	1,740.00	6,303.64
Lab & Chemicals-Sewer	1,233.10	0.00	14,273.29
Supplies & Materials	0.00	5,378.00	2,306.00
Total Sewer	4,985.11	8,898.40	47,519.56
Supplies			
Automobile Repairs & Maint.			
LRG-02	42.00	0.00	1,289.53
LRG-03	178.69	0.00	1,095.44
LRG-04	496.38	0.00	632.51
LRG-06	0.00	0.00	830.06
LRG-08	0.00	0.00	275.74
LRG-09	42.55	0.00	181.28
LRG-10	0.00	0.00	2,161.66
LRG-11	42.00	0.00	1,003.98
LRG-14	271.33	0.00	1,464.90
LRG-15	91.48	0.00	562.30
LRG-20	221.79	0.00	817.37
LRG-21	42.55	0.00	98.55
LRG-22	0.00	0.00	769.93
LRG-23	0.00	0.00	815.31
LRG-26	0.00	0.00	446.27
Automobile Repairs & Maint. - Other	3,514.34	2,801.42	19,598.16
Total Automobile Repairs & Maint.	4,943.11	2,801.42	32,042.99
Computer Maintenance	4,241.89	4,769.95	23,683.16
Equipment Rental	326.89	0.00	326.89
Fuel	7,937.35	6,410.30	41,484.85

LRGPWWA
Profit & Loss
January 2015

	Jan 15	Jan 14	Jul '14 - Jan 15
Lab, Chemicals-Water			
Chemicals	0.00	2,514.47	4,088.79
Laboratory Fees	0.00	0.00	1,032.37
Total Lab, Chemicals-Water	0.00	2,514.47	5,121.16
Locates	0.00	0.00	1,412.37
Maint. & Repairs-Infrastructure	0.00	0.00	21,231.09
Maint. & Repairs-Office	4,513.05	0.00	13,373.92
Maintenance & Repairs-Other	1,128.64	1,301.98	2,708.30
Materials & Supplies	9,347.62	3,015.04	41,865.87
Office Supplies	328.41	429.67	5,575.82
Printing and Copying	2,147.99	778.00	7,237.03
Tool, Furniture	0.00	0.00	280.74
Uniforms-Employee	480.20	536.98	5,564.89
Total Supplies	35,395.15	22,557.81	201,909.08
Taxes, Liability, Insurance			
Cobra Fee	15.30	15.30	107.10
Government Penalties & Interest	0.00	1,087.51	136.15
Insurance-General Liability	0.00	13,179.00	43,641.00
Water Conservation Fee	1,048.84	1,034.62	9,771.93
Taxes, Liability, Insurance - Other	0.00	0.00	170.97
Total Taxes, Liability, Insurance	1,064.14	15,316.43	53,827.15
Utilities			
Cell Phone	1,049.94	1,291.76	8,150.84
Electricity-Lighting	194.19	469.18	3,616.02
Electricity-Offices	731.57	927.89	9,737.95
Electricity-Wells	10,617.72	18,239.67	118,775.21
Garbage Service	116.00	204.00	1,312.10
Natural Gas	264.88	435.40	1,082.92
Security/Alarm	0.00	0.00	157.77
Telephone	999.04	1,055.35	6,920.97
Wastewater	88.20	44.10	573.30
Total Utilities	14,061.54	22,667.35	150,327.08
Total Expense	224,243.38	317,925.99	1,666,487.69
Net Ordinary Income	-47,211.63	-160,092.21	-185,185.07
Other Income/Expense			
Other Expense			
Ask My Accountant	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00
Net Income	-47,211.63	-160,092.21	-185,185.07



www.LRGauthority.org

LOWER RIO GRANDE

Public Water Works Authority

325 Holguin Road Box

Vado, New Mexico 88072

(575) 233-5742

BOARD MEETING & AGENDA POLICY

1. Introduction

This Board Meeting and Agenda Policy and the procedures contained in it are intended to provide a structure for Board of Directors meetings in order to facilitate the effective and orderly transaction of the business of the Lower Rio Grande Public Water Works Authority.

2. Board Establishment & Purpose

The Lower Rio Grande Public Water Works Authority (LRGPWWA) Board of Directors is established as the governing body of the LRGPWWA by NMSA 1978 73-26-1 L., and its duties are set forth in the Lower Rio Grande Public Water Works Authority Governance Document Section 2.02. The Board of Directors is the policy-making body of the LRGPWWA and the Board meeting is the forum in which the LRGPWWA's business is officially transacted. The Board of Directors is empowered to act only as a governing body, and individual Directors have no independent authority. The primary purposes of the Board meeting are to create policy; to select and oversee the General Manager, who is responsible for the execution of policy and for all administrative and operational details; and to act in compliance with applicable New Mexico statutes including but not limited to the Governmental Conduct Act (10-16-1 NMSA 1978), the Inspection of Public Records Act (14-2-4 NMSA 1978), the Open Meetings Act (10-15-1.1 NMSA 1978) and the Procurement Code (10-16-1 NMSA 1978).

3. Board Meeting Schedule

The LRGPWWA Board of Directors adopts an annual schedule of meetings including dates, times and locations as part of its annual Open Meetings Act Resolution. The Resolution and schedule may be amended by the Board as needed, and Special or Emergency Board of Directors meetings may be called and convened as specified in the Open Meetings Act and the current LRGPWWA Open Meetings Act Resolution.

4. Parliamentary Authority

The rules contained in the current edition of *Robert's Rules of Order Newly Revised* shall govern the LRGPWWA Board of Directors in all cases to which they are applicable and in which they are not inconsistent with applicable state or federal statutes or regulations, the LRGPWWA Governance Document and any special rules of order the LRGPWWA Board of Directors may adopt.

5. Board Meeting Agenda

Agendas are prepared by staff and posted in LRGPWWA offices, public places and on the LRGPWWA website in accordance with the provision of the Open Meetings Act. The format of the agenda is:

- I. Call to order by the Chair & roll call to establish quorum
- II. Pledge of Allegiance
- III. Approval of Agenda
- IV. Approval of Minutes
- V. Guest Presentations
- VI. Public Input – 15 minutes allotted for this item, 3 minute time limit per person
- VII. Management Reports
- VIII. Unfinished Business
- IX. New Business
- X. Other discussion and items for the next meeting agenda
- XI. Adjourn

Staff also prepares a Board Packet prior to each meeting containing documents and information related to the items on the agenda. The Board Packet is posted at the board's web page for Directors to view and/or download prior to the meeting, and paper copies are provided to each Director at the beginning of each meeting. Board Packets include draft minutes from the previous meeting(s), and while these can be amended or corrected with the board action to approve them, Directors are encouraged to submit corrections or amendments to the General Manager or the General Manager's staff designee so that the draft minutes can be corrected prior to the meeting.

Closed Sessions may be included in the agenda as permitted by the Open Meetings Act and are usually scheduled at the end of the agenda for the convenience of the public and staff attending the meeting unless there is reason to schedule it earlier in the meeting.

The Consent Agenda is a concept used by many legislative bodies to make many minor, non-controversial decisions in one action. This may include approval of the minutes, committee reports, management reports, or other routine resolutions or approvals. If a Consent Agenda is included in the LRGPWWA Board Agenda, it will be placed following the approval of the meeting Agenda or may replace the Approval of Minutes agenda item if minutes are included in the consent agenda. Any member of the Board of Directors may request that an item on the Consent Calendar be removed for the purpose of discussion and voting on that item, and such a request does not require a Board vote.

6. Submitting Agenda Items

Directors wishing to place items on the Agenda of the Board of Directors should submit a request to the General Manager or the General Manager's staff designee ten (10) days prior to the meeting in order to provide sufficient time to incorporate the request in the Agenda Package which is prepared and distributed to Board Members in advance of the meeting. Urgent items which are submitted by a Director subsequent to the cutoff time may be added to the Agenda only if the final agenda posting requirements of the Open Meetings Act can be met. Non-urgent items will be placed the agenda for the subsequent meeting.

Members and customers of the LRGPWWA and the public may request that any of the LRGPWWA Directors place an item on the Agenda or may state their request during the Public Input section at a board meeting. Directors may, at their discretion, elect to place such items on a future agenda.

7. Decorum

Board of Directors Meetings shall be conducted in an expeditious manner consistent with respect and consideration for all persons and their views. In order to speak or make a motion, a person must be recognized by the Chairperson, and all comments should be addressed to the Chairperson. Comments should be limited to the matter under discussion, and personal insults or inflammatory language will not be tolerated. Anyone creating a disturbance or disrupting the meeting may be asked to leave.

8. Board Consideration of Agenda Items

Agenda items will be considered in the order presented in the Agenda or as modified in the action approving the agenda. For items requiring Board action, a motion should be made and seconded prior to the floor being open for discussion. Motions should be stated fully and completely to ensure that the board action recorded in the minutes accurately reflects the intention of the Board. Reports may be accepted by the Chairperson with or without further discussion. In all cases, discussion should be limited to the item under consideration.

9. Member, Customer & Public Comments

In addition to the Public Input agenda item where members and customers of the LRGPWWA and members of the public may address the board on any topic with a time limit of three minutes during the 15 minutes allot for this item, such persons may be recognized by the Chairperson of the meeting to speak on any topic under consideration with a limit of three minutes per person. However members and customers of the LRGPWWA and the public are not allowed to address the Board of Directors until they are recognized by the Chairperson, must limit their comments to the item under consideration, and must yield the floor to the Chairperson when directed to do so by the Chairperson. The Chairperson should recognize any Directors who wish to speak before opening the floor to comment from the members, customers or public. The Chairperson may choose to allow a brief extension of the time-limit for Public Input or public comments on other agenda items for persons to complete their statement, or the Board may choose to act to grant a time extension to any individual or all persons seeking further comment.

10. Board Meeting Minutes

Draft minutes of each Board of Directors meeting are prepared by staff for approval by the Board at its next regular meeting. Minutes are a record of items considered by the Board and actions by the Board and a summary of the discussion, and they must comply with the provisions of the Open Meetings Act with regard to content and availability to the public. Additions or corrections to the draft minutes may be sent to the General Manager or General Manager's staff designee by email prior to the next meeting or may be included in the motion to approve the minutes. The approved minutes, not any notes or recording used to prepare them, are the official record of the board meeting. Individual Directors shall not amend, correct (except for spelling & typos) draft minutes or sign approved minutes for meetings which they were not in attendance. Any Director may make a motion to approve, second the motion to approve and vote on motions to approve minutes. Approved minutes shall be signed by the Directors present at that meeting.

This BOARD MEETING & AGENDA POLICY is passed, approved and adopted by the Board of Directors at its regular meeting on January 21, 2015.

Seal:

Roberto Nieto, Board Chairman

Attest:

Santos Ruiz, Secretary

DRAFT

**Lower Rio Grande Public
Water Works Authority**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2014
and Independent Auditors' Report**

STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

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STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

DIRECTORY OF OFFICIALS
JUNE 30, 2014

Board of Directors

Robert M. Nieto	President
John Holguin	Vice President
Santos Ruiz	Secretary
Carlos Tellez	Director
Mike McMullen	Director
Furman Smith	Director
Art Terrazas	Director

Officials

Martin Lopez	General Manager
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INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor
and the Board of Directors of the
Lower Rio Grande Public Water Works Authority
Vado, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Lower Rio Grande Public Water Works Authority (the Authority), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We have also audited the budgetary comparison for the major enterprise fund presented as supplemental information, as defined by the Government Accounting Standards Board, in the accompanying financial statements as of and for the year ended June 30, 2014 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lower Rio Grande Public Water Works Authority, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and information required by Section 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014 on our consideration of Lower Rio Grande Public Water Works Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lower Rio Grande Public Water Works Authority's internal control over financial reporting and compliance.

White + Samaniego + Campbell, LLP

El Paso, Texas

November 25, 2014

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS:

Current assets:

Cash and cash equivalents	\$ 125,195
Accounts receivables, net	85,573
Other assets	<u>15,864</u>

Total current assets 226,632

Noncurrent assets:

Restricted cash	298,112
Capital assets	<u>44,825,154</u>

Total assets \$ 45,349,898

LIABILITIES:

Current liabilities:

Accounts payable	\$ 9,174
Accrued liabilities and other expenses	84,423
Current portion of long-term debt	122,324
Current portion of accrued compensation absences	<u>46,302</u>

Total current liabilities 262,223

Non-current liabilities:

Non-current portion of long-term debt	5,656,131
Customer deposits	<u>55,876</u>

Total noncurrent liabilities 5,712,007

Total liabilities 5,974,230

NET POSITION:

Net investment in capital assets	39,046,699
Unrestricted	(25,019)
Restricted	<u>353,988</u>

Total net position 39,375,668

Total liabilities and net position \$ 45,349,898

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Operating revenues	
Service fees	\$ 2,342,883
Activation, connection and installation fees	53,633
Late fees	37,262
Membership fees	6,770
Other income	<u>30,386</u>
Total operating revenues	2,470,934
Operating expenses	
Bad debt expense	50,827
Bank charges	8,067
Employee benefits	59,404
Materials, supplies, tools and chemicals	223,552
Depreciation	709,171
Salaries and wages	828,927
Office expense	131,671
Miscellaneous	23,469
Taxes and license - other	10,525
Insurance	225,163
Maintenance and repairs	53,241
Payroll expense	61,670
Professional fees	28,913
Travel and entertainment	525
Utilities	<u>285,144</u>
Total operating expenses	2,700,269
Operating loss	<u>(229,335)</u>
Nonoperating revenues (expenses)	
Grant revenue	1,729,443
Interest income	7,833
Rental income	25,655
Other income	40,728
Interest expense	<u>(81,583)</u>
Total nonoperating revenues (expenses)	1,722,076
Change in net position	1,492,741
Net position, beginning of year	<u>37,882,927</u>
Net position, end of year	<u>\$ 39,375,668</u>

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 3,796,592
Cash payments to suppliers and employees	<u>(2,764,566)</u>
Net cash used in operating activities	1,032,026
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Rental income	25,655
Other income	<u>40,728</u>
Net cash provided by non-operating activities	66,383
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from long-term debt	2,304,000
Principal payments	(204,262)
Grants	1,729,443
Acquisition of property and equipment	(4,786,564)
Interest payments	<u>(81,583)</u>
Net cash used in financing activities	(1,038,966)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	7,833
Net cash provided by investing activities	<u>\$ 7,833</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>67,276</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>346,581</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 413,857</u>
RECONCILIATION TO CASH AND CASH EQUIVALENT AS REPORTED ON THE STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 125,195
Restricted cash	<u>298,112</u>
	<u>\$ 423,307</u>

(Continued)

See accompanying notes to financial statements and independent auditors' report.

STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES:

Operating loss	\$ (229,335)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Depreciation	709,171
Change in:	
Grants receivable	321,275
Accounts receivable	314,552
Other assets	(7,425)
Accounts payable	(127,604)
Accrued payable and other liabilities	48,085
Customer deposits	<u>3,307</u>
Total adjustments	<u>1,261,361</u>
Net cash provided by operating activities	<u>\$ 1,032,026</u>

(Concluded)

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lower Rio Grande Public Water Works Authority (the Authority) was organized in 2009 and commenced operations in November of 2010. The Authority supplies water to occupants and residents within the vicinity of the communities of Mesquite and Vado, County of Dona Ana, New Mexico. Sales revenues are generated primarily from water supply sales to domestic and commercial users within these areas.

The Authority has a Board of Directors that consists of seven (7) members who are responsible for legislative and fiscal control of the Authority. The Board is also responsible for administrative control of the Authority.

In September 2008, the Board of Directors of Mesquite Mutual Domestic Water Consumer and Mutual Sewage Works Association, according to the Sanitary Project Act, Section 3-29-20-1, NMSA 1978, approved a plan of merger with (1) Berino Mutual Domestic Water Consumer and Mutual Sewage Works Association, (2) Desert Sands Mutual Domestic Water Consumer Association, (3) La Mesa Mutual Domestic Water Consumers Association, (4) Vado Mutual Domestic Water Consumers Association and (5) Lower Rio Grande Mutual Domestic Water Association all serving unincorporated communities within Dona Ana County, New Mexico. The merger is still ongoing since Mutual Domestic Water Consumer Association and Mesquite Mutual Domestic Water Consumer and Mutual Sewage Works Association are receiving funds to complete projects that will be transferred to the Authority when the projects are complete.

In September 2012, October 2012 and February 2013, the Board of Directors of Mesquite Mutual Domestic Water Consumer and Mutual Sewage Works Association, according to the Sanitary Project Act, Section 3-29-20-1, NMSA 1978, approved a plan of merger with (1) Organ Water and Sewer Association, (2) Butterfield Park Mutual Domestic Water Consumers' Association and (3) Brazito Mutual Domestic Water Consumers Association, respectively.

Reporting Entity

The financial statements of the Authority have been prepared in accordance with general accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Authority is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The Authority has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Authority members are financially accountable. There are no other primary governments with which the Authority Board Members are financially accountable. There are no other primary governments with which the Authority has a significant relationship.

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Authority are classified as a proprietary fund type. The fund classification and a description of the fund type follows below:

Measurement Focus and Basis of Accounting

The proprietary fund financial statements are reported using the economic resources measurement focus.

The proprietary fund is accounted for using the accrual basis of accounting. The revenues are recognized when they are earned and the expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. The Authority also recognizes as connection, membership and delinquency fees as revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Analysis of Impairment

Management review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based upon comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based upon the fair value of the impaired assets. No such impairment losses were recorded during the year ended June 30, 2014.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consist of the following:

Customer deposits	\$ 55,876
Construction account	<u>242,236</u>
Total restricted cash	<u>\$ 298,112</u>

Restricted cash consist of non-mandatory reserves set aside within the operating account for outstanding customer deposits. These reserves are not required but are separated by management and a separate Construction Account that has been established as required by the Government into which the proceeds of the loan and grant proceeds from the USDA-RUS are deposited. Withdrawals from

the Construction Account were and shall be made only on checks signed by the manager of the Authority as authorized by the Board from time to time, and with prior concurrence of the Government. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed. The end of year balance is \$242,236.

Budget and Budgetary Accounting

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before July 1 of each year, the Board of Directors, approves and certifies to the estimated operating budgets for use by the local board pending final approval from the United State Department of Agriculture and the New Mexico Department of Finance and Administration - Local Government Division.
2. The United State Department of Agriculture and New Mexico Department of Finance and Administration - Local Government Division approve the budget for the Authority to utilize during the year.
3. Budget adjustments may be made during the year. The Board of Directors approves budget resolutions to increase or decrease revenue and/or expenditure line items during the year.

The accompanying Statement of Revenues, Expenses, and Changes in Cash Balance - Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2014 are presented.

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles require the use of management's estimates.

Allowance for Doubtful Accounts

Management considers the majority of the accounts receivable as collectible. Any accounts receivable considered uncollectible are not considered material. Accordingly, no allowance for doubtful accounts has been recorded.

Capital Assets

Capital assets are recorded at historical costs. Purchase property and equipment in excess of \$5,000 is capitalized. Costs for the new water system and the building include the costs for construction during

the current year including costs of engineering, architecture, and drilling costs incurred in the prior year. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Office equipment	10 years
Utility lines, pump station and shed	38 years
Wells	15-20 years
Water system	38 years
Vehicles	5 years

Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted net assets. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net position consist of all other net assets not included in the above categories.

New Governmental Accounting Standards

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The Authority has analyzed the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statements.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The Authority has analyzed the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statements.

In January 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 69 Government Combinations and Disposals of government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. The Authority is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In April 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The Authority is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 71 Pension Transition for Contributions made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Authority is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

2. **CASH AND DEPOSITS**

Cash and investments - The Authority is required by New Mexico State Statute (Section 6-10-17) to be 50 percent collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

Citizens Bank	Balance Per		
<u>Name of Account</u>	Bank	Reconciled	Type
	06/30/14	Balance	
Operating account	\$ 126,208	\$ 78,145	Checking
Debt Service	101,371	93,630	Checking
La Mesa Water Project	-	-	Checking
Mesquite Water Sewer	222	222	Checking
Berino/Mesquite Water Project	854,937	4,274	Checking
USDA Loan Reserve	44,303	44,303	Checking
Reserve	191,196	191,196	Checking
Organ Water and Sewer	102	102	Checking
Certificate of Deposit	<u>11,435</u>	<u>11,435</u>	CD
 Total Deposited	 1,329,774	 <u>\$ 423,307</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
 Uninsured amount	 1,079,774		
50% collateral requirement	539,887		
Pledged securities	<u>2,119,019</u>		
 Over (under) requirement	 <u>\$ 1,579,132</u>		

The following securities are pledged by Citizens Bank of Las Cruces:

Description	CUSIP #	Fair Value	Maturity Date
FHLB	3133XHVS8	\$ 568,175	12/9/2016
FHLB	313370SZ2	<u>1,550,844</u>	9/8/2017
 Total		 <u>\$ 2,119,019</u>	

In addition to the above bank balances, the Authority has \$2,359 in petty cash at June 30, 2014.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$1,079,774 of the Authority's bank balance of \$1,329,774, was exposed to custodial credit risk.

3. PROPERTY AND EQUIPMENT

The cost basis of property and equipment are stated as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 354,686	\$ -	\$ -	\$ -	\$ 354,686
Land Improvements	33,633	-	-	-	33,633
Construction in progress	13,910,077	(9,802,324)	2,472,053	-	6,579,806
Water rights	10,927,171	-	-	-	10,927,171
Total capital assets not being depreciated	<u>25,225,567</u>	<u>(9,802,324)</u>	<u>2,472,053</u>	<u>-</u>	<u>17,895,296</u>
Capital Assets, being depreciated					
Buildings	1,773,577	50,235	-	-	1,823,812
Water systems	22,895,539	9,802,324	2,264,276	-	34,962,139
Furniture, fixtures and equipment	980,884	-	-	-	980,884
Transportation equipment	386,359	-	-	-	386,359
Total capital assets , being depreciated	<u>26,036,359</u>	<u>9,852,559</u>	<u>2,264,276</u>	<u>-</u>	<u>38,153,194</u>
Total capital assets	<u>51,261,926</u>	<u>50,235</u>	<u>4,736,329</u>	<u>-</u>	<u>56,048,490</u>
Less accumulated depreciation for:					
Buildings	3,882,169	39,215	-	-	3,921,384
Water systems	5,852,568	609,817	-	-	6,462,385
Furniture, fixtures and equipment	452,417	8,985	-	-	461,402
Transportation equipment	327,011	51,154	-	-	378,165
Total accumulated depreciation	<u>10,514,165</u>	<u>709,171</u>	<u>-</u>	<u>-</u>	<u>11,223,336</u>
Total other capital assets, net	<u>\$ 40,747,761</u>	<u>\$ (658,936)</u>	<u>\$ 4,736,329</u>	<u>\$ -</u>	<u>\$ 44,825,154</u>

Depreciation expense was \$709,171 for the year ended June 30, 2014.

4. COMPENSATED ABSENCES

Full time employees earn both 4 hours sick leave and 4 hours vacation each biweekly pay period. Employees may carry over a maximum of 240 hours in each category from calendar year to calendar year. As of June 30, 2014, employees had balances of 935 sick leave hours with a value of \$6,135 and 2,134 vacation hours with a value of \$40,167. Upon termination, all accumulated vacation and 1 hour for every 3 accumulated hours for sick leave will be paid to the employee.

5. **LONG TERM DEBT**

Changes in long-term debt during the year ended June 30, 2014 were as follows:

	Balance 06/30/13	Increase	Decrease	Balance 06/30/14	Amounts Due Within One Year
NMFA Truck Desert Sands	\$ 13,130	\$ -	\$ 13,130	\$ -	\$ -
NMED RIP 88-12R La Mesa	-	-	-	-	-
NMFA 2601-PP	753,216	-	21,062	732,154	19,584
USDA 92-13 Mesquite Sewer	98,315	-	1,257	97,058	1,319
USDA 92-19 Mesquite Sewer	593,317	-	10,255	583,062	10,519
NMFA WTB-233 Berino/Del Cerro	415,819	-	21,397	394,422	21,450
N/P RCAC 0742 Berino/Del Cerro	57,284	-	57,284	-	-
NMFA Radio Read Meter 2710-DW	150,238	-	1,488	148,750	6,651
NMFA 0252-WTB Surface Water	73,285	-	3,858	69,427	3,858
NMFA 2766-CIF Gravity Collect	167,025	-	8,352	158,673	8,352
NMFA CIF 2791 Brazito	58,150	-	2,908	55,242	2,908
USDA 91-07	72,903	-	1,480	71,423	1,167
USDA 91-09	36,606	-	726	35,880	574
USDA 91-12	4,639	-	4,639	-	-
USDA 91-14	210,489	-	3,858	206,631	3,203
USDA 91-15	169,529	-	2,881	166,648	2,559
USDA 91-02 Butterfield	212,073	-	3,969	208,104	3,990
USDA 91-04 La Mesa	463,797	-	6,765	457,032	6,888
USDA 93-09 Organ	99,857	-	1,314	98,543	1,486
WSC 85-03 R	29,047	-	29,047	-	-
USDA	-	2,304,000	8,594	2,295,406	27,816
Compensated absences	36,851	51,145	41,694	46,302	46,302
	<u>\$ 3,715,570</u>	<u>\$ 2,355,145</u>	<u>\$ 245,958</u>	<u>\$ 5,824,757</u>	<u>\$ 168,626</u>

Scheduled principal and interest payments on the Authority's long term debt are as follows:

Year Ending June 30:	Principal	Interest	Total
2015	\$ 122,324	\$ 157,948	\$ 280,272
2016	124,484	155,778	280,262
2017	126,749	153,503	280,252
2018	129,129	151,113	280,242
2019	131,630	146,802	278,432
2020-2024	667,594	628,433	1,296,027
2025-2029	786,374	622,879	1,409,253
2030-2034	811,616	524,264	1,335,880
2035-2039	769,000	390,883	1,159,883
2040-2044	739,744	259,889	999,633
2045-2049	715,939	155,930	871,869
2050-2054	653,872	49,919	703,791
Totals	<u>\$ 5,778,455</u>	<u>\$ 3,397,341</u>	<u>\$ 9,175,796</u>

Below are the terms, amounts due within one year, and maturity dates of the Authority's outstanding long term debt:

	<u>Interest Rate</u>	<u>Payment Frequency</u>	<u>Payment Amount</u>	<u>Maturity Date</u>
NMFA 2601-PP	3.44%	Monthly	4,386	April 2041
USDA 92-13 Mesquite Sewer	3.375%	Monthly	380	June 2052
USDA 92-19 Mesquite Sewer	2.00%	Monthly	1,837	June 2052
NMFA WTB-233 Berino/Del Cerro	0.25%	Yearly	22,436	June 2032
NMFA Radio Read Meter 2710-DW	0.25%	Monthly	7,027	May 2034
NMFA 0252-WTB Surface Water	0.25%	Monthly	4,041	June 2032
NMFA 2766-CIF Gravity Collect	0.00%	Yearly	8,351	June 2033
NMFA CIF 2791 Brazito	0.00%	Yearly	2,908	June 2033
USDA 91-07	4.125%	Monthly	341	June 2045
USDA 91-09	4.25%	Monthly	174	May 2045
USDA 91-14	3.375%	Monthly	844	February 2049
USDA RD 91-15	2.75%	Monthly	592	February 2052
USDA RD 91-02 Butterfield	5.00%	Monthly	1,204	September 2040
USDA 91-04 La Mesa	2.75%	Monthly	1,617	August 2052
USDA 93-09 Organ	2.75%	Monthly	348	July 2052
USDA 91-02 Berino/Del Cerro/Mesq Water	3.375%	Monthly	8,756	June 2054

6. **RISK MANAGEMENT**

The Authority covers its risk of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters through various insurance policy coverage. The coverage includes workers compensation, general and professional liability, property, and fidelity bonds coverage. The Authority transfers these risks of loss to the insurance carrier except for deductible amounts. Premiums paid on policies for the year June 30, 2014 was \$81,341.

