

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

MINUTES REGULAR BOARD OF DIRECTORS MEETING

9:00 a.m. Wednesday, November 14, 2012 at the Vado Community Center, 325 Holguin Rd

Note: Minutes are in DRAFT form until approved by the Board

- I. **Sign in, Roll Call to Establish Quorum, Call to Order** Sign-in sheet and agenda are attached. Directors present were Chairman Robert "Marty" Nieto, Vice-Chairman John Holguin, Secretary Santos Ruiz, Director Mary Berry and Director Furman Smith. Absent were Director Blanca Martinez and Director Rosaura Pargas. Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Operations Manager Mike Lopez, Projects Manager Karen Nichols and Adm. Asst. Joan Ferguson. Also present were Roberta Salazar Henry and Espy Holguin. With a quorum established the meeting was called to order by Mr. Nieto at 9:07 am.
- II. **Approval of Agenda** Motion to move item VII.B (Director nominations for GM Review Committee – 2 nominees) to after item III, approval of minutes was made by Mr. Nieto, was approved by Mr. Holguin and seconded by Mr. Ruiz. The motion carried 5-0. {1:25}
- III. **Approval of Minutes of 10/17/12** Mr. Holguin made a motion to approve the minutes of 10/17/12. Mr. Ruiz seconded the motion. The motion carried 5-0. {5:21}
- IV. **Director nominations for GM Review Committee—two nominees for approval**
 - A. **Roberta Salazar Henry—nominated by Director, John Holguin** She spoke briefly to the Board. She was with the New Mexico Department of Game and Fish and retired as Assistant Secretary. She is part of the natural resources conservation community and considers water issues and habitat an important issue. Additionally she has been a member of the Moongate Water Association as well as the Talavera Water Association.
 - B. **Linda Liess—nominated by Mary Berry** She was notable to attend the meeting. She is the former Chairman of the Butterfield MDWA and is a research coordinator with the Agricultural Department at New Mexico State University.
Ms. Berry made a motion to accept the nominations. Mr. Holguin seconded and the motion carried 5-0. {9:58}
- V. **Guest Presentations:** none
- VI. **Public Input—15 minutes total allotted for this item, 3 minute time limit per person:** none
- VII. **Managers' Reports**
 - A. **Management Report** Mr. Lopez's report is attached and he reviewed it with the Board.
 1. Mr. Holguin inquired about the office hours at Butterfield and Organ offices. There is no Organ office. The Butterfield office is open Monday through Thursday from 1pm to 5pm.
 2. Mr. Holguin asked whether the EPA had been involved in the asbestos abatement project at Tierra del Sol (attached). Mr. Martin Lopez said that the abatement had been accepted by Fed EPA and NM Environmental Department and building on the site has recommenced. Additionally, the Authority is posting arsenic reports on the bulletin board at the community's baseball field. {23:38}
 - B. **Projects Report** Ms. Nichol's report is attached and she reviewed it with the Board.

1. RE La Mesa Water Systems Improvements Information received after report was submitted: transmission lines are completed; a retaining wall and grading have been started; and the well looks like it will be a good one.

2. Re Organ Water & Sewer Project

a) Mr. Mike Lopez reported that the line to Tierra Alta had been completed as well as having started the pressure boosting station and the pad.

b) Mr. Smith asked about the SCADA issue. Ms. Nichols asked if he had been able to access the Project Tracker where the submittals are located and said she would be happy arrange that for him. {48:55}

C. Operations Report Mr. Mike Lopez's report is attached and he reviewed it with the Board.

1. Moved Gabriel up to East Mesa while Tom is on leave.

2. RE Control panel at #4 Well. Control Panel is corroded and Mike recommended to Martin that it be replaced. He is in the process of getting one estimate from Pure Ops and a second from Mark Parmeter. Mike Lopez estimates that it will be more than \$10,000.

3. Mr. Smith asked if the issue brought to the Board at October's meeting by Mr. Smith (member) had been resolved. Mr. Mike Lopez said that they had tested his meter and found that it had been running seven percent fast. They adjust his bill and he is satisfied.

4. Mr. Lopez is in contact with Ernesto Valenzuela at New MED about the adm contact and operators on the East Mesa. Additionally they will be numbering and labeling the wells, tanks and booster stations for the ED and New Mexico Office of the State Engineers.

5. Mr. Smith asked about a water loss report. Mr. Lopez said that he was in the process of developing that. {48:55}

D. Finance Report The written finance report was not available. Ms. Jackson explained to the Board that Quick Books had crashed and she could not give them accurate figures.

