

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, September 16, 2015 at our Vado Office, 325 Holguin Rd., Vado, NM

NOTE: Minutes are a DRAFT until approved & signed by the Board of Directors

- I. **Call to Order, Roll Call to Establish Quorum:** Chairman Roberto Nieto called the meeting to order at 9:31 a.m. and called the roll. Mr. Raymundo Sanchez representing District #1 was absent, Ms. Alma Boothe representing District #2 was present, Mr. Cali Tellez representing District #3 was present, Mr. John Holguin representing District #4 was present, Mr. Nieto representing District #5 was present, Mr. Mike McMullen representing District #6 was present, and Mr. Furman Smith representing District #7 was present. Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Projects Manager Karen Nichols, and Projects Specialist Angie Meza. Ms. Espy Holguin from HUD was also present.
- II. **Pledge of Allegiance:** Mr. Lopez led the pledge.
- III. **Motion to approve the Agenda:** Mr. Lopez suggested that since Mr. Nieto and Mr. Holguin needed to leave, it would be best to move item IX. A. and IX. B. up to follow item IV. Mr. Smith made that motion, Mr. McMullen seconded, and it carried on a vote of 6-0.
- IV. **Motion to approve the minutes**
 - A. **of August 19, 2015, Regular Board Meeting:** There were no additions or corrections, and Mr. Tellez made a motion to approve the minutes, Mr. Holguin seconded, and the motion carried with none opposed.
 - B. **of September 3, 2015 Special Board Meeting:** There were no additions or corrections to the minutes, and Mr. Tellez made a motion to approve them. Mr. McMullen seconded the motion, and it carried with none opposed. Items IX. A. and IX. B. were next.
- V. **Guest Presentations – NONE**
- VI. **Public Input—15 minutes total allotted for this item, 3 minutes per person – NONE**
- VII. **Managers' Reports**
 - A. **General Manager:** Mr. Lopez provided a written report and stood for questions. He addressed questions related to the Drug & Alcohol Testing program and vendor including the cost (\$15 to \$40 for alcohol depending on type of test, \$30 for drugs), the procedure (still being developed, policy amendment will be needed for non-random testing due to suspicion of drug/alcohol abuse). There was some further discussion of the procedure.
 - B. **Operations:** Operations Manager Mike Lopez was out of town at a NM One Call conference, but provided a written report. Mr. Tellez asked about the 6 new connections and whether they were a new subdivision. Mr. Martin Lopez and Ms. Meza replied that a new subdivision would come before the board, and these were individual new connections, some were required because illegal connections. There was some discussion related to the training Mr. Mike Lopez and Mr. JJ Gutierrez were attending. There was also some discussion of the Water Production Report provided by the Operations Manager, the repair work at the Organ well and the Water Audit Project.
 - C. **Projects:** Ms. Nichols provided a written report and gave some recent updates on the Water System Purchase Project funding application, Surface Water & Brackish Water Treatment PER and request to the Water Trust Board for a time extension and scope change, the Brazito Water Project which is beyond the contract deadline, and engineering contract proposals for the Waterline Extension Project and SCADA Project which were sent back for some revisions and should be on the October agenda, and the Water Audit.

- D. Finance:** Ms. Jackson provided the August P&L Report with previous year comparison. She noted that before depreciation, the bottom line for August was about \$71,000 net income. She discussed the ongoing software project. Mr. Smith asked, and there was further discussion about water auditing and loss calculations and how the new software and new single billing cycle will play into it.

VIII. Unfinished Business – NONE

IX. New Business

- A. Motion to adopt Resolution #FY2016-06 Loan/Grant for Vehicle Purchase:** Mr. Lopez asked Ms. Nichols to discuss the Resolution, and she explained that the Resolution was to accept the \$46,600 grant & \$103,400 loan funding to purchase four pickup trucks. She, Mr. Lopez and Ms. Jackson responded to questions about the funding including the amounts, the term (7 years), interest rate (3.625% or the current rate at the time of closing, whichever is less), the types of vehicles to be purchased (three ¾ ton and one 1-ton pickups, and an additional vehicle if there is sufficient funding, and whether the purchase was affordable (we had initially budgeted to pay cash for vehicles, but this brings in some grant funds and makes emergency well repairs easier to cover). Mr. Tellez asked if there were any requirement to buy American made vehicles, and Mr. Lopez replied that we would be utilizing the statewide purchasing agreements the state Procurement Division, and the vehicles available were made in the US. Ms. Nichols noted that she and Ms. Jackson had been to recent trainings on procurement, and that requirement was not mentioned, and it is also hard to define what that means given that some foreign companies have plants in the US and vehicles are assembled here but parts come from elsewhere. Mr. Tellez requested that the General Manager report back on that question. There was no further discussion, and Mr. Holguin made a motion to adopt the Resolution, Mr. Tellez seconded, and it carried on a vote of 6 in favor and none opposed.
- B. Motion to adopt Resolution #FY2016-07 Loan Resolution Security Agreement for Vehicle Purchase:** Mr. McMullen made a motion to adopt the Resolution, Mr. Tellez seconded, and it carried on a vote of 6 in favor and none opposed. The next item was V.

X. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.7—threatened or pending litigation:

Mr. Tellez made the motion, Mr. Smith seconded, and Acting Chairperson Alma Booth called the roll: Mr. Sanchez was absent, Ms. Boothe voted yes, Mr. Tellez voted yes, Mr. Holguin and Mr. Nieto were absent (both had to leave earlier in the meeting), Mr. McMullen voted yes, and Mr. Smith voted yes. On a vote of four in favor and none opposed, the Board convened in closed session.

- A. Motion to reconvene in open session:** Mr. Tellez made the motion, Mr. Smith seconded, and the motion passed on a vote of 4-0.
- B. Statement by the Chair:** Ms. Boothe stated that the matters discussed in the closed meeting were limited only to those specified in the motion for closure.

C. Action, if any, related to threatened or pending litigation: NONE

XI. Other discussion and agenda items for next meeting

- A.** Board training—OMA training, October 21. Board has been signed up for OMA training, October 21.
- B.** Resolution to adopt 1st Quarter Budget Report
- C.** Two Engineering Services Agreements (Waterline Extension & SCADA Projects) for approval
- D.** Reschedule the October meeting due to conflict with the OMA training: The agenda incorrectly noted that the Regular October meeting was set for the 14th, but the third Wednesday is the 21st. Consensus of the Board was to reschedule it to Tuesday, October 20, 2015, 9:30 a.m. at the Vado Office

XII. **Adjourn:** Mr. Tellez made the motion to adjourn, Mr. Smith seconded, and it carried unanimously. Ms. Boothe declared the meeting adjourned at 10:47 a.m.