7. **RETIREMENT PLAN**

The Authority provides employees the opportunity to participate in a 401(k) plan. The 401(k) is available to employees after completing their 90 day trial period. The Authority matches employee contributions dollar for dollar up to 4% of wages. In addition, the Authority contributes a profit sharing portion to each employee's 401(k), regardless of whether they participate in the voluntary contribution option. Current policy is to contribute 10% of the employee's wages towards the profit sharing option. For the fiscal year ended June 30, 2014, the Authority contributed \$24,911 in matching funds and accrued \$70,377 towards the profit sharing option.

8. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 25, 2014, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH
 BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Operating Income				
Water revenue	\$ 2,030,452	\$ 1,688,918	\$ 2,342,883	\$ 653,965
Sewer revenue	63,100	94,500	53,633	(40,867)
Other income	300	300	74,418	74,118
Total operating income	<u>2,093,852</u>	<u>1,783,718</u>	<u>2,470,934</u>	<u>687,216</u>
Operating Expenses				
Salaries, labor	814,397	1,090,990	890,597	200,393
Accounting, legal	279,400	87,874	36,980	50,894
Taxes, insurance	540,000	120,284	235,688	(115,404)
Utilities	365,255	257,824	285,144	(27,320)
Supplies	274,000	350,463	184,912	165,551
Lab, chemicals	14,500	27,797	223,552	(195,755)
Debt Service	-	69,386	50,827	18,559
Miscellaneous	-	-	82,873	(82,873)
Fuel	-	-	-	-
Travel and entertainment	-	-	525	(525)
Depreciation	525,000	710,000	709,171	829
Total operating expenses	<u>2,812,552</u>	<u>2,714,618</u>	<u>2,700,269</u>	<u>14,349</u>
Excess (deficiency) of revenues over expenditures	<u>(718,700)</u>	<u>(930,900)</u>	<u>(229,335)</u>	<u>701,565</u>
Nonoperating revenues				
Water	190,000	216,400	-	(216,400)
Sewer	3,700	4,500	-	(4,500)
Agency loans/grants	-	-	1,729,443	1,729,443
Other expenses	-	-	(7,367)	(7,367)
Total nonoperating income	<u>193,700</u>	<u>220,900</u>	<u>1,722,076</u>	<u>1,501,176</u>
Revenue over (under) expenses	<u>\$ (525,000)</u>	<u>\$ (710,000)</u>	<u>\$ 1,492,741</u>	<u>\$ 2,202,741</u>

See accompanying notes to financial statements and independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Hector H. Balderas, State Auditor
and the Board of Directors of the
Lower Rio Grande Public Water Works Authority, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and budgetary comparison presented as supplementary information of the Lower Rio Grande Public Water Works Authority (the Authority) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lower Rio Grande Public Water Works Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

White & Samaniego + Campbell, LLP

El Paso, Texas

November 25, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

Hector H. Balderas
New Mexico State Auditor
and the Council Members
Lower Rio Grande Public Water Works Authority
Vado, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Lower Rio Grande Public Water Works Authority's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Lower Rio Grande Public Water Works Authority's major federal programs for the year ended June 30, 2014. The Lower Rio Grande Public Water Works Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Lower Rio Grande Public Water Works Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lower Rio Grande Public Water Works Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lower Rio Grande Public Water Works Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Lower Rio Grande Public Water Works Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Lower Rio Grande Public Water Works Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lower Rio Grande Public Water Works Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lower Rio Grande Public Water Works Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

White & Samaniego + Campbell, LLP

El Paso, Texas
November 25, 2014

STATE OF NEW MEXICO
 LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 JUNE 30, 2014

Federal Grantor Pass Through Grantor Program Title	CFDA	Award Amount	Expenditures
<i>United States Department of Agriculture Rural Development</i>			
Water and Waste Disposal Systems for Rural Communities - Grant	10.760	\$ 1,569,346	\$ 1,569,346
Water and Waste Disposal Systems for Rural Communities - Loan	10.760	471,000	471,000
Water and Waste Disposal Systems for Rural Communities - Grant	10.760	2,990,382	2,928,873
Water and Waste Disposal Systems for Rural Communities - Loan	10.760	2,304,000	1,003,259
Water and Waste Disposal Systems for Rural Communities - Grant	10.760	<u>6,556,081</u>	<u>6,216,879</u>
Total United States Department of Agriculture Rural Development		13,890,809	12,189,357
<i>Community Development Block Grants/Entitlement Grants</i>			
Water and Waste Disposal Systems for Rural Communities - Grant	14.218	<u>37,500</u>	<u>37,500</u>
Total Expenditures of Federal Awards		<u>\$13,928,309</u>	<u>\$12,226,857</u>

Note 1 - Basis of Presentation

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Lower Rio Grande Public Water Works Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

SECTION I - SUMMARY OF AUDITORS' REPORT

FINANCIAL STATEMENTS

Type of Auditors' Report Issued	Unmodified	
Significant Deficiencies Identified?	_____ Yes	___X___ No
Significant Deficiencies Identified that Are Considered to Be Material Weakness(es)?	_____ Yes	___X___ No
Noncompliance Material to Financial Statements	N/A	

FEDERAL AWARDS

Type of Auditors' Report Issued on compliance for Major Programs	Unmodified	
Internal Control Over Major Programs:		
Significant Deficiencies Identified?	_____ Yes	___X___ No
Significant Deficiency(ies) Identified that Are Considered to Be Material Weakness(es)?	_____ Yes	___X___ No
Any Audit Findings Disclosed that are Required to be Reported in accordance with Section 501(a) of Circular A-133?	_____ Yes	___X___ No

Identification of Major Programs:

CFDA	10.760	Water and Waste Disposal Systems for Rural Communities
Dollar Threshold Used to Distinguish Between Type A and Type B Programs	\$300,000	
Auditee Qualifies as Low-Risk Auditee	___X___ Yes	_____ No

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

STATUS OF PRIOR YEAR FINDINGS

None

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2014**

An exit conference was conducted November 7, 2014 in a closed meeting of the Authority pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Lower Rio Grande Public Water Works Authority

Johnny Trujillo	Vice-Chair
Martin Lopez	General Manager
Kathi Jackson	Finance Manager

White + Samaniego + Campbell, LLP

Roxie Samaniego	Partner
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FINANCIAL STATEMENT PREPARATION

The combined financial statements of the Authority as of, and for the year ended, June 30, 2014 were prepared by White + Samaniego + Campbell, LLP, with the aid of responsible Authority personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
DONA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2015-17**

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO A WATER PROJECT FUND LOAN/GRANT AGREEMENT (“FIRST AMENDMENT”) BY AND BETWEEN THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY AS BORROWER/GRANTEE AND THE NEW MEXICO WATER TRUST BOARD AND THE NEW MEXICO FINANCE AUTHORITY AS LENDERS/GRANTORS; AMENDING THE WATER PROJECT FUND LOAN/GRANT AGREEMENT TO EXTEND THE FUNDING PERIOD FOR AN ADDITIONAL NINE MONTHS TO SEPTEMBER 20, 2015; APPROVING THE FORM AND TERMS OF AND OTHER DETAILS CONCERNING THE FIRST AMENDMENT; AMENDING RESOLUTION NO. 2012-8 TO CONFORM TO THE PROVISIONS OF THIS RESOLUTION; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE FIRST AMENDMENT.

WHEREAS, the Borrower/Grantee is a legally and regularly created, established, organized and existing public water works utility authority under the general laws of the State of New Mexico (the “State”) and more specifically, NMSA 1978, § 73-26-1, as amended; and

WHEREAS, the Governing Body adopted Resolution No. 2012-8 on December 7, 2011 (the “Original Resolution”) authorizing the Borrower/Grantee to execute a Loan/Grant Agreement to accept a grant in the amount of three million nine hundred thirty-four thousand four hundred sixty-seven dollars (\$3,934,467) and enter into a loan in the amount of four hundred thirty-seven thousand one hundred sixty-three dollars (\$437,163) from the New Mexico Water Trust Board (“WTB”) and the New Mexico Finance Authority (the “Finance Authority”) (collectively, the “Lenders/Grantors”) and for the Project defined in the Original Resolution; and

WHEREAS, the Borrower/Grantee and the Lenders/Grantors entered into the Loan/Grant Agreement on January 20, 2012 pursuant to NMSA 1978, §§ 73-26-1, as amended, NMSA 1978, §§ 72-4A-1 through 72-4A-10, as amended, and NMSA 1978, §§ 6-21-1 through 6-21-31, as amended, payable from the Pledged Revenues described in the Original Resolution (the “Loan/Grant Agreement”); and

WHEREAS, under the terms of the Loan/Grant Agreement, the Loan/Grant Amount was to be expended no later than January 20, 2015, that date being the date that was three (3) years after the Closing Date of the Loan/Grant Agreement; and

WHEREAS, due to circumstances beyond the control of the Borrower/Grantee the Project could not be completed and Loan/Grant Amount provided by the Loan/Grant Agreement 223-WTB could not be expended within three (3) years of the Closing Date; and

WHEREAS, the Borrower/Grantee now anticipates that the Project can be completed and the Loan/Grant Amount can be expended by September 20, 2015; and

WHEREAS, on December 3, 2014, and on December 18, 2014, the WTB and the Finance Authority, respectively, approved and consented to the request of the Borrower/Grantee to a first amendment to the Loan/ Grant Agreement to extend the funding period by an additional nine months to September 20, 2015; and

WHEREAS, the Governing Body has determined and hereby determines that the First Amendment is in the best interest of the Borrower/Grantee and the constituent public it represents and that the Loan/Grant Agreement be amended and that the financing of the acquisition and completion of the Project take place by executing and delivering the First Amendment; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the Secretary this Resolution and the form of First Amendment; and

WHEREAS, the Governing Body hereby determines that the Project is to be used for governmental purposes of the Borrower/Grantee; and

WHEREAS, the Governing Body intends by this Resolution to authorize the execution and delivery of the First Amendment for the purposes set forth herein; and

WHEREAS, all required authorizations, consents and approvals in connection with: (i) the use of the proceeds of the First Amendment and the Loan/Grant Agreement to finance the Project; and (ii) the authorization, execution and delivery of the First Amendment which are required to have been obtained by the date of this Resolution, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, NEW MEXICO:

Section 1. Definitions. Capitalized terms used in this Resolution shall, for all purposes, have the same meanings specified or defined in the Original Resolution, unless the context clearly requires otherwise or otherwise defined herein.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Governing Body and officers of the Borrower/Grantee directed toward the execution and delivery of the First Amendment to the Loan/Grant Agreement be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of the First Amendment. The Borrower/Grantee through its Governing Body authorizes and instructs its Authorized Officers to execute the First Amendment and all other agreements, certifications, and documents as are necessary to complete the First Amendment to the Loan/Grant Agreement, in accordance with the terms of this Resolution.

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

A. The Project is needed to meet the needs of the Borrower/Grantee and its residents.

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

C. The Pledged Revenues may lawfully be pledged pursuant to the Act to secure the payment of amounts due under the Original Resolution, and this Resolution and the First Amendment does not change the terms of the payment of the amounts due under the Original Resolution.

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

E. The Project and the execution and delivery of the First Amendment pursuant to the Act to provide funds for the financing of the Project are necessary and in the interest of the public health, safety, morals and welfare of the public served by the Borrower/Grantee.

F. The Borrower/Grantee will acquire and complete the Project, in whole or in part, with the net proceeds of the Loan/Grant on or before September 20, 2015, which extends the funding period of the Loan/Grant by three (3) months, as provided in the First Amendment.

Section 5. First Amendment - Authorization and Detail.

A. Authorization. This Resolution has been adopted by the affirmative vote of at least a majority of all of the members of Governing Body. For the purpose of protecting the public health, conserving the property, protecting the general welfare and prosperity of the constituent public served by the Borrower/Grantee and acquiring the Project, it is hereby declared necessary that the Borrower/Grantee, pursuant to the Act, execute and deliver the First Amendment. The Borrower/Grantee shall use the proceeds of the Loan/Grant Agreement to finance the Project and to pay the costs of issuance of the First Amendment. The Project will be owned by the Borrower/Grantee.

B. The First Amendment shall be in substantially the form presented at the meeting of the Governing Body at which this Resolution was adopted.

C. Except as expressly amended by the First Amendment, the Loan/Grant Agreement shall remain effective in their entirety.

D. Except as expressly amended by this Resolution, the Original Resolution shall remain effective in its entirety.

Section 6. Approval of First Amendment. The form of the First Amendment as presented at the meeting of the Governing Body at which this Resolution was adopted is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the First Amendment with such changes, insertions and omissions as may be approved by such individual Authorized Officers, and the Secretary is hereby authorized to affix the seal of the Borrower/Grantee on the First Amendment and attest the same. The execution of the First Amendment by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the First Amendment and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Resolution and the First Amendment for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the First Amendment, including but not limited to, the publication of the summary of this Resolution set out in Section 13 below (with such changes, additions and deletions as they may determine).