1. The audit took three weeks. Report has not been received and there may be a few findings.

2. The computer program crashed. A few hours worth of data input was lost but there was a paper trail.

3. Ms. Jackson, Benita Avaro and Connie Garcilazo went to the Infrastructuer Finance Conference and will be attending the procurement training as well. She recommends considering a procurement manager. Water companies fall into a grey area of the NM Procurement Code because the Authority's operations are self-funding. Ms. Nichols pointed out that the Authority's policy requires that the State procurement code be observed.

4. Ms. Jackson will probably be forced to purchase the updated version of Quick Books Intuit as the current version was compromised by the auditor and she had difficulty getting technical support because she didn't have the latest version. The upside is that the new version has an autopayment which would allow credit card and bank draft payment options.

5. Because of current and possible mergers and procurement issues, Ms. Berry suggested that the possibility of a second accountant be considered. Additionally, she pointed out that individuals on the Board bear some legal responsibilities concerning tax obligations. She asked Ms. Jackson if the IRS penalty of \$3,800 had been paid. Ms. Jackson did not think that the letter had been received but she confirmed that the State penalties had been paid. Consequently, Ms. Berry requested that Ms. Jackson notify the Board when the IRS penalty of \$3,800 is paid. Ms. Holguin pointed out that insurance was available to cover the personal liability of Board members. Ms. Nichols confirmed that the Authority already carries that insurance.

6. Mr. Martin Lopez said that it appears that the Authority will have to do Agreed Upon Procedures for FY 2012 for Butterfield Park but because it's due December 15 it will be late. Butterfield Park is on year three of a three-year contract with White, Samaniego and Campbell which has been approved by the State Auditor.
7. Organ just went over \$500,000 threshold in their latest pay request which will trigger a full OMB 133 audit. An auditor will need to be procured.
8. The Authority will be responsible for 2012 property taxes for Butterfield Park and Organ. Ms. Jackson explained that because all of the documents have not been filed, the Authority cannot file for an exemption. {1:03:09}

VIII. Unfinished Business

- A. **Draft Documents Retention Policy for approval** Mr. Martin Lopez asked Ms. Ferguson for an overview. The policy itself was adapted from a sample policy available for modification on the website of the Council of Nonprofits. The administration schedule up for approval was adapted from the documents retention section of the New Mexico Administrative Code. Documents are retained in order to comply with Open Meetings Act and Inspection of Public Records Act. Mr. Martin Lopez asked if the LRG's lawyer should review these documents. Ms. Nichols said that there is nothing in the policy that concerns her. Mr. Holguin moved to approve the policy and was seconded by Mr. Smith. The motion passed 5-0. Ms. Berry moved to adopt the administrative documents retention schedule, it was seconded by Mr. Smith. The motion passed 5-0. {1:14:15}

IX. New Business

- A. **Resolution number FY2013-05 DWSRLF regarding #2710-DW (radio read meters)** After a brief discussion, a motion to adopt FY2013-05 was made by Ms. Berry and seconded by Mr. Ruiz. The motion passed 5-0. {1:21:30}
- B. **Resolution number FY2013-06 regarding Water Trust Board 252-WTB (design of surface water treatment plant)** After a brief discussion, a motion to adopt Resolution number FY2013-06 was made by Mr. Smith and seconded by Ms. Berry. The motion passed 5-0. {1:23:31}
- C. **Review O&M contract with Desert Aire & La Union** The contract with Desert Aire was a "rollover" from Mesquite and is a four-year contract. The contract with La Union has been in effect almost two years. The original intent was to help a neighbor but currently the Authority loses money in the relationship and with the recent mergers the Authority's operators are very busy. A motion to terminate the contracts by February 1, was made by Mr. Smith and seconded by Mr. Holguin. Motion passed 5-0. Martin Lopez indicated that he would compose a letter and hand deliver it to their next meetings.
- D. **Request by MCAC for LRG to keep a backup key** Mesquite Community Action Committee asked if LRGPWWA could keep a backup key to the community center. Questions of logistics and liability were discussed. Mr. Martin Lopez could not recommend it to the Board. Action postponed until next meeting and Mr. Martin Lopez was directed to see how insurance premiums would be affected. Motion to postpone action until next meeting was made by Mr. Holguin, seconded by Ms. Berry. The motion carried 5-0. {1:38:46}
- E. **Motion to convene in closed session pursuant to NMSA 1978 Section 10-15-1 (H)(7) for discussion of threatened or pending litigation** A motion was made to go into closed session by Ms. Berry, it was second by Mr. Smith. Roll call: Mr. Nieto, yea; Mr. Smith, yea; Ms. Berry, yea; Mr. Ruiz, yea; Mr. Holguin, yea. The session was closed at 10:47 am. A motion was made by Mr. Holguin to open the session and was seconded by Ms. Berry. The motion carried 5-0. Session was reopened at 10:56.
- F. **Motion(s) related to closed session** A motion was made by Mr. Smith to direct Mr. Lopez to file a grievance against the NM Office of the State Engineer. It was seconded by Mr. Holguin and the motion carried 5-0 with no further discussion. {1:40:20}