Minutes approved October 20, 2015

Roberto Nieto, Chairman (District 5)

John Holguin, Vice-Chairman (District 4)

Alma Boothe, Secretary (District 2)

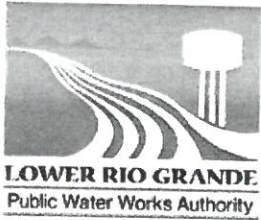
ABSENT

Raymundo Sanchez, 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 ___ of ___

Date: 9/16/15

Time: 9:30am

Places: Vado

Event: Regular Board Meeting

Signature	Print Name, Title, Company or Agency Represented	Contact Information	Email Address
	FURMAN SMITH LRG	SOME	SOME
	MIKE MCMULLEN LRG PWWA	970-302-3852	
	MARTIN G LOPEZ	LRG PWWA	
	Karen Nichols	LRG PWWA 915 203 2057	Karen.Nichols@LRGauthority.org
	Carlos Tellez Finance Manager	233-4140	
	Kathi Jackson LRG PWWA	640-4330	
	Robert M. Wicks	575-636-3851	
	John Holguin	575-625-9807	
	Alma Boothe	915 309-7670	
	Anqui Meza	LRG PWWA	

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Meeting Notice & Agenda—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, September 16, 2015 at our Vado Office, 325 Holguin Rd., Vado, NM

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. Sanchez)___, #2 (Ms. Boothe)___, #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. Motion to approve the minutes
 - A. of August 19, 2015, Regular Board Meeting
 - B. of September 3, 2015 Special Board Meeting
- V. Guest Presentations
- VI. Public Input—15 minutes total allotted for this item, 3 minutes per person
- VII. Managers' Reports
 - A. General Manager
 - B. Operations
 - C. Projects
 - D. Finance
- VIII. Unfinished Business
- IX. New Business
 - A. Motion to adopt Resolution #FY2016-06 Loan/Grant for Vehicle Purchase
 - B. Motion to adopt Resolution #FY2016-07 Loan Resolution Security Agreement for Vehicle Purchase
- X. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.7—threatened or pending litigation:
Roll Call Vote: District #1 (Mr. Sanchez)___, #2 (Ms. Boothe)___, #3 (Mr. Tellez)___, #4 (Mr. Holguin)___, #5 (Mr. Nieto)___, #6 (Mr. McMullen)___, #7 (Mr. Smith)___
 - A. Motion to reconvene in open session.
 - B. Statement by the Chair that the matters discussed in the closed meeting were limited only to those specified in the motion for closure
 - C. Action, if any, related to threatened or pending litigation
- XI. Other discussion and agenda items for next meeting, 9:30 a.m., October 14, 2015 at the Vado Office
 - A. Board training—OMA training, October 21. Board has been signed up for OMA training, October 21.
 - B. Resolution to adopt 1st Quarter Budget Report
- XII. 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, August 19, 2015 at our Berino Office, 1150 Berino Rd., Berino NM

NOTE: Minutes are in DRAFT form until approved by the Board of Directors

- I. **Call to Order, Roll Call to Establish Quorum** Sign-in sheet and agenda are attached. Directors present were Vice-Chairman John Holguin (District 4), Secretary Alma Boothe (District 2), Director Cali Tellez (District 3), Director Mike McMullen (District 6) and Director Furman Smith (District 7). Chairman Robert “Marty” Nieto (District 5) and Director Raymundo Sanchez (District 1) were absent. Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Projects Manager Karen Nichols and Project Specialist Joan Ferguson. Operations Manager, Mike Lopez was absent. Also present were Joshua Smith, lawyer, Matt Dyer, PSC and Espy Holguin (HUD). With a quorum established the meeting was called to order by Mr. Nieto at 9:28 am. {0:40}
- II. **Pledge of Allegiance** {1:04}
- III. **Motion to approve the Agenda** Mr. McMullen made a motion to approve the agenda. Mr. Smith seconded the motion and it passed 5-0. {1:30}
- IV. **Motion to approve the minutes of August 19, 2015, Regular Board Meeting** Mr. McMullen made a motion to approve the minutes of July 15, 2015, Regular Board Meeting. Mr. Tellez seconded the motion and it passed 5-0. {3:15}
- V. **Guest Presentations—none** {3:44}
- VI. **Public Input—15 minutes total allotted for this item, 3 minutes per person—none**
- VII. **Managers’ Reports**
 - A. **General Manager** Mr. Martin Lopez prepared a report for the Board and stood for questions
 - Since his report was written, proposals for drug and alcohol testing have been received.
 - A group from EPA wants to tour the colonias in the area.
 - There has been a change on the Colonias Trust Fund Board. Orlando Jimenez is no longer on the board and Mary Jane Garcia has been appointed.{1:50}
 - B. **Projects** Ms. Karen Nichols prepared a report for the Board and stood for questions
 - On the Veteran’s Road project, Mr. Lechuga had emailed the Projects Manager and asked on the progress of the project. Ms. Nichols replied with a cc to Commissioner Garcia.
 - Mr. Jim Hill on Cline Road in Brazito contacted Ms. Nichols about extending water service. He plans on attending September’s meeting.
 - Mr. McMullen asked about some meters on Ysleta and Stone that hadn’t been connected. Mr. Martin Lopez said he would look into it.
 - Mr. McMullen asked about how a road in the Brazito project would be finished because residents were angry with the progress. The road will be restored to the condition it was in before the construction began.
 - Water audit project has begun. DBStevens is the engineering firm conducting the audit which will include a rate study. {11:53}
 - C. **Operations** Mr. Mike Lopez prepared a report for the Board but was not available so Mr. Martin Lopez stood for questions.
 - Repairs to wells (Arroyo and BP#2) and new pump control valves will cost around \$100,000. {15:05}
 - D. **Finance** Ms. Kathi Jackson prepared a report for the Board and stood for questions