Section 8. Amendment of Resolution. Prior to the date of the initial delivery of the First Amendment to the Lenders/Grantors, the provisions of this Resolution may be supplemented or amended by resolution of the Governing Body with respect to any changes that are not inconsistent with the substantive provisions of this Resolution. This Resolution may be amended without receipt by the Borrower/Grantee of any additional consideration, but only with the prior written consent of the Lenders/Grantors.

Section 9. Resolution Irrepealable. After the First Amendment has been executed and delivered, this Resolution shall be and remain irrepealable until all obligations due under the First Amendment and the Loan/Grant Agreement shall be fully paid, canceled and discharged, as provided in the Original Resolution.

Section 10. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 11. Repealer Clause. All other 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 12. Effective Date. Upon due adoption of this Resolution, it shall be recorded in the book of the Borrower/Grantee kept for that purpose, authenticated by the signatures of the Chairman and Secretary of the Borrower/Grantee, notice of its adoption shall be published and this Resolution shall be in full force and effect thereafter, in accordance with law; provided, however, that if recording is not required for the effectiveness of this Resolution, this Resolution shall be effective upon adoption of this Resolution by the Governing Body.

Section 13. General Summary for Publication. Pursuant to the rules of practice and procedure of the Borrower/Grantee and the general laws of the State, the title and a general summary of the subject matter contained in this Resolution shall be published in substantially the following form:

(Form of Summary of Resolution for Publication)

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
DONA ANA COUNTY, NEW MEXICO

Notice of Adoption of Resolution

Notice is hereby given of the title and of a general summary of the subject matter contained in Resolution No. FY2015-17 duly adopted and approved by the Board of Directors of the Lower Rio Grande Public Water Works Authority on February 18, 2015. A complete copy of the Resolution is available for public inspection during normal and regular business hours in the office of the Secretary, at 325 Holguin Road, Vado, New Mexico 88072.

The title of the Resolution is:

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DONA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2015-17

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO A WATER PROJECT FUND LOAN/GRANT AGREEMENT ("FIRST AMENDMENT") BY AND BETWEEN THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY AS BORROWER/GRANTEE AND THE NEW MEXICO WATER TRUST BOARD AND THE NEW MEXICO FINANCE AUTHORITY AS LENDERS/GRANTORS; AMENDING THE WATER PROJECT FUND LOAN/GRANT AGREEMENT TO EXTEND THE FUNDING PERIOD FOR AN ADDITIONAL NINE MONTHS TO SEPTEMBER 20, 2015; APPROVING THE FORM AND TERMS OF AND OTHER DETAILS CONCERNING THE FIRST AMENDMENT; AMENDING RESOLUTION NO. 2012-8 TO CONFORM TO THE PROVISIONS OF THIS RESOLUTION; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN

CONNECTION WITH THE EXECUTION AND DELIVERY OF THE FIRST AMENDMENT.

A general summary of the subject matter of the Resolution is contained in its title.
This Notice constitutes compliance with NMSA 1978, § 6-14-6, as amended.

[End of Form of Notice of Adoption for Publication]

[Remainder of page left intentionally blank.]

PASSED, APPROVED AND ADOPTED THIS 18TH DAY OF FEBRUARY, 2015.

LOWER RIO GRANDE PUBLIC
WATER WORKS AUTHORITY,
DONA ANA COUNTY, NEW MEXICO

By _____
Roberto Nieto, Chairman

ATTEST:

Santos Ruiz, Secretary

Governing Body Member _____ then moved adoption of the foregoing Resolution, duly seconded by Governing Body Member _____.

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

Those Voting Aye: Roberto "Marty" Nieto, Chair
 John Holguin, Vice Chair
 Santos Ruiz, Secretary
 Art Terrazas
 Cali Tellez
 Michael McMullen
 Furman Smith

Those Voting Nay:

Those Absent:

_____ () Members of the Governing Body having voted in favor of the motion, the Chairman declared the motion carried and the Resolution adopted, whereupon the Chairman and Secretary signed the Resolution upon the records of the minutes of the Governing Body.

After consideration of matters not relating to the Resolution, the meeting upon motion duly made, seconded and carried, was adjourned.

LOWER RIO GRANDE PUBLIC
WATER WORKS AUTHORITY,
DONA ANA COUNTY, NEW MEXICO

By _____
Roberto Nieto, Chairman

ATTEST:

By _____
Santos Ruiz, Secretary

[Remainder of page intentionally left blank.]

STATE OF NEW MEXICO)
) ss.
COUNTY OF DONA ANA)

I, Santos Ruiz, the duly qualified and acting Secretary of the Albuquerque Lower Rio Grande Public Water Works Authority (the "Borrower/Grantee"), do hereby certify:

1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the Board of Directors of the Borrower/Grantee (the "Governing Body"), had and taken at a duly called regular meeting held at 1150 Berino Road, Berino, New Mexico, on February 18, 2015 at the hour of 9:00 a.m., insofar as the same relate to the adoption of Resolution No. FY2015-17 and the execution and delivery of the proposed First Amendment, a copy of which is set forth in the official records of the proceedings of the Governing Body kept in my office. None of the action taken has been rescinded, repealed, or modified.

2. The 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 the meeting was given in compliance with the permitted methods of giving notice of meetings of the Governing Body as required by the State Open Meetings Act, NMSA 1978, § 10-15-1 through 10-15-4, as amended, including the Borrower/Grantee's Open Meetings Act Resolution No. 2014-16, adopted and approved on May 21, 2014 in effect on the date of the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of February, 2015.

LOWER RIO GRANDE PUBLIC WATER WORKS
AUTHORITY, DONA ANA COUNTY, NEW MEXICO

By _____
Santos Ruiz, Secretary

EXHIBIT "A"

Notice of Meeting and Meeting Agenda

FIRST AMENDMENT

to

\$4,371,630

**WATER PROJECT FUND
LOAN/GRANT AGREEMENT**

Dated

January 20, 2012

By and between the

**NEW MEXICO WATER TRUST BOARD
and the
NEW MEXICO FINANCE AUTHORITY,
as Lenders/Grantors,**

and the

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
Dona Ana County, New Mexico,
as Borrower/Grantee.**

Finance Authority Loan/Grant No. 223-WTB

**Effective Date of Amendment:
February 20, 2015**

FIRST AMENDMENT TO LOAN/GRANT AGREEMENT

THIS FIRST AMENDMENT TO LOAN/GRANT AGREEMENT (the “First Amendment”) dated February 20, 2015, is made and entered into by and between the **NEW MEXICO WATER TRUST BOARD** (the “Water Trust Board”) and **THE NEW MEXICO FINANCE AUTHORITY** (the “Finance Authority”) (collectively, the “Lenders/Grantors”), and the **LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY** in Dona Ana County, New Mexico, (the “Borrower/Grantee”).

WITNESSETH:

WHEREAS, the Water Trust Board is a public body duly organized and created under and pursuant to the laws of the State of New Mexico (the “State”), particularly NMSA 1978, §§ 72-4A-1 through 72-4A-10, as amended; and

WHEREAS, the Finance Authority is a public body politic and corporate, separate and apart from the State of New Mexico constituting a governmental instrumentality, duly organized and created under and pursuant to the laws of the State, particularly NMSA 1978, §§ 6-21-1 through 6-21-31, as amended; and

WHEREAS, the Borrower/Grantee, is a legally and regularly created, established, organized and existing public water works authority under the general laws of the State and more specifically, NMSA 1978, § 73-26-1, as amended, and is a qualifying entity under the Act and is qualified for financial assistance as defined by the Board Rules; and

WHEREAS, on January 20, 2012, the Lenders/Grantors and the Borrower/Grantee entered into a Loan/Grant Agreement (the “Loan/Grant Agreement”) under which the Lenders/Grantors granted to the Borrower/Grantee and the Borrower/Grantee accepted from the Lenders/Grantors a grant in the amount of three million nine hundred thirty-four thousand four hundred sixty-seven dollars (\$3,934,467), and the Lenders/Grantors loaned to the Borrower/Grantee and the Borrower/Grantee borrowed from the Lenders/Grantors a loan in the amount of four hundred thirty-seven thousand one hundred sixty-three dollars (\$437,163), (collectively, the “Loan/Grant Amount”), subject to the terms and conditions set forth in the Loan/Grant Agreement; and

WHEREAS, under the terms of the Loan/Grant Agreement, the Loan Amount and the Grant Amount were to be expended no later than January 20, 2015, that being the date that was three (3) years after the Closing Date of the Loan/Grant Agreement; and

WHEREAS, due to circumstances beyond the control of the Borrower/Grantee the Project could not be completed and the Loan/Grant Amount could not be expended within three (3) years of the Closing Date of the Loan/Grant Agreement; and

WHEREAS, the Borrower/Grantee now anticipates that the Project can be completed and the Loan/Grant Amount can be expended by September 20, 2015; and

WHEREAS, the Borrower/Grantee has requested that the Lenders/Grantors authorize the time for completion of the Project and expenditure of the Loan/Grant Amount be extended by nine months to September 20, 2015; and

WHEREAS, the Borrower/Grantee has determined that the effective date of this First Amendment shall be February 20, 2015; and

WHEREAS, the Borrower/Grantee by all necessary and appropriate action of its officers and Governing Body has authorized the First Amendment as provided herein and on February 18, 2015 has adopted Resolution No. FY2015-17 approving the First Amendment; and

WHEREAS, at its duly called regular meeting on December 3, 2014, the WTB authorized the amendment of the Loan/Grant Agreement, as provided herein and at its duly called regular meeting on December 18, 2014, the Finance Authority consented to the amendment of the Loan/Grant Agreement, as provided herein.

NOW, THEREFORE, for and in consideration of the foregoing premises and their mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Defined Terms. Capitalized terms in this First Amendment shall have the same meaning as those terms have in the Loan/Grant Agreement, unless a different meaning is expressly stated in this First Amendment or is clearly required by the Board Rules and context.

Section 2. Representations, Covenants and Warranties. The Borrower/Grantee represents, covenants and warrants that the representations, covenants and warranties contained in Section 2.1 of the Loan/Grant Agreement, and each of them, remain true and correct as of the date hereof. The Lenders/Grantors represent, covenant and warrant that the representations, covenants and warranties contained in Section 2.2 of the Loan/Grant Agreement, and each of them, remain true and correct as of the date hereof.

Section 3. Amendment of Loan/Grant Agreement. The parties agree that the Loan/Grant Agreement shall be, and upon execution of this First Amendment is, amended as follows:

(a) Section 7.5 of the Loan/Grant Agreement entitled "Completion of Disbursement of Loan/Grant Funds" is amended to read:

Section 7.5 Completion of Disbursement of Loan/Grant Funds. Upon completion of disbursement of Loan/Grant funds, which shall occur no later than September 20, 2015, an Authorized Officer of the Borrower/Grantee shall deliver a certificate to the Finance Authority and the Water Trust Board, substantially in the form of Exhibit "E" attached hereto, stating that, to his or her knowledge, the Project has been completed and Loan/Grant funds have been disbursed in accordance with the terms of this Agreement.

(b) Section 7.6 of the Loan/Grant Agreement entitled "Application of Project Account Subsequent to Disbursement of Loan/Grant Funds" is amended to read:

Section 7.6 Application of Project Account Subsequent to Disbursement of Loan/Grant Funds. Within six (6) months following completion of the disbursement of Loan/Grant funds as signified by delivery of the completion certificate contemplated in Section 7.5 hereof, the Finance Authority shall transfer any amounts remaining on deposit in the Project Account to the severance tax bonding fund in accordance with Section 7-27-10.1(C), NMSA 1978, or to such other fund permitted by law.

Section 4. Effective Date of Amendment. The effective date of this First Amendment is February 20, 2015.

Section 5. Loan/Grant Agreement Remains Effective and Binding. Except as specifically amended herein, the Loan/Grant Agreement and all provisions thereof shall remain fully effective, and the Loan/Grant Agreement as amended by this First Amendment shall be binding upon the parties hereto and their respective successors and assigns, if any.

Section 6. Severability. In the event that any provision of this First Amendment or any provision of the Loan/Grant Agreement as hereby amended should be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or of the Loan/Grant Agreement as amended.

Section 7. Execution in Counterparts. This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8. Applicable Law. This First Amendment shall be governed by and construed in accordance with the laws of the State.

Section 9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this First Amendment.

[Remainder of page intentionally left blank.]

[Signature pages follow]

IN WITNESS WHEREOF, the Water Trust Board, on behalf of itself, has executed this First Amendment, which was approved by the Water Trust Board on December 3, 2014, and the Finance Authority, on behalf of itself, has consented to this First Amendment on December 18, 2014 each in their respective corporate names with their corporate seals affixed hereto and attested by their duly authorized officers; and the Borrower/Grantee has caused this Amendment to be executed and attested by duly authorized officers thereof. All of the above are effective as of the date first above written.

LENDERS/GRANTORS:

NEW MEXICO FINANCE AUTHORITY

By _____
Chief Executive Officer or Designee

ATTEST:

By _____

NEW MEXICO WATER TRUST BOARD

By _____
Chairman or Co-Chairman

Prepared for Execution by Officers of the
New Mexico Finance Authority and the
New Mexico Water Trust Board:

VIRTUE & NAJJAR, PC
As Loan/Grant Counsel

By _____
Richard L.C. Virtue

Approved for Execution by Officers of the
New Mexico Finance Authority and the
New Mexico Water Trust Board:

By _____
Daniel C. Opperman
Finance Authority General Counsel

BORROWER/GRANTEE:

LOWER RIO GRANDE PUBLIC
WATER WORKS AUTHORITY,
DONA ANA COUNTY, NEW MEXICO

By _____
Roberto Nieto, Chairman

ATTEST:

By _____
Santos Ruiz, Secretary

\$4,371,630
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DONA ANA COUNTY, NEW MEXICO
WATER PROJECT FUND LOAN/GRANT
No. 223-WTB

STATE OF NEW MEXICO)
) ss.
COUNTY OF DONA ANA)

GENERAL AND
NO LITIGATION
CERTIFICATE

IT IS HEREBY CERTIFIED by the undersigned, the duly chosen, qualified and acting Chairman and Secretary for the Lower Rio Grande Public Water Works Authority (the “Borrower/Grantee”) in the State of New Mexico (the “State”):

Capitalized terms used in this Certificate have the same meaning as defined in Resolution No. FY2015-17 adopted February 18, 2015 (the “Resolution”) unless otherwise defined in this Certificate or the context requires otherwise.