X. Other discussion and agenda items for next meeting, 12/12/12 at Vado

- A. Trash Coupons
 - B. Travel expenses for Board members
 - C. Rate study
 - D. Update organizational chart
 - E. Leave carry over policy
 - F. Colonias Day participation
- XI. **Adjourn** Motion to adjourn was made by Mr. Holguin, seconded by Mr. Ruiz, motion carried 5-0. Meeting was adjourned at 11:15am.

Date Minutes approved: _____

Directors Present

Chairman Robert M. Nieto

Vice-Chairman John Holguin

ABSENT

Director Rosaura Pargas

ABSENT

Director Santos Ruiz

Secretary Blanca Martinez

Director Mary Berry

Director Furman Smith

Lower Rio Grande Public Waterworks Authority

Sign In Sheet

1/2

Date: Nov 14, 2012 Time: 9 AM Place: VADO Meeting Type: REG BOARD MTS

Name, Title - Print Sign	Company or Agency Represented	Mailing Address	Telephone	Email
<u>Robert M. Nichols</u>	<u>LRG PWWA</u>		<u>575</u> <u>636-3851</u>	
<u>KURMAN SMITH</u>	<u>LRG- ORGW</u>		<u>382 5982</u>	
<u>Santos Ruff</u>	<u>LRG POWA</u>	<u>1200 Fuego Mountain</u> <u>N.M. 88045</u>	<u>575 8825937</u>	
<u>John Holguin</u>	<u>LRG PWWA</u>	<u>615 Holguin Rd</u> <u>VADO, NM</u>	<u>605-9007</u>	
<u>Roberta Salazar-Haney</u>	<u>LRG PWWA</u> <u>GRIEVANCE BOARD MEMB.</u>	<u>5067 Heno Mine Rd</u> <u>LAS CRUCES 88011</u>	<u>532-5540</u>	
<u>Kathy Jackson Finance Manager</u> <u>Kathy Jackson</u>	<u>LRG PWWA</u>	<u>PO Box 2046</u> <u>Anthony NM 88021</u>	<u>640-4330</u>	
<u>Michael Lopez</u>	<u>LRG PWWA</u>	<u>P.O. Box 2046</u> <u>Anthony NM 88021</u>	<u>(575)</u> <u>635-3921</u>	<u>mike.lopez@</u> <u>lrgauthority.org</u>
<u>Karen Nichols, Proj. Mgr.</u> <u>K</u>	<u>LRG PWWA</u>	<u>PO Box 2046</u> <u>Anthony NM 88021</u>	<u>915</u> <u>203 2057</u>	<u>Karen.Nichols@</u> <u>LRGauthority.org</u>
<u>Jean Ferguson</u>	<u>LRG PWWA</u>	<u>4613 April</u> <u>Ed, NM</u>	<u>405-7992</u>	<u>Jean.Ferguson@</u> <u>LRGauthority.org</u>
<u>Mark Berry</u>	<u>LRG PWWA</u>	<u>9170 Berry Patch</u> <u>Line, L. Cr 88011</u>	<u>382-5874</u>	<u>mdberry@nmsh.</u> <u>edu</u>
<u>MARTIN LOPEZ</u> <u>[Signature]</u>	<u>LRG PWWA</u>	<u>3015 Holguin del</u> <u>VADO NM 88072</u>	<u>575</u> <u>571-3628</u>	<u>martin.lopez@</u> <u>lrgauthority.org</u>

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
MEETING NOTICE & AGENDA—REGULAR BOARD OF DIRECTORS MEETING

9:00 a.m. Wednesday, November 14, 2012 at the Vado Community Center, 325 Holguin Rd
Agendas are final 24 hours prior to the meeting and may be obtained at any LRGPWWA Office—call 575-233-3947 for information