- Current financial audit has begun, mostly via email
- Water audit is ongoing and Ms. Jackson is providing requested data
- New billing system installation is ongoing. Tyler will be in the offices for three weeks beginning August 31. The financial part will be “live” in November, the billing part, in February.
- Asset management training on the EPA CUPSS system will be Aug 27.
- There are sufficient funds to cover the repairs mentioned in the Operations report. The repair to the wells will be declared an emergency so that Operations can begin the work (rather than wait the three – or more – months that a bid process would take.)
- The last page of the finance report is the loan service table. Ms. Nichols asked how many loans had been paid off. Ms. Jackson did not have that figure.
- Mr. Holguin asked Ms. Nichols about the EPA group visiting the colonias (see GM’s report) and whether they would want to attend a board meeting. Ms. Nichols suggested an informal meeting since their visit would not likely be on a board meeting date.
- Mr. Tellez asked about the Bad Debts entry under Expense in the Profit and Loss statement. Ms. Jackson explained that that entry represented the accounts of members whose bills had not been paid in a year and had been written off. Leaving those debts on the books inflates receivables. {32:18}

VIII. Unfinished Business—none

IX. New Business

- A. Motion to adopt Resolution #FY2016-05 Approving Participation in the Program of South Central Council of Governments, Inc., for the Fiscal Year 2015-2016** Mr. Tellez made a motion to adopt Resolution #FY2016-05 approving participation in the program of South Central Council of Governments, Inc., for the Fiscal Year 2015-2016. Ms. Nichols pointed out that the motion should also include representatives. Mr. Tellez amended his motion to include Ms. Jackson as representative and Mr. Holguin as the alternate. Mr. McMullen seconded the amended motion and it passed 5–0. {33:37}
- B. Motion to approve RFP Committee recommendation of engineering firm for SCADA project** Ms. Nichols explained the new process for committee review of requests for proposals per NM State Procurement Department training. Mr. McMullen made a motion to approve RFP Committee recommendation of engineering firm of Molzen Corbin & Associates for the SCADA project. Mr. Tellez seconded the motion and it passed 5–0. {36:58}
- C. Motion to approve RFP Committee recommendation of engineering firm for Waterline Extension project** This is the Veteran’s Road project. (See letter in Projects report from Mr. Lechuga.) The firm that scored the highest had an 8% veteran’s preference. Before the veteran’s preference, they were ranked second. (Staff double checked and Vencor was ranked third.) The committee recommendation was Vencor Engineering. Mr. Matt Dyer from Parkhill, Smith, Cooper asked to be heard by the Board. He protested the committee recommendation, pointing out that he has worked diligently on several different proposals in an effort to partner with the Authority and has attended many board meetings to learn about issues and felt very strongly that PSC should be given a chance. The Board discussed the difficulties the committee had with this decision but decided that in the Authority’s best interest, given Vencor’s work load (they had to decline the Mesquite-Brazito sewer project) that PSC could probably finish this (urgent) project in a more timely manner. Mr. Tellez made a motion to award Parkhill Smith Cooper the Waterline Extension project. Mr. Smith seconded the motion and it passed 5–0. {1:00:44}
- D. Motion to approve Legal Services Agreement for Vehicle Purchase Project** The Legal Services Agreement in the board packet is the same as the agreement that was signed except the form number. Mr. Smith made a motion to approve Legal Services Agreement for the Vehicle Purchase Project. Mr. Tellez seconded the motion and it passed 5–0. {1:03:10}

- E. Motion to approve of termination of memberships for delinquent accounts** This is the annual list of members who have not paid their bills in the past twelve months. Everyone on the list has been notified of their status and have not responded. (See discussion of Bad Debts in Finance.) Mr. Tellez made a motion to approve of termination of memberships for delinquent accounts. Mr. McMullen seconded the motion and it passed 5–0. {1:06:07}
 - F. Motion to authorize travel and attendance funds for Infrastructure Conference** Mr. Tellez made a motion to authorize travel and attendance funds for Infrastructure Finance Conference. Ms. Boothe seconded the motion and it passed 5–0. {1:07:27}
 - G. Motion to authorize end-of-year function** Per Mr. Tellez’s recommendation, Mr. Martin Lopez is recommending a potluck during the day at one of the offices. Mr. Tellez made a motion to authorize end-of-year function. Mr. Smith seconded the motion and it passed 5–0. {1:08:157}
 - H. Motion to authorize hiring to fill 2 vacant positions** An operator has been dismissed and needs to be replaced. Ms. Nichols’ assistant is leaving. Mr. Smith made a motion to authorize hiring to fill two vacant positions. Mr. Tellez seconded the motion and it passed 5–0. {1:09:30}
 - I. Motion to approve amendment to Employee Policy Manual** The amendment strikes employee bonuses. Mr. Tellez made a motion to approve amendments to the Employee Policy Manual. Mr. Smith seconded the motion and it passed 5–0. {1:11:01}
- X. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.7—threatened or pending litigation**
The Chair made a motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.7—threatened or pending litigation. Mr. McMullen seconded the motion. The roll call vote was as follows: District #2 (Ms. Boothe) aye, #3 (Mr. Tellez) aye, #4 (Mr. Holguin) aye, #6 (Mr. McMullen) aye, #7 (Mr. Smith) aye. The motion passed 5–0 and the session closed at 10:55 am.
- A. Motion to reconvene in open session** Mr. Smith made a motion to reconvene in open session. Mr. McMullen seconded the motion and it passed 5–0. The meeting reconvened at 11:07am {1:30:25}
 - B. Statement by the Chair that the matters discussed in the closed meeting were limited only to those specified in the motion for closure** Mr. Holguin stated that the matters discussed in the closed meeting were limited only to pending litigation. {1:30:25}
 - C. Action, if any, related to threatened or pending litigation** Mr. Smith made a motion to authorized Mr. Martin Lopez and Mr. Josh Smith to negotiate a settlement with Moongate Water. {01:31:08}
- XI. Other discussion and agenda items for next meeting, 9:30 a.m., October 14, 2015 at the Vado Office**
- A. Board training—OMA training, October 21 at the Farm and Ranch Museum.** Board has been signed up for OMA training, October 21. Everyone should meet in the lobby so that they can sign the sign-in sheet together so their participation can be documented. {1:33:45}
- XII. Adjourn** Mr. Tellez made a motion to adjourn. Mr. McMullen seconded the motion and it passed 7–0. The meeting adjourned at 11:11 am.