1. The Borrower/Grantee is a duly organized and existing public water works authority under the laws of the State.
2. From at least December 18, 2014 to and including the date of this Certificate, the following were and now are the duly chosen, qualified and acting officers of the Borrower/Grantee:

Chairman: Roberto Nieto

Vice-Chairman: John Holguin

Directors: Michael McMullen
 Furman Smith
 Carlos Tellez

Secretary: Santos Ruiz

Finance Manager: Kathi Jackson

General Manager: Martin Lopez

3. Based on data collected during the 2010 Census, the population of Dona Ana County is less than seventy-five percent (75%) English speaking and less than seventy-five percent (75%) Spanish Speaking.

4. The *Las Cruces Sun News*, a newspaper qualified to publish legal notices that is of general circulation in Dona Ana County, including the area served by the Lower Rio Grande Public Water Works Authority, is published in English. There is no Spanish-language

newspaper of general circulation in Dona Ana County that has offices in Dona Ana County of the State.

5. There is no reason within our knowledge why the Borrower/Grantee may not enter into the First Amendment to the Loan/Grant Agreement (the "First Amendment") with the New Mexico Finance Authority (the "Finance Authority") and the New Mexico Water Trust Board (the "Water Trust Board"), as authorized by the Resolution.

6. The Borrower/Grantee has duly authorized the execution, delivery and performance of its obligations under the First Amendment. The First Amendment has been duly authorized, executed and delivered by the Borrower/Grantee.

7. The Resolution has been duly signed and adopted in accordance with all applicable laws and has not been repealed, rescinded, revoked, modified, amended or supplemented in any manner except as set forth in the Resolution. The Resolution constitutes valid and sufficient legal authority for the Borrower/Grantee to carry out and enforce the provisions of the First Amendment. No referendum petition has been filed with respect to the Resolution under the provisions of the laws, bylaws or regulations of the Borrower/Grantee or the State.

8. No event will result from the execution and delivery of the First Amendment that constitutes a default or an event of default under the First Amendment or the Resolution, and no event of default and no default under the First Amendment or the Resolution have occurred and are continuing on the date of this Certificate.

9. The Borrower/Grantee has duly authorized and approved the consummation by it of all transactions and has complied with all requirements and satisfied all conditions, which are required by the First Amendment to have been authorized, approved, performed or consummated by the Borrower/Grantee at or prior to the date of this Certificate. The Borrower/Grantee has full legal right, power and authority to carry out and consummate the transactions contemplated by the Resolution and the First Amendment.

10. All approvals, consents and orders of any governmental authority having jurisdiction in the matter which would constitute a condition precedent to the financing of the Project, the enforceability of the First Amendment or any of the actions required to be taken by the Resolution or the First Amendment on or prior to the date of this Certificate have been obtained and are in full force and effect.

11. To the best of the Borrower/Grantee's knowledge after due investigation, neither the Borrower/Grantee's adoption of the Resolution nor any action contemplated by or pursuant to the Resolution or the First Amendment does or will conflict with, or constitute a breach by the Borrower/Grantee of, or default by the Borrower/Grantee under, any law, court decree or order, governmental regulation, rule or order, resolution, agreement, indenture, mortgage or other instrument to which the Borrower/Grantee is subject or by which it is bound.

12. No material adverse change has occurred, nor has any development occurred involving a prospective material and adverse change in, or affecting the affairs, business,

financial condition, results of operations, prospects, properties of the Borrower/Grantee or the Pledged Revenues since the date of the Resolution.

13. To the best of our knowledge and belief after due investigation, none of the events of default referred to in Article X of the Loan/Grant Agreement has occurred.

14. Subsequent to the adoption of the Resolution, the Borrower/Grantee has not pledged or otherwise encumbered the Pledged Revenues.

15. The Loan/Grant Agreement permits the Borrower/Grantee to issue additional bonds or other obligations with a lien on the Pledged Revenues, superior to, on parity with or subordinate to the lien of the Loan/Grant Agreement on the Pledged Revenues.

16. There is no threatened action, suit, proceeding, inquiry or investigation against the Borrower/Grantee, at law or in equity, by or before any court, public board or body, nor to our knowledge is there any basis therefore, affecting the existence of the Borrower/Grantee or the titles of its officials to their respective offices, or seeking to prohibit, restrain or enjoin the pledge of Pledged Revenues to pay the principal, interest, and Administrative Fee on the First Amendment, or in any way materially adversely affecting or questioning (a) the use of the proceeds of the First Amendment for the Project and to pay Expenses of the Finance Authority, (b) the enforceability of the First Amendment or any proceedings of the Borrower/Grantee taken with respect to the First Amendment or the Resolution, (c) the execution and delivery of the First Amendment, or (d) the power of the Borrower/Grantee to carry out the transactions contemplated by the First Amendment or the Resolution.

17. The Borrower/Grantee has complied with all the covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof, and the representations and warranties of the Borrower/Grantee contained in the First Amendment and the Resolution are true and correct as of the date hereof.

18. The Borrower/Grantee is not in default, and has not been in default within the ten (10) years immediately preceding the date of this Certificate, 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, if any, or interest except that no representation is made with respect to industrial revenue bonds or conduit bonds payable solely from installment sale or lease payments, loan repayments or other amounts received by the Borrower/Grantee from private entities.

19. To the best of our knowledge and belief after due investigation, neither the Chairman, the Secretary, any member of the Governing Body, nor any other officer, employee or other agent of the Borrower/Grantee is interested (except in the performance of his or her official rights, privileges, powers and duties), directly or indirectly, in the profits of any contract, or job for work, or services to be performed and appertaining to the Project.

20. Regular meetings of the Governing Body and the meeting at which the Resolution was adopted have been held at 1150 Berino Road, Berino, New Mexico 88024, one of the principal meeting places of the Governing Body.

21. The Governing Body has no rules of procedure which would invalidate or make ineffective the Resolution or other action taken by the Governing Body in connection with the First Amendment. The Open Meetings Act Resolution adopted and approved on May 21, 2014 by the Governing Body establishes notice standards. The Open Meetings Act Resolution has not been amended or repealed and was in full force and effect on the date of adoption of the Resolution. All action of the Governing Body with respect to the First Amendment and the Resolution was taken at meetings held in compliance with the Open Meetings Act Resolution No. 2014-16.

22. The Chairman and Secretary, on the date of the signing of the First Amendment, and on the date of this Certificate, are the duly chosen, qualified and acting officers of the Borrower/Grantee authorized to execute such agreements.

23. Nothing has occurred that would adversely affect the Final Opinion of Counsel signed by Beverly J. Singleman, as attorney for the Borrower/Grantee on January 20, 2012. The January 20, 2012, Final Opinion of Counsel remains in full force and effect.

24. Nothing has occurred that would adversely affect the Right of Way Certificate signed by Beverly J. Singleman as attorney for the Borrower/Grantee on January 20, 2012. The January 20, 2012, Right of Way Certificate remains in full force and effect.

25. This Certificate is for the benefit of the Finance Authority and the Water Trust Board.

26. This Certificate may be executed in counterparts.

[Remainder of page left intentionally blank.]

[Signature page follows.]

WITNESS our signatures and the seal of the Borrower/Grantee this 20th day of February, 2015.

LOWER RIO GRANDE PUBLIC
WATER WORKS AUTHORITY,
DONA ANA COUNTY, NEW MEXICO

(SEAL)

By _____
Roberto Nieto, Chairman

By _____
Santos Ruiz, Secretary

Paragraphs 6, 7, 9, 16, 23 & 24 are approved and confirmed.

WATSON LAW OFFICE, LLC

By _____
Joshua Smith
Attorney for Borrower/Grantee,
Lower Rio Grande
Public Water Works Authority
1100 S. Main St., Suite 21
Las Cruces, New Mexico 88005

FEBRUARY 2015							MARCH 2015						
M	T	W	T	F	S	S	M	T	W	T	F	S	S
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							30	31					

NEW MEXICO FINANCE AUTHORITY

FINANCING SCHEDULE & DISTRIBUTION LIST

FIRST AMENDMENT

**\$4,371,630 Water Project Fund Loan/Grant
(\$3,934,467 Grant/\$437,163 Loan)
LOWER RIO GRANDE PWWA, DONA ANA COUNTY, NM**

First Amendment to Project No. 223-WTB

Prepared: February 4, 2015

DATE	ACTION	PARTIES
Wednesday, December 3, 2014	Water Trust Board approval	WTB
Thursday, December 18, 2014	Finance Authority Board approval	Finance Authority
Wednesday, February 4, 2015	Distribute drafts of final Financing Schedule, and drafts of Resolution, Amendment to Loan/Grant Agreement and General Certificate for review and comment by Finance Authority and Borrower/Grantee	VN
Tuesday, February 10, 2015	Comments due from Finance Authority and Borrower/Grantee	Finance Authority Borrower/Grantee
Friday, February 13, 2015	Resolution and Amendment to Loan/Grant Agreement in final form distributed to Borrower/Grantee	VN
Wednesday, February 18, 2015	Governing Body meeting and adoption of Resolution	Borrower/Grantee
Thursday, February 19, 2015	Resolution and Amendment to Loan/Grant Agreement signed by Borrower/Grantee and delivered to closing counsel	Borrower/Grantee
Thursday, February 19, 2015	Submit notice of adoption to newspaper by 12:00 p.m.	VN

DATE	ACTION	PARTIES
Friday, February 20, 2015	Resolution and Amendment to Loan/Grant Agreement forwarded to Finance Authority in paper and electronic form for signature	VN
Friday, February 20, 2015	Finance Authority/WTB Chairman signs Amendment to Loan/Grant Agreement	Finance Authority/WTB
Friday, February 20, 2015	Effective Date of Amendment	All
Friday, February 20, 2015	Publication of notice of adoption	Legal newspaper for Dona Ana, NM
Monday, March 23, 2015	Thirty-day limitations period ends	
Two weeks after Thirty-day limitations period ends	Transcripts distributed	VN

DISTRIBUTION LIST

BORROWER

Lower Rio Grande
Public Water Works Authority

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NEWSPAPER

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Wednesday, Thursday and Friday publications,
notice must be received one day prior to
publication by 12:00 p.m. For Saturday, Sunday
and Monday publications, notice must be
received Friday by 12:00 p.m.

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Jamie Futral, Legal Assistant
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Phone: (505) 983-6101 ext. 58

**RECORD OF PROCEEDINGS RELATING TO THE ADOPTION OF
RESOLUTION NO. FY2015-18 OF THE BOARD OF DIRECTORS OF THE
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
FEBRUARY 27, 2015**

STATE OF NEW MEXICO)
) ss.
COUNTY OF DONA ANA)

The Board of Directors (the "Governing Body") of the Lower Rio Grande Public Water Works Authority (the "Grantee") met in a regular session in full conformity with the law and the rules and regulations of the Governing Body at the LRGPWWA Berino Office, 1150 Berino Road, Berino, New Mexico being the meeting place of the Governing Body for the meeting held on the 18th day of February, 2015 at the hour of 9:30 a.m. Upon roll call, the following members and officers were found to be present:

Present: _____

Absent: _____

Also Present: _____

Thereupon, there was officially filed with the Grantee's Secretary a copy of a proposed Resolution in final form, as follows:

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
RESOLUTION NO. FY2015-18**

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOCAL GOVERNMENT PLANNING GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY (THE "FINANCE AUTHORITY"), AND LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (THE "GRANTEE"), IN THE AMOUNT OF TEN THOUSAND THREE HUNDRED FIFTY FIVE DOLLARS AND SEVENTY THREE CENTS (\$10,355.73) EVIDENCING AN OBLIGATION OF THE GRANTEE TO UTILIZE THE GRANT AMOUNT AND THE LOCAL MATCH AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF A WATER FEASIBILITY STUDY TECHNICAL REPORT AND SOLELY IN THE MANNER DESCRIBED IN THE GRANT AGREEMENT; CERTIFYING THAT THE GRANT AMOUNT, TOGETHER WITH THE LOCAL MATCH AMOUNT AND OTHER FUNDS AVAILABLE TO THE GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE GRANT AGREEMENT.

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

WHEREAS, Grantee is a legally and regularly created, established, organized and existing special water district created pursuant to law, more specifically Section 73-26-1, NMSA 1978, as amended and supplemented; and

WHEREAS, the Grantee is qualified to receive the Planning Grant pursuant to the Finance Authority's Rules Governing the Local Government Planning Fund and NMSA 1978, § 6-21-6.4, as amended; and

WHEREAS, the Governing Body hereby determines that the Project may be financed with amounts granted pursuant to the Grant Agreement, that the Grant Amount, together with other moneys available to the Grantee, is sufficient to complete the Project, and that it is in the best interest of the Grantee and the public it serves that the Grant Agreement be executed and delivered and that the funding of the Project take place by executing and delivering the Grant Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully enter into the Grant Agreement, accept the Grant Amount and be bound to the obligations and by the restrictions thereunder; and

WHEREAS, the Grantee acknowledges and understands that the Planning Grant must be expended and a Planning Document must be completed within one (1) year from the Closing Date, or the Grantee will forfeit the ability to draw Grant funds from the Local Government Planning Fund; and

WHEREAS, the Grant Agreement shall not constitute a general obligation of the Grantee or a debt of pledge of the faith and credit of the Grantee, the Finance Authority or the State; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the Grantee's Secretary this Resolution and the form of the Grant Agreement which is incorporated by reference and made a part hereof; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use of the Grant Amount for the purposes described and according to the restrictions set forth in the Grant Agreement; and (ii) the authorization, execution and delivery of the Grant Agreement which are required to have been obtained by the date of this Resolution, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY:

Section 1. Definitions. All terms used herein have the same definition as contained in the draft Grant Agreement, dated February 27, 2015.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Grantee and officers of the Grantee, directed toward the Project and the execution and delivery of the Grant Agreement, shall be and the same hereby is ratified, approved and confirmed.