- I. Sign in, Roll Call to Establish Quorum, Call to Order
- II. Approval of Agenda
- III. Approval of Minutes of 10/17/12
- IV. Guest Presentations: None
- V. Public Input—15 minutes total allotted for this item, 3 minute time limit per person
- VI. Managers' Reports
 - A. Management Report
 - B. Projects Report
 - C. Operations Report
 - D. Finance Report
- VII. Unfinished Business
 - A. Draft Documents Retention Policy for approval
 - B. Director nominations for GM Review Committee – 2 nominees for approval
Linda Liess (Mary Berry)
Roberta Henry (John Holguin)
- VIII. New Business
 - A. Resolution regarding DWSRLF #2710-DW
 - B. Resolution regarding Water Trust Board 242-WTB
 - C. Review O&M contract with Desert Aire & La Union
 - D. Request by MCAC for LRG to keep a backup key
 - E. Motion to convene in closed session pursuant to NMSA 1978 Section 10-15-1 (H)(7) for discussion of threatened or pending litigation
- IX. Other discussion and agenda items for next meeting, 12/12/12 at Vado
- X. 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 LRG PWWA office at 575-233-3947, 325 Holguin Rd, Vado NM 88072 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 LRG PWWA office at 575-233-3947, 325 Holguin Rd, Vado NM 88072 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

10:00 a.m. Wednesday, October 17, 2012 at the Butterfield Park Office, 9774 Butterfield Blvd

Note: Minutes are in DRAFT form until signed by the Board of Directors

- I. **Sign in, Roll Call to Establish Quorum, Call to Order** Sign-in sheet and agenda are attached. Directors present were Chairman Robert “Marty” Nieto; Vice-Chairman John Holguin; Secretary Santos Ruiz; Director Rosaura Pargas; Director Mary Berry and Director Furman Smith. Director Blanca Martinez was absent due to a medical issue. Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Operations Manager Mike Lopez, Projects Manager Karen Nichols and Adm. Asst. Joan Ferguson. Also present were Roberta James, Carolyn K. Hust and Rick Smith. With a quorum established the meeting was called to order by Mr. Nieto at 10:02.
- II. **Approval of Agenda** The Guest Presentation by Jose Ramirez (HIDTA) was tabled as he was not present. Mr. Smith moved to approve the agenda. The motion was seconded by Ms. Berry and the vote carried 6-0. {05}
- III. **Approval of Minutes of 9/19/12** Mr. Holguin moved to approve the minutes of 9/19/12. Ms. Pargas seconded the motion. The vote carried 6-0 with no discussion. {1:17}
- IV. **Guest Presentations: Jose Ramirez – HIDTA** Tabled
- V. **Public Input—15 minutes total allotted for this item, 3 minute time limit per person**
 - A. Rick Smith presented a billing dispute. He suggested the meter was not working properly because his water usage was above average. He was told to coordinate with Mike Lopez (Operations) and Martin Lopez (GM) to work out the problem.
 - B. Carolyn K. Hust inquired about the safety of the water and the status of the wells. {4:23}
- VI. **Managers’ Reports**
 - A. **Management Report** Mr. Martin Lopez’s written report was in the Board packet (attached) and discussed with the Board.
 1. Additionally, he informed the Board that LRGPWVA had been offered the opportunity to purchase Dos Lagos Golf Course in Anthony with 4-6 acre feet of adjudicated water rights for \$5 million.
 2. In 2000, Organ obtained a two-year lease from the Land Commissioner. It is unclear whether the lease was for a right-of-way easement or something else. Bohannon Huston and the engineer of record are researching the lease in order to ascertain whether the lease could be renewed or a new lease needs to be obtained. {16:35}
 - B. **Projects Report** Ms. Nichol’s written report was in the Board packet (attached) and discussed with the Board.
 1. RE La Mesa Well. Screens will be placed at 200ft and 750ft. The budget is looking good and any remaining funds will be applied toward additional SCADA. Mr. Smith asked whether the SCADA system will be compatible with current systems. Ms. Nichols said that Mike Lopez makes those decisions. Mr. Martin Lopez explained that the contract that was inherited from La Mesa specified federally required equipment that could not be changed.