Minutes approved September 16, 2015

ABSENT
Roberto Nieto, Chairman (District 5)

John Holguin, Vice-Chairman (District 4)

Alma Boothe, Secretary (District 2)

ABSENT
Raymundo Sanchez, 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
Minutes—SPECIAL BOARD OF DIRECTORS MEETING

9:30 a.m. Thursday, September 3, 2015 at our La Mesa Office, 521 St. Valentine, La Mesa NM

NOTE: Minutes are a DRAFT until approved & signed by the Board of Directors

- I. Call to Order, Roll Call to Establish Quorum: Chairman Roberto Nieto called the meeting to order at 9:33 a.m. Directors present were Alma Boothe (District 2), Carlos Tellez (District 3), Roberto Nieto (District 5) and Michael McMullen (District 6). Directors absent were Raymundo Sanchez (District 1), John Holguin (District 4) and Furman Smith (District 7). Attorney Joshua Smith, General Manager Martin Lopez, Finance Manager Kathi Jackson and Projects Manager Karen Nichols were also present.
- II. Pledge of Allegiance was led by Mr. Lopez.
- III. Motion to approve the Agenda: Mr. Tellez made a motion to approve the agenda, Mr. McMullen seconded the motion, and the vote was 4-0 in favor.
- IV. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.7—threatened or pending litigation: Mr. Tellez made the motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.7, Mr. McMullen seconded the motion, and Mr. Nieto called the roll: Ms. Boothe voted yes, Mr. Tellez voted yes, Mr. Nieto voted yes and Mr. McMullen voted yes. The board convened in closed session at 10:30 a.m.
 - A. Motion to reconvene in open session: Mr. Tellez made a motion to reconvene in open session, Mr. McMullen seconded, and the vote was 4-0 in favor.
 - B. 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 discussion in the closed session was limited to the threatened or pending litigation.
 - C. Action, if any, related to threatened or pending litigation: Mr. Nieto stated that the Board would not take in action, that the Chief Procurement Office, Kathi Jackson, would make a determination in the protest of the award of engineering services agreement for the Waterline Extension Project.
- V. Adjourn: Mr. Tellez made a motion to adjourn, Mr. McMullen seconded, and it carried unanimously.

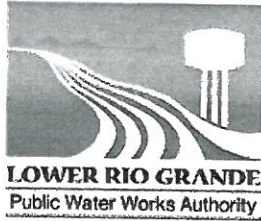
Minutes approved September 16, 2015

Roberto Nieto, Chairman (District 5)

ABSENT

John Holguin, Vice-Chairman (District 4)

Alma Boothe, Secretary (District 2)



Lower Rio Grande Public Water Works Authority

Sign In Sheet Page ___ of ___

Date: 9/3/15

Time: 9:30 am

Places: La Mesa Office

Event: Special Board Meeting

Signature	Print Name, Title, Company or Agency Represented	Contact Information	Email Address
	LRG PWWA Financial Manager	640-4330	
	Roberto Nieto LRG	475-636-3851	
	Carlos Torres	733-9140	
	MIKE McMULLEN LRG PWWA	970-302-7852	
	Alma Boothe LRG PWWA	(915) 309-7670	
	Karen Nichols LRG PWWA PM	915 203 2057	Karen.nichols@ LRGauthority.org
	Attorney	528-0500	
	LRG PWWA	575 571 3628	

LRGPWWA
Manager's Report
September 16, 2015

- FEMA State Share for Berino office flooding has been approved August 26, 2015; amount \$1,011.41 (4-8 weeks to process)
- Drug and Alcohol: Vendor has been selected; Connie, Terry and I attended a Drug and Alcohol Training present by DWI Resources Center from Albuquerque which was Sponsored by NM Mutual-New Employee has been scheduled, Random to commence in October
- Passed a NM Mutual Workers Compensation Inspection: Employee Staff; Facilities' Hazards; Forms and Files—Will require employee continuous training on Safety Videos (part of service, no additional fees); Rating 8% only 2 incidents in the last 24 months
- Dona Ana County sewer line project conflict with water lines Hwy 478 in Berino. Did not meet separation requirement; concrete and steel encasement install by DAC and water line will be ductile iron at Northern site and will be update at Southern site with future project

Lower Rio Grande PWWA Operators Report - September 16, 2015

System Problems and Repairs.

- Backflow inspections are current.(Mesquite District)
- The wetlands project continues.
- I'm meeting with Mark from JCH to discuss the valves needed for the rehab of well #6 on Monday 14 2015.
- For the Month of July we have been issued 258 work orders.
- For the Month of August we have been issued 279 work orders.
- We have had 6 new service connections this past month.
- Arroyo well is still down however the well driller will start the acid wash, brush and bale on Monday 14, 2015
- Well # 1 O'Hara is off line due to it started pumping sand, we will work on that one once Arroyo is back in service; we are moving water from Mesquite to Berino.
- JJ and I will be in training in Albuquerque on September 15-17.