Section 3. Authorization of the Project and the Grant Agreement. The Project and the method of funding the Project through execution and delivery of the Grant Agreement are hereby authorized and ordered. The Project is for the benefit and use of the Grantee and the public it serves.

Section 4. Findings. The Governing Body on behalf of the Grantee hereby declares that it has considered all relevant information and data and hereby makes the following findings:

A. The Project is needed to address the viability of purchasing the Valle del Rio water system.

B. The costs of the Project are beyond the local control and resources of the Grantee.

C. The Project and the execution and delivery of the Grant Agreement pursuant to the Act to provide funds for the financing of the Project are in the interest of the public health, safety and welfare of the public served by the Grantee.

D. The Grantee will perform (or cause to be performed) the Project with the proceeds of the Planning Grant, and will utilize the Project for the purposes set forth in the Grant Agreement.

E. The Grantee will forfeit the Planning Grant if the Grantee fails to utilize the Grant Amount within one (1) year of the Closing Date.

F. The Local Match is legally available to be applied to the Project.

Section 5. Grant Agreement—Authorization and Detail.

A. Authorization. This Resolution has been adopted by the affirmative vote of a majority of a quorum of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the public served by the Grantee and performing the Project, it is hereby declared necessary that the Grantee execute and deliver the Grant Agreement evidencing the Grantee's acceptance of the Grant Amount of Ten Thousand Three Hundred Fifty Five Dollars and Seventy Three Cents (\$10,355.73) and the availability of the Local Match in the amount of Three Thousand Fifty One Dollars and Ninety One Cents (\$3,451.91) to be utilized solely for the Project and solely in the manner and according to the restrictions set forth in the Grant Agreement, the execution and delivery of which are hereby authorized. The Grantee shall use the proceeds of the Grant and the Local Match, to finance the performance of the Project. The Project will be owned by the Grantee and will be utilized by the Grantee as set forth in the Grant Agreement.

B. Detail. The Grant Agreement shall be in substantially the form of the Grant Agreement presented at the meeting of the Governing Body at which this Resolution was adopted. The Grant shall be in the amount of Ten Thousand Three Hundred Fifty Five Dollars and Seventy Three Cents (\$10,355.73).

Section 6. Approval of Grant Agreement. The form of the Grant Agreement as presented at the meeting of the Governing Body at which this Resolution was adopted is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Grant Agreement with such changes, insertions, and deletions as may be approved by such individual Authorized Officers, and the Grantee's Secretary is hereby authorized to affix the seal of the Grantee on the Grant Agreement and attest the same. The execution of the Grant Agreement shall be conclusive evidence of such approval.

Section 7. Disposition of Proceeds; Completion of Acquisition of the Project.

A. Grant Account. The Grantee hereby consents to creation of the Grant Account by the Finance Authority and approves of the deposit of the Grant Amount into the Grant Account. Until the Completion Date, the money in the Grant Account shall be used and paid out solely for the purpose of the Project in compliance with applicable law and the provisions of the Grant Agreement.

B. Completion of Acquisition of the Project. The Grantee shall proceed to acquire and complete the Project with all due diligence. Upon the Completion Date, the Grantee shall execute a certificate substantially in the form attached as Exhibit “C” to the Grant Agreement stating that acquisition of and payment for the Project have been completed. As soon as practicable and, in any event, not more than sixty (60) days after the Completion Date, any balance remaining in the Grant Account shall be transferred and returned to the Local Government Planning Grant Fund.

C. Finance Authority Not Responsible. The Finance Authority shall in no manner be responsible for the application or disposal by the Grantee or by the officers of the Grantee of the funds derived from the Grant Agreement or of any other funds held by or made available to the Grantee’s in connection with use of the Project.

Section 8. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the Grant Agreement, and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Resolution and the Grant Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the Grant Agreement, including, but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Grant Agreement.

Section 9. Amendment of Resolution. This Resolution after its adoption may be amended without receipt by the Grantee of any additional consideration, but only with the prior written consent of the Finance Authority.

Section 10. Resolution Irrepealable. After the Grant Agreement has been executed and delivered, this Resolution shall be and remain irrepealable until all obligations of the Grantee under the Grant Agreement shall be fully discharged, as herein provided.

Section 11. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 12. Repealer Clause. All bylaws, orders, resolutions, 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 13. Effective Date. Upon due adoption of this Resolution, it shall be recorded in the book of the Grantee kept for that purpose, authenticated by the signatures of the Chairman and Secretary of the Grantee, and this Resolution shall be in full force and effect thereafter, in accordance with law; provided, however, that if recording is not required for the effectiveness of

this Resolution, this Resolution shall be effective upon adoption of this Resolution by the Governing Body.

[Remainder of page intentionally left blank.]

Section 14. Execution of Agreements. The Lower Rio Grande Public Water Works Authority through its Governing Body agrees to authorize and execute all such agreements with the Finance Authority as are necessary to consummate the Grant contemplated herein and consistent with the terms and conditions attached hereto.

PASSED, APPROVED AND ADOPTED THIS 18th DAY OF FEBRUARY, 2015.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

By _____
Roberto Nieto
Chairman

ATTEST:

Santos Ruiz
Secretary

[Remainder of page intentionally left blank.]

Governing Body Member _____ then moved adoption of the foregoing Resolution, duly seconded by Governing Body Member _____.

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: _____

_____ (___) members of the Governing Body having voted in favor of said motion, the Grantee's President declared said motion carried and said Resolution adopted, whereupon the Grantee's President and the Grantee's Secretary signed the Resolution upon the records of the minutes of the Governing Body.

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

[Signature page follows.]

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

(SEAL)

By _____
Roberto Nieto
Chairman

By _____
Santos Ruiz
Secretary

[Remainder of page intentionally left blank.]

STATE OF NEW MEXICO)
) ss.
COUNTY OF DONA ANA)

I, Santos Ruiz, the duly qualified and acting Secretary of the Lower Rio Grande Public Water Works Authority (the “Grantee”), do hereby certify:

1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the Board of Directors of the Grantee constituting the Governing Body of the Grantee, had and taken at a duly called regular meeting held at the LRGPWWA Berino Office, 1150 Berino Road, Berino, New Mexico, on February 18, 2015, at the hour of 9:30 a.m., insofar as the same relate to the adoption of Resolution No. FY2015-18 and the execution and delivery of the proposed Grant Agreement, a copy of which is set forth in the official records of the proceedings of the Governing Body kept in the offices of the Grantee. None of the action taken in the said proceedings 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 in compliance with the permitted methods of giving notice of regular meetings of the Governing Body as required by the State Open Meetings Act, NMSA 1978, § 10-15-1, as amended, including, Grantee’s Open Meetings Resolution No. 2014-16 dated May 21, 2014 and presently in effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of February, 2015.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

By _____
Santo Ruiz, Secretary

[SEAL]

EXHIBIT “A”

Notice of Meeting

\$10,355.73

PLANNING GRANT AGREEMENT

dated

February 27, 2015

by and between

NEW MEXICO FINANCE AUTHORITY

and

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

PLANNING GRANT AGREEMENT

THIS PLANNING GRANT AGREEMENT (the “Grant agreement”), dated February 27, 2015, is entered into by and between the NEW MEXICO FINANCE AUTHORITY (the “Finance Authority”) and the LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (the “Grantee”).

WITNESSETH:

WHEREAS, the Finance Authority is a public body politic and corporate, separate and apart from the State of New Mexico (the “State”), constituting a governmental instrumentality, duly organized and created under and pursuant to the laws of the State, particularly NMSA 1978 §§ 6-21-1 through 6-21-31, as amended, (the “New Mexico Finance Authority Act”); and

WHEREAS, NMSA 1978, § 6-21-6.4, as amended, creates the Local Government Planning Fund to be administered by the Finance Authority to make Grants to qualified entities to: evaluate and to estimate the costs of implementing the most feasible alternatives for meeting water and/or wastewater public project needs and pay administrative costs of the local government planning fund program; and

WHEREAS, Grantee is a legally and regularly created, established, organized and existing special water district created pursuant to law, more specifically Section 73-26-1, NMSA 1978, as amended and supplemented; and

WHEREAS, the Grantee is qualified to receive the Planning Grant pursuant to the Finance Authority’s Rules and NMSA 1978, § 6-21-6.4, as amended; and

WHEREAS, the Grantee has applied to the Finance Authority for Planning Grant (as defined below) funding and has determined that it is in the best interest of the Grantee and the public it serves that the Grantee enter into this Grant Agreement with the Finance Authority and accept a grant in the amount of Ten Thousand Three Hundred Fifty Five Dollars and Seventy Three Cents (\$10,355.73) from the Finance Authority to carry out the Project, as more fully described in Exhibit “A” attached hereto; and

WHEREAS, the Grantee acknowledges and understands that the Planning Grant must be expended and the Planning Documents must be completed within one (1) year from the Closing Date, or the Grantee will forfeit the ability to draw Grant funds from the Local Government Planning Fund; and

WHEREAS, the Grantee shall report at least semi-annually to the Finance Authority on the status of the water project identified in the Planning Document consisting of a Preliminary Engineering Report and

WHEREAS, the Grantee is prepared to perform all its obligations and to observe and obey all restrictions on the use of the Grant set forth in this Grant Agreement.

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual promises and covenants contained herein, the parties hereto agree:

ARTICLE I: DEFINITIONS

As used in this Agreement, including the foregoing recitals, 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):

“Agreement Term” means the term of this Grant Agreement as provided under Article III of this Grant Agreement.

“Authorized Officers” means in the case of the Grantee any one of the Chairman, Vice Chair and Secretary of the Governing Body, and in the case of the Finance Authority the Chairperson, Vice-Chairperson and Secretary of the Board of Directors and the Chief Executive Officer, or any other officer or employee of the Finance Authority designated in writing by an Authorized Officer.

“Closing Date” means the date of execution, delivery and funding of this Grant Agreement.

“Event of Default” means one or more events of default as defined in Article IX of this Grant Agreement.

“Finance Authority” means the New Mexico Finance Authority.

“Force Majeure” means any act of God, fire, floods, storms, explosions, accidents, epidemics, war, civil disorder, strikes, lockouts or other labor difficulties, or any law, rule, regulation, order or other action adopted or taken by any federal, state or local government authority, or any other cause not reasonably within such party’s control.

“Governing Body” means the Board of Directors of the Grantee, or any future governing body of the Grantee.

“Grant or Grant Amount” means the sum of Ten Thousand Three Hundred Fifty Five Dollars and Seventy Three Cents (\$10,355.73).

“Grant Account” means the account in the name of the Grantee established pursuant to this Grant Agreement and held by the Finance Authority for deposit of the Grant Amount for disbursement to the Grantee for payment of the costs of the Project.

“Grant Agreement” means this grant agreement and any amendments or supplements hereto, including the Exhibits attached hereto.

“Grantee” means the Lower Rio Grande Public Water Works Authority, Dona Ana County, New Mexico.

“Herein,” “hereby,” “hereunder,” “hereof,” “hereinabove,” “hereafter” and similar words refer to this entire Grant Agreement and not solely to the particular section or paragraph of this Grant Agreement in which such word is used.

“Local Government Planning Fund” means the fund of the same name created pursuant to the Act and held and administered by the Finance Authority.

“Local Match” means Three Thousand Fifty One Dollars and Ninety One Cents (\$3,451.91).

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

“Planning Document” means a written document in the form of a water feasibility study technical report created for the purpose of evaluating and estimating the costs of alternatives of meeting the Grantee’s public project needs, specifically to identify and address the viability of purchasing the private water system Valle del Rio.

“Planning Grant” or “Grant” means the amount provided to the Grantee pursuant to the Grant Agreement for the purpose of funding the Project, and is equal to the Grant Amount.

“Policy” or “Policies” means the New Mexico Finance Authority Local Government Planning Fund Project Management Policies.

“Project” means the preparation of the Planning Document as more particularly described in Exhibit “A” hereto.

“Resolution” means the Grantee’s Resolution No. FY2015-18 adopted on February 18, 2015, authorizing the Grantee’s acceptance of the terms and conditions of this Grant Agreement.

“Rules” mean the Rules governing the Local Government Planning Fund as adopted by the Board of Directors of the Finance Authority, as amended and supplemented from time to time.

ARTICLE II: REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1. Representations, Warranties and Covenants of the Grantee. The Grantee represents, warrants and covenants as follows:

(a) Binding Nature of Covenants. All covenants, stipulations, obligations and agreements of the Grantee contained in this Grant Agreement and the Resolution shall be deemed to be the covenants, stipulations, obligations and agreements of the Grantee to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Grantee and its successors and upon any board or body to

which any powers or duties affecting such covenants, stipulations, obligations and agreement shall be transferred by or in accordance with law. Except as otherwise provided in this Grant Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the Grantee by the provisions of this Grant Agreement and the Resolution shall be exercised or performed by the Grantee or by such residents, officers, or officials of the Grantee as may be required by law to exercise such powers and to perform such duties.