2. RE Mesquite Wastewater Project. Ms. Nichols told the Board that she and Mr. Martin Lopez had attended a Colonias Board meeting the previous day where they were told that the award letter from NMFA should be forthcoming. Mr. Martin explained to the Board how the award letter was being affected by the false audit at the NMFA. Cost of the safety plan due to unsafe trench conditions as a result of the contamination encountered will be higher than figure in the report submitted to Board. The contractor has broken a number of LRG lines and Mike explained the difficulty of trenching next to existing and sometimes unmapped lines.
 3. RE Mesquite/Brazito Water Emergency Interconnect... The County has not met threshold so LRGPWVA will not be able to apply through the County but may apply directly to CDBG for funding.
 4. "Organ Sewer Project" will read "Organ Water/Sewer Project" in future Projects reports.
 5. The RCAC will be presenting the Yoneo Ono Award to the originating Board Members of Lower Rio Grande Mutual Water Association, Nov 8 at the La Mesa Community Center. Invitations were mailed October 16.{23:26}
- C. **Operations Report** Mr. Lopez's written report was in the Board packet (attached) and discussed with the Board.
1. Detailed explanation of problems at the Desert Sands Well #2. The ferric chloride had corroded the column pipe and caused a leak. Mr. Mike Lopez notified the engineer on the original project of the issue so that it wouldn't be repeated. A PVC nipple was installed as well as an ultrasonic meter.
 2. Reported to the Board the issue of sunburned pipes that were rejected for the La Mesa well project.
 3. JJ submitted a warranty repair request for the La Mesa lighting system which is malfunctioning. The contractor is addressing the issue.
 4. The monthly Bac-T-Samples were also sent for Organ.
 5. The Mesquite Sewer Report was not due this month but will be sent next month.
 6. Gas chlorinating equipment is being installed at Well #8 and will provide significant savings.
- D. **Finance Report**
1. While reconciling ledger accounts for the upcoming audit, several errors were discovered:
 - a) Third quarter Federal payroll taxes had not been paid. They are now current and LRG will be receiving the penalty notice from the IRS shortly;
 - b) Leave was not accrued at the proper rate. That has been corrected;
 - c) Martin Lopez was charged twice the benefits deduction rate in January. He has been reimbursed.
 2. The audit started October 16. It had been delayed because the original auditor had left the firm.
 3. Ms. Nichols asked if the State withholding taxes were paid. Ms. Jackson said that they are caught up.
 4. Ms. Jackson pointed out that the "Grant Income" line item in the Sept Profit & Loss is not actually operating income.
 5. **Resolution #FY2013-04 for Fiscal Year 2013, Amended Budget** Ms. Jackson explained the Budget Amendment and pointed out the differing forms included in the report. Mr. Smith made a motion to accept Resolution #FY2013-04 for Fiscal Year 2013, Amended Budget. Ms. Berry seconded the motion. The motion passed on a voted of 6-0.
 6. The IRS, in person, requested La Mesa's tax filing report from 2006. Evidently the records have been destroyed and so the IRS has excused LRGPWVA from filing the report. Additionally, the IRS has assessed a penalty of \$1,200 on La Mesa's final two quarters of payroll taxes before the merger.

7. Mr. Nieto asked about what penalties LRG would be assessed. Ms. Jackson explained that FY2012 3rd quarter federal payroll taxes amounting to \$38,000 were not paid. A penalty of \$3,800 has been levied.
8. Ms. Berry advised Ms. Jackson that Butterfield Park had made their annual payment to their USDA Rural Development Reserve Account. Mr. Martin Lopez said that under the merger, we might be able to negotiate reserve requirements. {1:00:25}