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

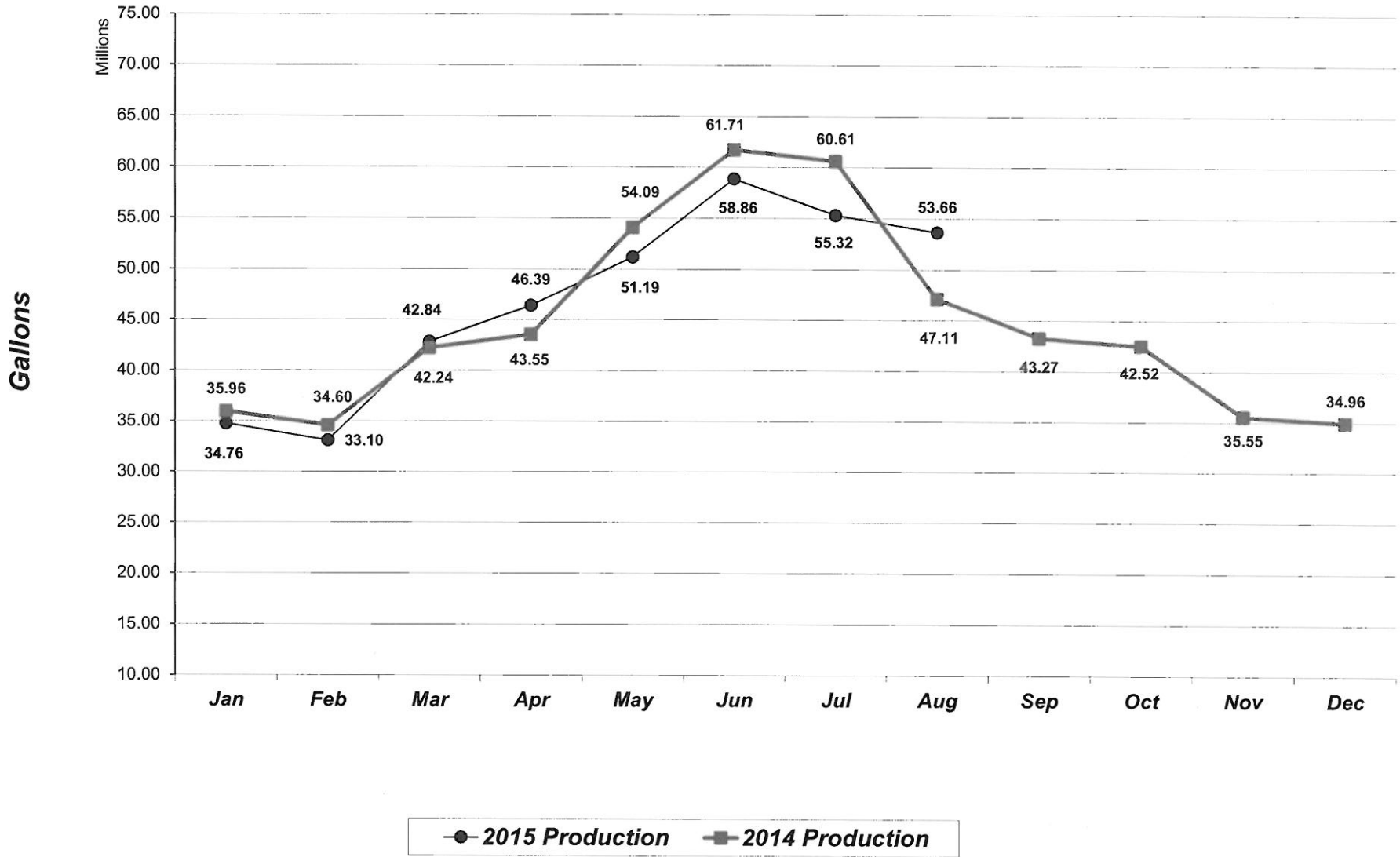
Mesquite district Wetlands: Demo continues.

Mesquite Sewer Report. Sent

Chlorine: No problems.

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

Lower Rio Grande PWWA Water Production Report



**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
PROJECTS REPORT – 9/16/15 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: We have completed the construction closeout and held the warranty inspection. Contingency funds are being used to purchase equipment for the project. Shed has been delivered and set up at lift station, and tank, mixer and pump have been installed and tank stand modified to fit. These are for feeding odor control chemical into the system. Bid opening for a trailer mounted vacator/jetter unit is 3 pm on 9/30/15 at the La Mesa Office. Invitation to Bid is posted on our website published twice in the Sun News.

LRG-11-02.2 – Mesquite-Brazito Sewer Project – Bohannon Huston, Inc. – 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: Engineering Agreement was approved by NMED-CPB, but is still pending USDA-RD approval. We have resumed monthly conference calls with USDA-RD & BHI.

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"Berino Area: Berino Area: East of NM 478: Contractor has completed all waterline installation in the Berino Proper Area. Contractor has connected all residences to the new BMDC waterline network and completed the 2 - 4" bores for the new SCADA system and initial wiring for 12" PRV. Pending: Contractor lacking 12" PRV, pressure testing and Bac-t's from Station 1+00 to 21+00 and 1 tie in at the intersection of Vargas Street and Concepcion Road. Mike Lopez inquires on the predicted completion of the solenoid valve to be installed in Berino, as LRGPWWA personnel are spending many hours manually controlling water flows in the area. C. Muncy responds they are still waiting on Current Electric for a time estimate and a definitive update should be available in approximately one week. West of NM 478: Contractor currently on south side of Berino Rd. (NM 226) installing 12" waterline and moving west towards Three Saints Road. A second crew is on NM 478 and moving south of Pipo Lane as of 9/01/15. Concurrence with modifications to the NMDOT and EBID permits was achieved on the week of August 24th.

Del Cerro Area: As of 8/31/15, Contractor has installed and completed all 8" and 6" PVC C900 waterlines, water valves and fire hydrants in the Del Cerro/Singh/La Fe areas. Contractor has also installed approximately 6,000 LF of 6" waterlines on the following streets: Flower, Lomas, Plaza and Cristo. Service Bores are in progress. Contractor has completed the bridge crossing at Mesquite Drain & Swannack Road. I-Beam crossing is active and running water to the Del Cerro area (west of Mesquite Drain). Contractor is lacking service bores in the following streets: Plaza, Cristo and Lomas and lacking pressure tests and Bac-t's for Lomas and Plaza. As of 9/01/15, 95% of the residents in the Del Cerro/Singh/La Fe areas are connected to the new BMDC waterline network. The remaining residents are pending the service bores.

Mesquite Area: All blue flexible waterline markers have been installed in the Mesquite Area. From previous field observations, Contractor is lacking flexible waterline markers on new fire hydrants on DAC ROW, as shown on Detail #1 (Sheet 226) or as directed by the LRGPWWA.

Project Water Line Bores: To date, Contractor has installed 6 of the 8 project waterline horizontal bores. Two bores are pending: BNSF / Berino and EBID Joy Drive. Attorney is working on obtaining temporary easement for the BNSF bore pit since negotiations between the contractor and property owner failed.

LRG-11-05 – Surface Water Treatment Plant WTB #252– Bohannon Huston - Design stage - \$750,000 WTB – 10% Loan 10% Match – Final PER should be submitted to NMED-CPB on 9/10/15. Engineer will discuss with Judi Kahl at CPB and we will meet with Ms. Quintana at NMFA on 9/24 to discuss a time-extension and potential scope change for the remaining funds. We have requested this be placed on the Water Trust Board's agenda for October.