(b) Personal Liability. No covenant, stipulation, obligation or agreement contained in this Grant Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, agent or employee of the Grantee or member of the Governing Body in his or her individual capacity, and neither the members of the Governing Body nor any officer executing this Grant Agreement shall be liable personally on this Grant Agreement or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

(c) Authorization of Grant Agreement. The Grantee is a special water district created pursuant to law, duly organized and existing under the statutes and laws of the State, specifically Section 73-26-1, NMSA 1978, as amended and supplemented. Pursuant to the laws of the State, as amended and supplemented from time to time, the Grantee is authorized to enter into the transactions contemplated by this Grant Agreement and to carry out its obligations hereunder. The Grantee has duly authorized and approved the execution and delivery of this Grant Agreement and the other documents related to the transaction.

(d) Use of Grant Agreement Proceeds. The Grantee shall apply the proceeds of the Grant solely to the acquisition and completion of the Project, shall not use the Grant proceeds for any other purpose, and shall comply with all applicable ordinances and regulations, if any, and any and all applicable laws relating to the Project. The Grantee shall immediately apply all Grant proceeds disbursed to it toward the Project. The Grantee shall use the Grant proceeds and complete the Planning Document within one (1) year of the Closing Date or shall forfeit the full amount of the Grant.

(e) Completion of Project. The Project will consist of the preparation of the Planning Document to address the Grantee's public project needs, specifically the viability of purchasing the private water system Valle del Rio, and will be completed so as to comply with all applicable ordinances and regulations, if any, and any and all applicable laws, rules, and regulations of the State relating to the acquisition and completion of the Project and to the use of the Grant proceeds. If requested by the Finance Authority, the Grantee will allow the Office of the State Engineer, the New Mexico Environment Department or other appropriate agency of the State, or the Finance Authority to assist with completion of the Project and to review the Project as completed to assure compliance with applicable laws, rules and regulations of the State. The completed Planning Document must be in a form acceptable to and approved by the Finance Authority, in its sole discretion.

(f) Necessity of Project. The completion of the Project under the terms and conditions provided in this Grant Agreement is necessary, convenient and in furtherance of the governmental purposes of the Grantee and is in the best interest of the Grantee and the public it serves.

(g) Legal, Valid and Binding Obligation. The Grantee has taken all required action necessary to authorize the execution and delivery of this Grant Agreement and this Grant Agreement constitutes a legal agreement of the Grantee enforceable in accordance with its terms.

(h) Benefit to Grantee. The Project will at all times be used for the purpose of benefiting the Grantee and the public it serves as a whole.

(i) Grant Amount Does Not Exceed Project Cost. The Grant Amount as provided herein does not exceed the cost of the Project.

(j) No Breach or Default Caused by Grant Agreement. Neither the execution and delivery of this Grant Agreement, nor the fulfillment of or compliance with the terms and conditions in this Grant Agreement, nor the consummation of the transactions contemplated herein conflicts with or results in a breach of any terms, conditions or provisions of, or any restrictions contained in, any agreement or instrument to which the Grantee is a party or by which the Grantee is bound or any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Grantee or its properties are subject, or constitutes a default under any of the foregoing.

(k) Irrevocability of Grant Agreement. The terms of this Grant Agreement shall be irrevocable until the Project has been fully acquired and completed, and shall not be subject to amendment or modification in any manner which would result in any use of the proceeds of this Grant Agreement in a manner not permitted or contemplated by the terms hereof.

(l) No Litigation. To the best knowledge of the Grantee, no litigation or proceeding is pending or threatened against the Grantee or any other person affecting the right of the Grantee to execute this Grant Agreement or to comply with its obligations under this Grant Agreement. Neither the execution of this Grant Agreement by the Grantee nor compliance by the Grantee with the obligations hereunder requires the approval of any regulatory body, or any other entity, which approval has not been obtained or which is not reasonably expected to be obtained.

(m) Occurrence of Event of Default. No event has occurred and no condition exists which, upon the execution and delivery of this Grant Agreement, would constitute an Event of Default on the part of the Grantee hereunder.

(n) Grantee's Existence. The Grantee will maintain its legal identity and existence for the Agreement Term, unless another political subdivision by operation of law succeeds to the liabilities, rights, and duties of the Grantee without adversely affecting to any substantial degree the privileges and rights of the Finance Authority.

(o) Reports to Finance Authority. The Grantee shall report at least semi-annually to the Finance Authority on the status of the Planning Document.

(p) Records. The Grantee shall properly maintain separate project accounts in accordance with generally accepted accounting principles and conduct an annual audit or review of the Grantee's financial records related to the Project.

(q) Local Match. The Local Match is legally available for the Project, has been applied by Grantee solely for the purposes of the Project and sufficient evidence of the Local Match has been provided to the Finance Authority.

(1) The Governing Body hereby waives any sovereign immunity of the Grantee for the express and limited purpose of enforcement of the obligations of the Grantee under and in accordance with this Grant Agreement and other documents associated with the Grant by suit or other legal proceedings, whether such suit or proceedings be brought in law or in equity, or proceeding in arbitration, and to enforce and execute any order, judgment or ruling resulting therefrom, provided that any such order, judgment or ruling is limited to declaratory or injunctive relief, including but not limited to an action in recoupment and provided further that any such order, judgment or ruling shall be enforceable in an amount no greater than the Grant Amount.

(2) The Grantee consents to the jurisdiction and venue of the State of New Mexico, First Judicial District Court, County of Santa Fe and to all courts to which appeals therefrom are taken (collectively, the "State Court") for the limited purpose of resolving any and all disputes or claims arising under this Grant Agreement. If, and only if, the State Court determines that it does not have jurisdiction, the Grantee consents to the jurisdiction and venue of the United States District Court for the District of New Mexico and to all courts to which appeals therefrom are taken.

(3) Nothing herein is intended to or shall be construed as a consent to the entry, enforcement, levy foreclosure, or other execution of any order, judgment or ruling against the assets of the Grantee in any amount greater than the Grant Amount.

(4) The Governing Body hereby waives any requirement that the Finance Authority must exhaust tribal remedies or the foregoing must first be brought in the tribal courts of the Grantee.]

Section 2.2. Representations, Warranties and Covenants of the Finance Authority. The Finance Authority represents, warrants and covenants as follows:

(a) The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality duly organized, existing and in good standing under the laws of the State, has all necessary power and authority to enter into and perform and observe the covenants and agreements on its part contained in this Grant Agreement and, by proper action, has duly authorized the execution and delivery of this Grant Agreement.

(b) This Agreement constitutes a legal, valid and binding obligation of the Finance Authority enforceable in accordance with its terms.

ARTICLE III: AGREEMENT TERM

The Agreement Term shall commence on the Closing Date and shall terminate upon the earliest of the following events: a determination by the Finance Authority that (a) the Grantee is unable to proceed with the Project for the foreseeable future or has failed to commence the Project in a reasonably timely manner, (b) the Grant or any portion thereof is not necessary for the Project (in which case the Grant Amount may be modified by the Finance Authority) or (c) the Grantee has failed to utilize the Planning Grant to complete the Planning Document within one year of the Closing Date.

ARTICLE IV: GRANT; APPLICATION OF MONEYS

On the Closing Date, the Finance Authority shall transfer the amount shown on Exhibit "A" into the Grant Account to be disbursed by the Finance Authority pursuant to Section 6.2 of this Grant Agreement at the direction of the Grantee, as needed by the Grantee to acquire and complete the Project.

ARTICLE V: GRANT TO THE GRANTEE

Section 5.1. Grant to the Grantee. The Finance Authority hereby grants and the Grantee hereby accepts an amount equal to the Grant Amount. The Finance Authority shall establish and maintain, on behalf of the Grantee, a Grant Account, which Grant Account shall be kept separate and apart from all other accounts of the Finance Authority. The Grantee hereby pledges to the Finance Authority all its rights, title and interest in the funds held in the Grant Account for the purpose of securing the Grantee's obligations under this Grant Agreement. Funds in the Grant Account shall be disbursed as provided in Sections 6.2 and 6.3 hereof.

Section 5.2. No General Obligation. No provision of this Grant Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Grantee within the meaning of any constitutional or statutory debt limitation.

Section 5.3. Investment of Moneys in Grant Account. Money on deposit in the Grant Account may be invested by the Finance Authority for the credit of the Local Government Planning Fund.

ARTICLE VI: THE PROJECT

Section 6.1. Agreement to Acquire and Complete the Project. The Grantee hereby agrees that in order to effectuate the purposes of this Grant Agreement and to acquire and complete the Project it shall take such steps as are necessary and appropriate to acquire and complete the Project lawfully, efficiently and within one (1) year of the Closing Date.

Section 6.2. Disbursements from the Grant Account. So long as no Event of Default shall occur, the Finance Authority shall disburse moneys from the Grant Account, either to the Grantee or to vendors and contractors, as determined by the Finance Authority in its sole discretion, upon receipt by the Finance Authority of a requisition substantially in the form of Exhibit "B" attached hereto signed by an Authorized Officer of the Grantee, supported by

certification by the Grantee's project architect, engineer, or other such authorized representative of the Grantee acceptable to the Finance Authority that the amount of the disbursement request represents the progress of completion, acquisition or other Project related activities accomplished as of the date of the disbursement request. The Grantee shall provide such records or access to the Project as the Finance Authority, in its sole discretion, may request in connection with the approval of the Grantee's disbursement requests made hereunder. No disbursement from the Grant Account may be made without receipt of evidence of the Local Match.

Section 6.3. Determination of Eligibility as condition Precedent to Disbursement. Prior to the disbursement of the Grant Amount or any portion thereof, the Finance Authority shall have determined that the Grantee has met the readiness to proceed requirements established for the Grant by the Finance Authority and no Event of Default shall have occurred. No disbursement shall be made from the Grant Account except upon a determination by the Finance Authority that such disbursement is for payment of Project expenses, and that the disbursement does not exceed any limitation upon the amount payable.

Section 6.4. Reimbursement for Prior Expenditures. The Finance Authority, so long as no Event of Default shall occur and upon presentation of the Grantee's disbursement request with such certification and records as are required in accordance with Section 6.2 hereof, may disburse moneys from the Grant Account for reimbursement of Project expenses incurred within one-hundred fifty (150) days prior to the Closing Date.

Section 6.5. Completion of Disbursement of Grant Funds. Upon completion of disbursement of the Grant Amount, an Authorized Officer of the Grantee shall deliver a certificate of completion, substantially in the form attached to this Grant Agreement as Exhibit "C", to the Finance Authority stating that, to the best of the Authorized Officer's knowledge the Project has been completed and the entire Grant Amount has been disbursed in accordance with the terms of this Grant Agreement. If any portion of the Grant Amount remains upon the delivery of the certificate of completion, the Finance Authority may, in its sole discretion, modify this Grant Agreement and reduce the amount of the Grant.

ARTICLE VII: COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS

Section 7.1. Further Assurances and Corrective Instruments. The Finance Authority and the Grantee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the terms and intention hereof.

Section 7.2. Finance Authority and Grantee Representatives. Whenever under the provisions of this Grant Agreement the approval of the Finance Authority or the Grantee is required, or the Grantee or the Finance Authority is required to take some action at the request of the other, such approval or such request shall be given for the Finance Authority or for the Grantee by an Authorized Officer of the Finance Authority or the Grantee, as the case may be, and any party hereto shall be authorized to act or rely on any such approval or request.

Section 7.3. Requirements of Law. During the Agreement Term, the Grantee shall observe and comply promptly with all applicable federal, State and local laws and regulations affecting the Project, and all current and future orders of all courts and agencies of the State having jurisdiction over the Project and matters related to the Project.

ARTICLE VIII: NON-LIABILITY OF FINANCE AUTHORITY FOR ACTS OR OMISSIONS OF THE GRANTEE; INDEMNIFICATION

Section 8.1. Non-Liability of Finance Authority. The Finance Authority shall not be liable in any manner for the Project, Grantee's use of the Grant, the ownership, operation or maintenance of the Project, or any failure to act properly by the owner or operator of the Project.

Section 8.2. Indemnification of Finance Authority. The Finance Authority shall not be responsible for any act or omission of the Grantee upon which any claim, by or on behalf of any person, firm, corporation or other legal entity may be made, whether arising from the establishment or modification of the Project or otherwise. To the extent permitted by law, the Grantee shall and hereby agrees to indemnify and save harmless the Finance Authority and its designee, if any, from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the acquisition and completion of the Project. In the event of any action or proceeding brought on any such claim, upon notice from the Finance Authority or its designee, Grantee shall defend the Finance Authority and its designee, if any, in any such action or proceeding.

ARTICLE IX: EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. Any one of the following shall be an Event of Default under this Agreement:

(a) Use of the Grant Amount, or any portion thereof, by the Grantee for purposes other than the Project;

(b) Failure by the Grantee to utilize the Grant proceeds to complete the Project within one (1) year of the Closing Date;

(c) Failure by the Grantee to observe and perform any other covenant, condition or agreement on its part to be observed or performed under this Grant Agreement for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Grantee by the Finance Authority, unless the Finance Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Finance Authority, but cannot be cured within the applicable thirty (30) day period, the Finance Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Grantee within the applicable period and diligently pursued until the failure is corrected; and provided, further, that if by reason of Force Majeure the Grantee is unable to carry out the agreements on its part herein contained, the Grantee shall

not be deemed in default under this paragraph during the continuance of such inability (but Force Majeure shall not excuse any other Event of Default); or

(d) Any warranty, representation or other statement by or on behalf of the Grantee contained in this Grant Agreement or in any instrument furnished in compliance with or in reference to this Grant Agreement is false or misleading in any material respect.