VII. Unfinished Business

VIII. New Business

- A. **Discuss amendment to Governance Documents for a stipend for Board's travel expenses.** Mr. Martin Lopez asked for direction from the Board on drafting an amendment to the Governance documents to reimburse the Board for travel expenses. He noted that the Governance document can only be altered by a member vote and that it would have to be on the ballot on the April election. The discussion was about the differences between stipends, mileage reimbursement and using company cars. Consensus of the Board decided that mileage reimbursement was the cleanest method and to use State guidelines and directed Mr. Lopez to draft an amendment.
 1. Mr. Smith asked about the upcoming elections and how many representatives would be allocated to the Organ/Butterfield Park area. Because of a possible merger with Brazito, it's unclear exactly but Mr. Lopez estimates 1-1 ½ representatives. {1:18:31}
- B. **Draft Documents Retention Policy for discussion** Ms. Nichols discussed the Draft Documents Retention Policy in the Board's packet (attached). Ms. Berry asked that language indicating flexibility in the retention schedules be added. Ms. Nichols asked whether the Board would prefer that the retention schedules—which are in the process of being drafted—be brought to the Board as they are drafted or all at once. The Board asked for them as they are drafted or amended and will consider adoption of the policy at the next meeting. {1:25:44}
- C. **Director nominations for GM Review Committee** Mr. Nieto presented a nomination for the Review Committee. The Committee requires five members and Mr. Lopez pointed out that more than five nominations would provide a larger pool from which to draw. {1:35:50}
- D. **Lower Rio Grande MDWA 6/20/12 Agreed-Upon Procedures** Mr. Lopez discussed the document with the Board. There was one finding because the State Auditor took so long to approve the audit contract. Mr. Lopez made the decision to move ahead with the audit in order avoid a finding for filing the audit late. A motion to approve The Lower Rio Grande MDWA 6/20/12 Agreed-Upon Procedures was made by Ms. Berry and seconded by Mr. Smith. The motion carried 6-0. {1:37:33}
- E. **Reconsideration of contract w/Doña Ana County re: sale of trash coupons & associated fees** The contract with DAC only allows LRG to charge a \$1 fee which is not enough to cover administrative costs. Mr. Martin Lopez asked the Board whether they would like him to try to renegotiate the contract with the County or discontinue the program all together. The alternatives discussed were higher fees, buying in bulk, buying at a discount, outright buying, etc. A motion was made by Ms. Berry to direct GM, Martin Lopez to try to renegotiate the trash coupon contract with the County or buy the coupons in bulk. Motion was seconded by Mr. Smith. The motion carried 6-0.

IX. Other discussion and agenda items for next meeting, 11/14/12 at Vado

- A. Governance document amendment
- B. Document Retention Policy
- C. Director nominations for General Manager Review Committee

- X. **Adjourn** Motion to adjourn was made by Mr. Holguin, seconded by Ms. Berry. The motion carried 6-0. Meeting was adjourned at 11:58 a.m. {1:56:11}

Date Minutes approved: _____

Directors Present

Chairman Robert M. Nieto

Vice-Chairman John Holguin

Director Rosaura Pargas

Director Santos Ruiz

ABSENT

Secretary Blanca Martinez

Director Mary Berry

Director Furman Smith

LRG PWWA
Manager's Report
November 14, 2012

- Transfer of Assets from Associations
 - Berino-discovered a new BLM permit which needs to be assumed by LRGPWWA
 - Organ and Butterfield Park merger:
 - Organ has a lapsed permit with State Land Office which has to be re-issued and transferred to LRGPWWA: Sewer lagoons
 - Butterfield Park real property appears to be correct Attorney is going to meet with County Appraisal Office
 - RD has approved the Authorization Agreement for Preauthorized Payments for the current RD
 - RD applications for merger is in process
 - Installed security camera/panic button devices at Butterfield Park as well as new phones-call forwarded to southern offices when not open
 - Butterfield Park computer linked in network-CUSI billing program now available on both
 - Organ meter radio read program installed on Butterfield Park computers

- RD conducted Compliance Inspection of the LRGPWWA, Organ, Butterfield Park which additional had a Security Inspection
- Regionalization Webinar went well coordinated by EPA and RCAC-panel included RCAC, LRGPWWA, NMOSE, NMED, El Valle Alliance with about 140 registrants-will post Power Point Presentation on website or link to EPA
- Assist Port of Authority through Federal Highway DOT and BLM to obtain water service
- LRGPWWA southern office now on Intranet includes a new phone system and new primary number (575) 233-5742
- Meetings/Trainings
 - November 17 at 10 am at 885 Three Hawks Rd: Brazito MDWCA special membership meeting to vote on merger with LRGPWWA
 - Authority General Office Road Show, Open Meeting Act and Inspection of Public Records Act, Thursday, December 6 at 9:30 at the NM Farm & Ranch Museum, 4100 Dipping Springs Road, Free of Charge



Tierra Del Sol Housing Corporation

HomeOwnership Center



TIERRA DEL SOL HOUSING CORPORATION
PARQUE HOMES SUBDIVISION: REGULATED ASBESTOS WASTE ABATEMENT
PROGRESS REPORT – October 24, 2012

The following is an information update on the regulated asbestos waste abatement process at the Parque Homes Subdivision in Berino, New Mexico, taken by Tierra del Sol Housing Corporation.

Background Information:

Tierra del Sol Housing Corporation performed due diligence to address the environmental issue of regulated asbestos waste at the Parque Homes Subdivision in Berino, New Mexico. In response to allegations made that asbestos had been disposed of at the subdivision site, tile fragments obtained by the New Mexico Environment Department indicated that regulated asbestos waste [broken floor tiles] had, in fact been disposed at the Parque Home Subdivision. The sample was collected on May 7, 2012, and was determined by laboratory analysis to contain asbestos. Tierra del Sol voluntarily cooperated with the New Mexico Environment Department to prepare and implement a plan for the proper disposal of this waste.