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 - Software - \$175,000 NM STB: Three requisitions have been submitted to NMED-CPB and paid, and a 4th has been paid, but is too small to submit for reimbursement, so that is pending additional invoices from Tyler. Change Order to reduce the scope of the data conversion for the financial piece and add the online payment piece that was in the proposal but omitted from the contract was finally executed by Tyler and is pending approval at NMED-CPB. Tyler staff has been on-site, and the Finance Manager's report will discuss their progress.

LRG-15-01 – System-wide Information Technology Standardization - SCADA - \$130,000 NM STB – Molzen Corbin: We met with Molzen Corbin to discuss scope, and they are preparing a contract proposal. This will be on the October agenda if available.

LRG-13-03 – Water System Purchase Project – for RFP – Planning Stage - \$37,500 NMFA Planning Grant – on DWSRLF Priority List: DWSRLF funding application and Categorical Exclusion Checklist have been submitted to NMFA. Approval of the funding is on the NMFA Board agenda for 9/24/15.

LRG-13-01 – Brazito Water System Improvements – Souder, Miller & Associates. – Construction Phase - Western Building & Development - \$523,354 NM CITF Grant, \$58,150 Loan, \$58,150 Match Requirement, 2014 CITF \$157,986 (10% loan): The project is currently in the final stretch of the construction phase. The contractor did not meet his substantial and final completion due dates of August 28, 2015 and September 4, 2015 respectively. A substantial completion meeting was held on September 3, 2015 to discuss the updated time of completion date. At the meeting the contractor was provided a tentative substantial completion and punch list to be completed by the updated final completion date of September 11, 2015.

LRG-14-01 – Waterline Extension Project (incl. Veterans Road) – Design/Build - \$882,430 CITF incl. 10% Loan: Proposed Engineering Services Agreement was received from Parkhill, Smith & Cooper on 9/11/15. Need to meet with them to review before seeking board approval.

Other projects:

Water Audit – BECC: Audi is ongoing. Next progress meeting will be 9/22/15.

USDA-RD Transfer & Assumption Application Packages: All three Letter of Conditions notebooks were submitted to USDA-RD on 5/27/15, final approval is still pending. RD now has an Office of General Counsel in Albuquerque, and the attorney there is currently reviewing these and has made some comments that were addressed by the local office.

USDA-RD Community Facilities Grant/Loan for Vehicle Purchase – LOC - \$46,600 Grant/\$103,400 Loan: Legal Services Agreement has been submitted to USDA-RD for review & approval, have begun monthly conference calls and started assembling LOC documents.

Infrastructure Capital Improvements Plan 2017-2021: NM-DFA-LGD sent over some corrections (additional information), and Tiffany has updated the ICIP.

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.

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

Training –Joan and I attended CUPSS Training on Asset Management

Lower Rio Grande Water Users Organization – nothing new to report

US-EPA Regionalization Case Study – I received a draft and submitted edits on 2/2/15. Case study has not yet been published. I have followed up a few times, and it is still under review at EPA.

EBID Surface Water Plant: - Continuing to work with EBID on their response to NMED-DWB comments as they pertain to the LRGPWWA and to our Surface Water/Brackish Water Treatment Facility Project.

Staffing: Finalized job description and advertised for Projects Specialist – Administrative with internal, Sun News and website posting; Martin, Angie and I interviewed applicants and selected Lisa Lopez for the position. She will begin on 9/21/15 after giving notice at her current position. Angie and I finalized her job description as well.

LRGPWWA
Profit & Loss
August 2015

	Aug 15	Aug 14
Ordinary Income/Expense		
Income		
Credit Card Fees	1,239.21	894.32
Interest	49.45	41.92
Non-Operating Revenue		
Copy/Fax	-191.39	66.25
Other Income	143.00	2,844.72
Tower Rent	0.00	400.00
Total Non-Operating Revenue	-48.39	3,310.97
Operating Revenue		
Activation & Connection Fees	3,020.00	5,080.00
Backflow Testing	450.00	0.00
Contract Services	1,583.91	1,946.70
Impact Fees	3,200.00	1,600.00
Installation Fees	3,532.25	3,775.30
Membership Fees	400.00	360.00
Monthly Services	224,334.91	223,405.74
Monthly Services-Sewer	12,875.90	14,132.40
Other Income	550.00	250.00
Penalties-Sewer	552.99	500.28
Penalties-Water	6,498.64	6,280.97
Returned Check Fees	245.00	105.00
Tampering Fee/Line Breaks	500.00	0.00
Total Operating Revenue	257,743.60	257,436.39
Professional Fees-Other	3,205.91	2,599.51
Total Income	262,189.78	264,283.11
Cost of Goods Sold		
Cost of Goods Sold	-785.12	-32.53
Total COGS	-785.12	-32.53
Gross Profit	262,974.90	264,315.64
Expense		
Accounting, Auditing, Legal		
Accounting Fees	0.00	210.48
Advertising	0.00	302.92
Audit	0.00	7,824.60
Bad Debts	-508.13	0.00
Bank Service Charges	88.00	724.61
Cash Short/Over	0.00	-145.00
Dues and Subscriptions	500.00	0.00
Legal Fees	2,290.81	1,045.25
Licenses & Fees	25.00	0.00
Meals	55.33	0.00
Permit Fees	100.00	2,766.67
Postage	3,304.69	2,331.24
Retirement Account Fees	1,506.25	0.00
Training	590.48	615.00
Travel		
Meals Per Diem	0.00	49.83
Travel - Other	409.64	0.00
Total Travel	409.64	49.83
Total Accounting, Auditing, Legal	8,362.07	15,725.60
Debit Service		
Interest paid to NMFA	1,920.83	1,920.86
Interest paid to USDA	10,885.16	11,654.73
Total Debit Service	12,805.99	13,575.59