Section 9.2. Remedies on Default. Whenever any Event of Default has occurred and is continuing, and subject to Section 9.3 hereof, the Finance Authority may take whatever of the following actions may appear necessary or desirable to enforce performance of any agreement of the Grantee in this Grant Agreement:

(a) File a mandamus proceeding or other action or proceeding or suit at law or in equity to compel the Grantee to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained herein;

(b) Terminate this Grant Agreement;

(c) Cease disbursing any further amounts from the Grant Account;

(d) Demand that the Grantee immediately repay the Grant Amount or any portion thereof if such funds were not utilized in accordance with this Grant Agreement;

(e) File a suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Finance Authority; or

(f) Take whatever other action at law or in equity may appear necessary or desirable to enforce any other of its rights hereunder.

The Grantee shall be responsible for reimbursing the Finance Authority for any and all fees and costs incurred in enforcing the terms of this Grant Agreement.

Section 9.3 Limitations on Remedies. A judgment requiring repayment of money entered against the Grantee may reach any available funds of the Grantee to the extent permitted by law.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Finance Authority is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Finance Authority to exercise any remedy reserved in this Article IX, it shall not be necessary to give any notice, other than such notice as may be required in this Article IX.

Section 9.5. Waivers of Events of Default. The Finance Authority may in its sole discretion waive any Event of Default hereunder and the consequences of such an Event of Default; provided, however, all expenses of the Finance Authority in connection with such Event of Default shall have been paid or provided for. Such waiver shall be effective only if made by written statement of waiver issued by the Finance Authority. In case of any such waiver or rescission, or in case any proceeding taken by the Finance Authority on account of any Event of Default shall have been discontinued or abandoned or determined adversely, then the Finance Authority and the Grantee shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 9.6. No Additional Waiver Implied by One Waiver. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be in writing and limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE X: MISCELLANEOUS

Section 10.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered as follows:

If to the Grantee, then to:

Lower Rio Grande Public Water Works Authority
Attn.: General Manager
325 Holguin Rd,
Vado, New Mexico 88072

And if to the Finance Authority, then to:

New Mexico Finance Authority
Attn.: Chief Executive Officer
207 Shelby Street
Santa Fe, New Mexico 87501

The Grantee and the Finance Authority may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2. Binding Effect. This Grant Agreement shall inure to the benefit of and shall be binding upon the Finance Authority, the Grantee and their respective successors and assigns, if any.

Section 10.3. Amendments. This Grant Agreement may be amended only with the written consent of the Finance Authority and the Grantee.

Section 10.4. No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Grant Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the Finance Authority, or against any officer, employee, director or member of the Grantee, past, present or future, as an individual so long as such individual was acting in good faith and within the scope of his or her duties. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer, employee, director or member of the Grantee or of the Finance Authority is hereby expressly waived and released by the Grantee and by the Finance Authority as a condition of and in consideration for the execution of this Agreement.

Section 10.5. Grantee Compliance. The Finance Authority shall not be responsible for assuring the Grantee's use of the Grant Amount or the Project for its intended purpose and shall have no obligation to monitor compliance by the Grantee with the provisions of this Grant Agreement.

Section 10.6. Severability. In the event that any provision of this Grant Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.7. Execution in Counterparts. This Grant Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.8. Applicable Law. This Grant Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Grant Agreement.

[Remainder of page intentionally left blank.]

[Signature pages follow.]

IN WITNESS WHEREOF, the Finance Authority, on behalf of itself, and as authorized by the Finance Authority Board of Directors on January 23, 2014, has executed this Grant Agreement in its corporate name with its corporate seal hereunto affixed and attested by its duly Authorized Officers; and the Grantee has caused this Grant Agreement to be executed in its corporate name and the seal of the Grantee affixed and attested by its duly Authorized Officers. All of the above are effective as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By _____
Robert P. Coalter
Chief Executive Officer

[SEAL]

ATTEST:

By _____

Approved for Execution by Officers of the
New Mexico Finance Authority:

By _____
Daniel C. Opperman, General Counsel

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

By _____
Roberto Nieto
Chairman

[SEAL]

ATTEST:

By _____
Santos Ruiz
Secretary

EXHIBIT “A”

TERM SHEET

Grantee: LOWER RIO GRANDE PUBLIC WATER WORKS
AUTHORITY

Project Description: Preparation of a Planning Document consisting of the water feasibility plan technical report created to identify and address the viability of purchasing the private water system Valle del Rio.

Total Grant Amount: Ten Thousand Three Hundred Fifty Five Dollars and Seventy Three Cents (\$10,355.73)

Local Match: Three Thousand Fifty One Dollars and Ninety One Cents (\$3,451.91)

Closing Date: February 27, 2015

EXHIBIT "B"
FORM OF REQUISITION

RE: Ten Thousand Three Hundred Fifty Five Dollars and Seventy Three Cents (\$10,355.73) Planning Grant Agreement (the "Grant Agreement") by and between the New Mexico Finance Authority ("Finance Authority") and the Lower Rio Grande Public Water Works Authority ("Grantee"), Finance Authority Grant Number 3093-PG (the "Grant Agreement").

Closing Date: February 27, 2015

TO: NEW MEXICO FINANCE AUTHORITY

You are hereby authorized to disburse funds from the Grant Account, with regard to the above-referenced Grant Agreement, the following:

REQUISITION NUMBER: _____

NAME AND ADDRESS OF PAYEE: _____

AMOUNT OF PAYMENT: \$ _____

PURPOSE OF PAYMENT: _____

WIRING INFORMATION

BANK NAME:	
ACCOUNT NUMBER:	
ROUTING NUMBER:	

Each obligation, item of cost or expense mentioned herein is for the Grant made by the New Mexico Finance Authority pursuant to the Grant Agreement to the Grantee, within the State of New Mexico, is due and payable, has not been the subject of any previous requisition and is a proper charge against the Grant Account held on behalf of the Grantee. All representations contained in the Grant Agreement and the related closing documents remain true and correct and the Grantee is not in breach of any of the covenants contained therein.

Capitalized terms used herein are used as defined or as used in the Grant Agreement.

DATED: _____

By: _____
Authorized Officer of the Grantee

Title: _____

EXHIBIT "C"

FORM OF CERTIFICATE OF COMPLETION

RE: Ten Thousand Three Hundred Fifty Five Dollars and Seventy Three Cents (\$10,355.73) Planning Grant Agreement (the "Grant Agreement") by and between the New Mexico Finance Authority ("Finance Authority") and the Lower Rio Grande Public Water Works Authority ("Grantee"), Finance Authority Grant Number 3093-PG (the "Grant Agreement").

Closing Date: February 27, 2015

TO: NEW MEXICO FINANCE AUTHORITY

I, _____, the _____ of
[Name] [Title or position]

the Grantee, hereby certify as follows:

1. The project described in the Grant Agreement (the "Project") was completed and placed in service by the Grantee on _____, 20__.
2. The total cost of the Project was \$ _____.
3. The Project was completed and is and shall be used consistent with and subject to the covenants set forth in the Grant Agreement.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

By: _____

Its: _____

constitutes valid and sufficient legal authority for the Grantee to carry out and enforce the provisions of the Grant Agreement.

7. No event will result from the execution and delivery of the Grant Agreement that constitutes a default or an Event of Default under either the Grant Agreement or the Resolution, and no Event of Default and no default under the Grant Agreement or the Resolution has occurred and is continuing on the date of this Certificate.

8. The Grantee has duly authorized and approved the consummation by it of all transactions, and has complied with all requirements and satisfied all conditions, which are required by the Grant Agreement to have been authorized, approved, performed or consummated by the Grantee at or prior to the date of this Certificate. The Grantee has full legal right, power and authority to carry out and consummate the transactions contemplated by the Resolution and the Grant Agreement.

9. All approvals, consents and orders of any governmental authority having jurisdiction in the matter which would constitute a condition precedent to the enforceability of the Grant Agreement or any of the actions required to be taken by the Resolution or the Grant Agreement to the date of this Certificate have been obtained and are in full force and effect.

10. All approvals, consents and orders of any governmental authority having jurisdiction in the matter which would constitute a condition precedent to the completion of the Project have been obtained and are in full force and effect.

11. Neither the Grantee's adoption of the Resolution nor any action contemplated by or pursuant to the Resolution or the Grant Agreement conflicts or will conflict with, or constitute a breach by the Grantee of, or default by the Grantee under any law, court decree or order, governmental regulation, rule or order, resolution, agreement, indenture, mortgage or other instrument to which the Grantee is subject or by which it is bound.

12. There is no actual or threatened action, suit, proceeding, inquiry or investigation against the Grantee, at law or in equity, by or before any court, public board or body, nor to the Grantee's knowledge is there any basis therefore, affecting the existence of the Grantee or the titles of its officials to their respective offices, or in any way materially adversely affecting or questioning (a) the territorial jurisdiction of the Grantee, (b) the use of the proceeds of the Grant Agreement for the Project, (c) the validity or enforceability of the Grant Agreement or any proceedings of the Grantee with respect to the Grant Agreement or the Resolution, (d) the execution and delivery of the Grant Agreement or (e) the power of the Grantee to carry out the transactions contemplated by the Grant Agreement or the Resolution.

13. From at least July 17, 2013, to and including the date of this Certificate, the following were and now are the duly chosen, qualified and acting officers and members of the Governing Body of the Grantee:

Roberto Nieto, Chairman	_____
John Holguin, Vice-chair	_____
Santos Ruiz, Secretary	_____
Carlos Tellez, Director	_____
Mike McMullen, Director	_____
Furman Smith, Director	_____
Arturo Terrazas, Director	_____

14. To the best of our knowledge and belief after due investigation, none of the Events of Default referred to in Article IX of the Grant Agreement has occurred.

15. The Grantee has complied with all the covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof, and the representations and warranties of the Grantee contained in the Grant Agreement and in the Resolution are true and correct as of the date of this Certificate.

16. To the best of our knowledge and belief after due investigation, neither the Grantee's Chair, the Secretary, any member of the Governing Body, nor any other officer, employee or other agent of the Grantee is interested (except in the performance of his or her official rights, privileges, powers and duties), directly or indirectly, in the profits of any contract, or job for work, or services to be performed and appertaining to the Project.

17. Regular meetings of the Grantee's Governing Body and the meeting at which the Resolution was adopted have been held at the LRGPPWA Berino Office, 1150 Berino Road, Berino, New Mexico the principal meeting place of the Grantee.

18. The Grantee's Governing Body has no rules of procedure which would invalidate or make ineffective the Resolution or other action taken by the Grantee's Governing Body in connection with the Grant Agreement. The Open Meetings Act Resolution No. 2014-016(the "Open Meetings Act Resolution") adopted and approved by the Governing Body on May 21, 2014, establishes notice standards as required by Section 10-15-1, NMSA 1978, as amended and supplemented. The Open Meetings Act Resolution has not been amended or repealed. All action of the Governing Body with respect to the Grant Agreement and Resolution was taken at meetings held in compliance with the Open Meetings Act Resolution.

19. The Chairman and the Secretary of the Governing Body, on the date of the signing of the Grant Agreement and on the date of this Certificate, are the duly chosen, qualified and acting officers of the Grantee authorized to execute the Grant Agreement.

20. This Certificate is for the benefit of the Finance Authority.

21. This Certificate may be executed in counterparts.

WITNESS our signatures and the seal of the Grantee this 27th day of February 2015.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

(SEAL)

By _____
Roberto Nieto
Chairman

By _____
Santos Ruiz
Secretary

EXHIBIT "B"
FORM OF REQUISITION

RE: Thirty Seven Thousand Five Hundred Dollars (\$37,500) Planning Grant Agreement (the "Grant Agreement") by and between the New Mexico Finance Authority ("Finance Authority") and the Lower Rio Grande Public Water Works Authority ("Grantee"), Finance Authority Grant Number 3093-PG (the "Grant Agreement").

Closing Date: February 27, 2015

TO: NEW MEXICO FINANCE AUTHORITY

You are hereby authorized to disburse funds from the Grant Account, with regard to the above-referenced Grant Agreement, the following:

REQUISITION NUMBER: #1
NAME AND ADDRESS OF PAYEE: Lower Rio Grande Public Water Works Authority
325 Holguin Rd., Vado NM 88072
AMOUNT OF PAYMENT: \$ 10,355.73
PURPOSE OF PAYMENT: Appraisal, engineering evaluation and legal review for potential purchase of Valle Del Rio Water System

WIRING INFORMATION

BANK NAME:	Citizens Bank
ACCOUNT NUMBER:	0120626501
ROUTING NUMBER:	112201289

Each obligation, item of cost or expense mentioned herein is for the Grant made by the New Mexico Finance Authority pursuant to the Grant Agreement to the Grantee, within the State of New Mexico, is due and payable, has not been the subject of any previous requisition and is a proper charge against the Grant Account held on behalf of the Grantee. All representations contained in the Grant Agreement and the related closing documents remain true and correct and the Grantee is not in breach of any of the covenants contained therein.

Capitalized terms used herein are used as defined or as used in the Grant Agreement.

DATED: February 27, 2015

By: _____
Authorized Officer of the Grantee

Title: Roberto Nieto, Board Chairman

EXHIBIT “C”

FORM OF CERTIFICATE OF COMPLETION

RE: Thirty Seven Thousand Five Hundred Dollars (\$37,500) Planning Grant Agreement (the “Grant Agreement”) by and between the New Mexico Finance Authority (“Finance Authority”) and the Lower Rio Grande Public Water Works Authority (“Grantee”), Finance Authority Grant Number 3093-PG (the “Grant Agreement”).

Closing Date: February 27, 2015

TO: NEW MEXICO FINANCE AUTHORITY

I, Roberto Nieto, the Board Chairman of
[Name] [Title or position]

the Grantee, hereby certify as follows:

1. The project described in the Grant Agreement (the “Project”) was completed and placed in service by the Grantee on December 10, 2015.
2. The total cost of the Project was \$ 13,807.64.
3. The Project was completed and is and shall be used consistent with and subject to the covenants set forth in the Grant Agreement.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

By: _____
Roberto Nieto

Its: Board Chairman