The Site Abatement Plan (SAP) submitted by Tierra del Sol was approved on July 27, 2012 by the NM Environment Department. The sensitive nature of regulated asbestos waste at the subdivision warranted Tierra del Sol to exercise diligence to assure that the abatement process was systematically performed by qualified and certified parties. Tierra del Sol hired Willie Roman, a professional engineer with the THL Consulting, LLC, as the project manager for the abatement. Mr. Roman coordinated the abatement plan in conjunction with consulting environmental engineers and the enforcement officers with the New Mexico Environmental Protection Division Solid Waste Bureau.

Beyond the requirements in a SAP by the NM Environment Department, Tierra del Sol hired Zia Engineering to perform a site assessment to determine if other areas of the subdivision contained any regulated asbestos waste. The Zia environmental investigation found that no buried asbestos material was located in any of the test pits they performed. This investigation was not required by NMED. Its findings provides evidence and assurance with an extremely high level of confidence to Tierra del Sol, its current and prospective homebuyers, the public, the Dona Ana County, other regulators and lenders with a financial interest that the site is free of subsurface regulated asbestos waste.

The abatement was completed by the Robles Service Group from Cibolo, Texas, in accordance with the SAP that was approved by the NM Environment Department. The Robles Service Group started the clean-up of the affected areas on September 12, 2012 and completed the abatement process on September 18, 2012. The site was inspected by Zia Engineering & Environmental Consultants on September 18, 2012. The post asbestos abatement inspection report affirms there were no indications of asbestos-containing materials identified at the visual inspection. The waste from the affected areas of the Parque Homes Subdivision was transported in accordance with federal regulations [CFR 49 and CFR 40] to the Otero/Greentree Regional Landfill located 24 miles south on Highway 54 from Alamogordo in Otero County, New Mexico. The waste manifests are certified that the 40 cubic yards of waste are non-friable.

A post abatement summary report with substantiating documentation was submitted to the New Mexico Environment Department, Environmental Protection Division Solid Waste Bureau on October 15, 2012. The NMED Solid Waste Bureau reviewed and accepted the report and attachments as the final submission needed from Tierra del Sol, to complete the terms and conditions of the approved Site Abatement Plan approved by NMED on July 27, 2012. In a letter to Tierra del Sol dated October 22, 2012, the New Mexico Environment Department, Environmental Protection Division Solid Waste Bureau states that the asbestos complaint was deemed closed and informed Tierra del Sol that no further action is needed.

The abatement of the regulated asbestos waste is complete and approved by the governing jurisdiction of the State of New Mexico. Since the case is closed, there will be no further informational updates or reports prepared by Tierra del Sol on the subject matter. Tierra del Sol Housing Corporation appreciates your continuing interest and support through this trying ordeal that resulted from admittedly illegal dumping at the Parque Homes Subdivision.

Rose Garcia, Executive Director
Tierra del Sol Housing Corporation
210 East Idaho Avenue, Suite B
Las Cruces, New Mexico 88001

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
PROJECTS REPORT – 11/14/12 BOARD OF DIRECTORS MEETING**

Authority Construction Projects:

LRG-11-01 - La Mesa Water System Improvements – Molzen Corbin – Construction Stage – Burn Construction - RD - \$2,040,346: Pilot hole is complete for well, water samples were received and water quality is good with no Arsenic detected. The waterline has been installed and pressure tested. Tank foundation has been prepped. Building corners are staked. Engineer will set up a meeting with Electrical Engineer to discuss scope of SCADA once well is complete.

LRG: 11-02.1 -Mesquite Wastewater Project – Gannett Fleming– CONSTRUCTION Stage – Layne Southwest - RD \$7,262,081, CITF \$1,670,257: Award letter from NMFA has been received. Construction is continuing along NM 228 and the intersecting streets. The contractor has made slow progress with the main lines along the highways because of the multitude of existing utilities in this corridor. Contractor continues to install the connections to the new main line in coordination with property owners. These connections will be connected to the homes once the sewer mains have been accepted.

LRG-11-02.2 - Authority/Brazito Sewer Project – Vencor – Pre-Design Stage/Funding Application Stage – NMFA/SAP/RD Application: Funding application to RD is in preparation. Updated project budget were submitted by engineer on 11/6/12. Met with GM to draft revisions to the proposed agreement for treatment for negotiation with the county.