LRGPWWA
Profit & Loss
August 2015

	Aug 15	Aug 14
Depreciation Expense		
Sewer	22,148.00	22,148.00
Water	67,614.58	72,991.69
Total Depreciation Expense	89,762.58	95,139.69
Salaries		
401K 10% Company Contribution	0.00	0.00
Accrued Leave	817.37	1,720.46
Administrative Labor	19,212.24	19,653.19
Clerical Labor	16,650.00	13,264.80
Employee Benefits-401K Contrib	2,294.56	2,163.76
HISC-Blue Medicare Rx.	86.90	48.20
Insurance-Dental	789.59	744.02
Insurance-Health	10,330.32	9,208.06
Insurance-Life,Disability	0.00	859.50
Insurance-Work Comp	1,759.00	1,675.00
Operations Labor	31,792.94	28,509.30
Payroll Taxes-Medicare	992.84	650.74
Payroll Taxes-Social Security	4,245.32	2,782.62
Payroll Taxes-State Unemploymen	0.00	0.00
Total Salaries	88,971.08	81,279.65
Sewer		
DAC Waste Water Flow Charge	3,137.02	3,600.63
Electricity-Sewer	793.19	0.00
Lab & Chemicals-Sewer	0.00	2,261.16
Total Sewer	3,930.21	5,861.79
Supplies		
Automobile Repairs & Maint.		
LRG-02	0.00	189.00
LRG-03	0.00	40.00
LRG-06	711.08	39.98
LRG-08	0.00	179.05
LRG-09	42.00	909.28
LRG-10	49.28	0.00
LRG-11	1,322.17	0.00
LRG-14	670.03	0.00
LRG-20	143.05	0.00
LRG-22	0.00	495.30
LRG-23	60.92	150.00
LRG-26	41.49	140.41
Automobile Repairs & Maint. - Other	179.29	385.49
Total Automobile Repairs & Maint.	3,219.31	2,528.51
Computer Maintenance	3,934.93	3,886.15
Fuel	5,266.60	6,253.62
Lab, Chemicals-Water		
Chemicals	5,134.72	0.00
Total Lab, Chemicals-Water	5,134.72	0.00
Maint. & Repairs-Infrastructure	16,564.26	313.02
Maint. & Repairs-Office	1,862.22	86.35
Maintenance & Repairs-Other	2,957.57	0.00
Materials & Supplies	7,687.60	5,514.55
Office Supplies	460.52	362.45
Printing and Copying	752.66	752.80
Uniforms-Employee	881.19	328.03
Total Supplies	48,721.58	20,025.48

9:32 AM
09/14/15
Accrual Basis

LRGPWWA
Profit & Loss
August 2015

	<u>Aug 15</u>	<u>Aug 14</u>
Taxes, Liability, Insurance		
Cobra Fee	0.00	15.30
Government Penalties & Interest	0.00	55.60
Insurance-Vision	210.45	0.00
Water Conservation Fee	1,659.73	1,818.23
Total Taxes, Liability, Insurance	<u>1,870.18</u>	<u>1,889.13</u>
Utilities		
Cell Phone	1,063.52	971.50
Electricity-Lighting	507.63	462.63
Electricity-Offices	1,789.09	2,303.01
Electricity-Wells	22,397.46	28,370.72
Garbage Service	206.00	0.00
Natural Gas	126.72	77.31
Telephone	894.14	1,115.89
Wastewater	88.20	88.20
Total Utilities	<u>27,072.76</u>	<u>33,389.26</u>
Total Expense	<u>281,496.45</u>	<u>266,886.19</u>
Net Ordinary Income	<u>-18,521.55</u>	<u>-2,570.55</u>
Net Income	<u><u>-18,521.55</u></u>	<u><u>-2,570.55</u></u>

RESOLUTION OF MEMBERS OR STOCKHOLDERS

(Name of Association)

(Address, including Zip Code)

RESOLVED, that the Governing Board of this Association be and it hereby is authorized and empowered to take all action necessary or appropriate —

1. To obtain for and on behalf of the Association through the United States Department of Agriculture (USDA) or any other Governmental agency:
 - (a) A loan in a sum not to exceed \$ _____;
 - (b) A grant in a sum not to exceed \$ _____;
 to be advanced by the lender or grantor in one or more advances at such time or times as may be agreed upon.
2. In case of a loan or grant or both —
 - (a) For the execution of such application or applications (including exhibits, amendments and/or supplements thereto) as may be required;
 - (b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and
 - (c) In its judgment to carry out the terms of this resolution.
3. And in case of a loan —
 - (a) To obligate this Association for the repayment of the loan at such rates of interest and on such other terms and conditions as the Governing Board shall deem proper;
 - (b) To pledge, hypothecate, mortgage, convey, or assign property of this Association of any kind and in any amount now owned or hereafter acquired, as security for any or all obligations (past, present and/or future) of this Association to such lender; and
 - (c) From time to time to pay, extend, or renew any such obligations.

CERTIFICATION

I, the undersigned, as _____ of the above named Association, hereby
 _____ Authority
 (Secretary) (Acting Secretary)
 certify that said Association on the _____ day of _____, _____, had _____
 _____ Authority
 (Number)
 _____; that _____ of these
 _____ (members) (stockholders) or (shares of voting stock outstanding)
 constituted a quorum; that _____ said members or stockholders or shares of voting stock were present at a meeting
 of the members or stockholders duly called and held on the _____ day of _____, _____;
 that the foregoing resolution was adopted at such meeting by the affirmative vote of _____ said members
 or stockholders or shares of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this day _____ of _____, _____.

Secretary of _____

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

LOAN RESOLUTION SECURITY AGREEMENT

A RESOLUTION OF THE _____
OF THE _____
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE
PRINCIPAL AMOUNT OF _____ FOR THE PURPOSE
PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A
_____, PROVIDING FOR THE COLLECTION, HANDLING, AND
DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY NOTES,
SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND SECURE THE PAYMENT
OF SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the _____, (hereinafter
referred to as the "Organization"), was organized under _____
_____ for the purpose of providing a

_____ (hereinafter referred to as the
"Facility") to serve the members of the said Organization; and

WHEREAS, a meeting of the members of the said Organization was held on the _____ day of _____
pursuant to proper notice thereof to consider plans for the acquisition, construction, and methods of financing the Facility:

and, as shown by the minutes of said meeting, of the _____ members of record of the Organization there were present and voting
_____, and by a recorded vote, the Facility and its financing were authorized; and,

WHEREAS, the proposed Facility is to be ~~constructed~~^{purchased} and in accordance with ~~plans and~~ specifications
prepared by _____

and in order to finance the Facility, the _____
(hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the Organization, to make
application to the United States of America, through the United States Department of Agriculture, (hereinafter referred to as the "Government"),
for financial assistance; to cause the execution and delivery of an installment promissory note or notes or other evidence of indebtedness
(hereinafter referred to as the "Note"), and appropriate security instruments to secure any loan or loans made or insured by the Government; to
comply with any requirements, terms or conditions prescribed by the Government or by Government regulations; and to execute contracts or
enter into agreements and, without limitation, to take any and all other action as may be necessary, incidental or appropriate to finance, acquire,
construct, complete, or equip the Facility for and on behalf of the Organization.

NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining a loan
made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development Act, it being
determined that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into consideration prevailing
private and cooperative rates and terms currently available;

Section 2. (Terms of Loan). That the Organization borrow \$ _____ and issue as evidence thereof Note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary and if necessary, have the corporate seal of the Organization affixed thereto, and shall bear interest from its date, which shall be the date of delivery, at a rate not to exceed _____ percent per annum;

the principal and interest shall be paid over a period of _____ years in accordance with the payment schedule set forth in the Note, until the principal and interest are fully paid except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable _____ years from the date of the Note. Each payment shall be applied first to the payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The _____ of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

The _____ is hereby directed to establish the following accounts into which the current funds of the Organization, Note proceeds, the revenues from the Facility and any other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account.

The proceeds of the Note, hereby authorized not disbursed contemporaneously with loan closing for incurred Facility costs, and at least the amount

of \$ _____ to be contributed by the Organization from the collection of initial connection fees, membership fees or contributions shall be deposited in an account designated as the Construction Account which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the _____ of the Organization as authorized by the Board from time to time, and with prior concurrence of the Government. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with 31 C.F.R. part 22. Withdrawals from a supervised bank account shall be made only on checks signed by the

_____ of the Organization and countersigned by an authorized official of the Government. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. 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.

(b) General Account.

As soon as the Facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account. Disbursements and transfers from this account shall be for: debt service, operations and maintenance, and transfers to an account designated as the Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Organizations making monthly Government debt service payments shall use the General Account for making such payments plus operating and maintenance expenses. Any remaining funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly Government debt service payments shall first use the General Account to pay operating and maintenance expenses. Then other transfers from this account will be made in the following order: (i) To an account designated as the Debt Service Account will be made in accordance with (c) below, (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

(c) Debt Service Account

Organizations making other than monthly debt service payments, shall transfer subject to income availability from the General Account to the Debt Service Account, a sum not to increase the next installment on the note.

(d) Reserve Account.

From the remaining funds in the General Account, after transfers and payments required in (b) (1) or (b) (2) and (c), there shall be set aside into

the Reserve Account the sum of \$ _____ each month until there is accumulated in that account the sum of \$ _____ after which deposits may be suspended, except to replace withdrawals. When necessary, disbursements may be used for payments due on the Note if sufficient funds are not available in the General or Debt Service Account. With the prior written approval of the Government, funds may be withdrawn for:

- (1) paying the cost of repairing or replacing any damage to the Facility which may have been caused by catastrophe, or
- (2) making extensions or improvements to the Facility.

Whenever disbursements are made from the Reserve Account, monthly deposits shall then be resumed until there is again

accumulated the amount \$ _____, at which time deposits may be discontinued. Whenever there shall accumulate in the General Account, amounts in excess of those required in subsections (b) (1) and (2), (c), and (d), such excess will be used by the Organization to make prepayments on the loan or retained in the General Account. The accounts required in subsections (b) (1) and (2), (c) and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the Organization, unless otherwise directed by the Government.

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid:

(a) It will indemnify the Government for any payments made or losses suffered by the Government.

(b) It will comply with applicable state laws and regulations and continually operate and maintain the Facility in good condition.

(c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for the payment of the operation and maintenance thereof and the installment payments on the Note and the maintenance of the various accounts herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization.

(d) If, for any reason, gross revenues are insufficient, it will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the Note as the same become due.

(e) It will (i) establish and maintain such books and records relating to the operation of the Facility and its financial affairs, (ii) will provide for the annual audit thereof in such manner as may be required by the Government, (iii) will provide the Government without its request a copy of each such audit, and (iv) will make and forward to the Government such additional information and reports as it may from time to time require.

(f) It will provide the Government, at all reasonable times, access to the Facility and all its books and records so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.

(g) It will maintain at least such insurance and fidelity bond or employee dishonesty coverage as may be required by the Government.

(h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.

(i) It will not cause or permit any voluntary dissolution of the Organization or merge or consolidate with an other organization, without obtaining the prior written consent of the Government. It will not dispose of, or transfer title to the Facility or any part thereof, including lands and interest in lands by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue, in excess of the amount required to maintain the accounts described by Section 4 herein, will not be distributed or transferred to any other organization or legal entity.

(j) It will not modify or amend its organizational documents, including any articles of incorporation or bylaws without the written consent of the Government.

(k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain Government's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Organization or public body.

(l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the Facility are pledged as security for the loan.

(m) It will comply with the measures identified in the Government's environmental impact analysis for this Facility for the purpose of avoiding or reducing the adverse environmental impacts of the Facility's construction or operation.

Section 6. (Security Instruments). In order to secure the payment of the principal and interest of the Note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets, both real and personal, constituting said Facility, as completed, or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government.

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time the Organization will, upon request of the Government, apply for, and accept, such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are authorized and directed to execute for and on behalf of the Organization, Form RD 400- 1, "Equal Opportunity Agreement", and Form RD 400-4, "Assurance Agreement".

Section 9. (Authorization of Officials). In the case of a grant in the sum not to exceed \$ _____, the Organization hereby accepts the grant under the terms as offered by the Government and that the _____ and _____ of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the Facility under the terms as offered in said grant agreements.

Section 10. (Cross Default). Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution of Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government or assignee so long as the note hereby authorized remains unpaid.

Section 12. (Effective Date). This resolution shall take effect and be in force from and after the _____ day of _____, being the date of its enactment.

The vote was: Yeas _____ Nays _____ Absent _____

(SEAL) (if applicable) By _____

Attest: Title _____

Title _____

CERTIFICATION

I, the undersigned, as secretary of the _____ hereby certify that the _____ of such Organization or Corporation is composed of _____ members of whom _____; constituting a quorum, were present at a meeting thereof duly called and held on the _____ day of _____, _____; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this _____ day of _____.

Secretary of _____