LRG-11-03 – Interconnect & Looping Project – Additional phases pending new PER.

LRG-11-03.4 Mesquite/Brazito Water Emergency Water Interconnect & Supplemental Wells – Planning/Funding: Vencor has a preliminary map and has developed a project budget. County will not be meeting threshold, so will not be able to apply to CDBG.

LRG-11-04 - Berino & Mesquite/Del Cerro Water System Project WTB #223 – Vencor - Letter of Conditions/final design & review of plans & specs – RD - \$5,420,147/WTB - \$4,371,630: LOC binder is complete except for USDA-RD letter approving the bid documents, and was turned in on the due date (11/2/12). Engineer addressed all USDA-RD engineer's comments on 10/11/12, and RD engineer sent a memo to that effect to Martha Torrez on 10/20/12. A letter requesting an extension on the LOC due date was submitted by Vencor on 10/30/12, and a response has not been received.

LRG-11-05 – Surface Water Treatment Plant WTB #252– Bohannon Huston - Design phase - \$750,000 WTB – Closing documents are in preparation at NMFA, Borrower/Grantee Resolution is on today's agenda, closing on 12/21/12. NMFA board did not resolve the MOU renewal with NMED at their October meeting. We will need to consult our attorney about the engineering agreement which requires funding agency concurrence, but NMFA & NMED have declined to review

LRG-12-03 – Authority-Alto de Las Flores Interconnect– Vencor – Design - \$86,400 Old Colonias Initiative/DFA + GF & Alto contributions - Colonias Initiative award letter was received and grant agreement in the amount of \$86,400 has been signed and returned to NM-DFA-LGD. Field Surveys are complete, Design Plans are at 90%, and soil testing has been initiated. Need EBID & DAC concurrence on the design so that they, in turn, can determine their permit fees. Engineer has requested county waiver

from jack & bore requirements on Castillo Road. Once fees and bore vs. trenching is determined, plans, specs and cost estimate can be finalized and ready for bid. Alto de Las Flores is covering design costs not covered by the grant and our budgeted contribution.

Authority PERs/EAs/40 Yr. Water Plan:

LRG-12-01 – Authority PER – Vencor - prelim. planning - CDBG Planning Grant \$50,000, NMFA Planning Grant \$37,500 & \$12,500 Local Match: Field Inventory Completed. Field GPS Survey of all existing LRGPWWA components complete. Electronic CAD Maps of existing components within LRGPWWA boundary complete. Compilation of Field Data Inventory underway. Final draft of PER outline complete. Water model is being assembled.

Forty-Year Water Plan – CE&M – complete: pending NM-OSE comments/approval.

Return Flow Credit Plan – CE&M – GF – Pending Review: Drafted and submitted to Ms. Thacker at local NM-OSE 12/21/11.

LRG-12-02 - Radio Read Meters – in-house – 600,950 DWSRLF: \$595,000 was approved at 50% subsidized + 25% grant = 50% grant, 25% loan at 0% plus fees approved by NMFA Board 4/27/12. Revised letter from Steven Deal has been received; contract documents were prepared by Wilson & Company and received 11/7/12.

Individual MDWCA Projects:

LRG-12-04 - Organ Water & Sewer Project – Bohannon Huston – Construction Phase – Morrow - \$2,990,382 RD Colonias Grant, \$101,000 RD Loan: Mobilization of equipment and personnel to the project site complete. Began pot holing for existing utilities and existing Organ WSA water lines in Tierra Alta area. Beginning installation of 4" PVC in Tierra Alta, construction staking & beginning new leach fields at wastewater treatment facility. Completed SWPPP, permits and reviews by DAC for ROW & construction permits. Set up material storage & staging area in Mountain View area, and continuing with materials submittals and reviews.

LRG MDWA Projects:

La Mesa Building (jointly funded by La Mesa & LGRMDWA) – Molzen Corbin – construction completed - NMED - SAP08-3099, Colonias 09-3118: Intranet is implemented, billing system was still too slow over the Intranet, but all the offices are connected. Phone system is installed in all the offices, and implementation and training was 10/31/12. New main number is 233-LRGA (5742), Mesquite, La Mesa & Vado numbers are active, 882 numbers (Berino & Desert Sands) have a redirect recording for one year.

Other projects:

Website - Board Minutes Page & Notices Page are up to date, and new phone number has been posted.

Application for NMED Sustainability Award – Award was presented at the NM Infrastructure Finance Conference

ICIP – Final document has been submitted by Ms. Goolsby to NM-DFA and is posted on our website.

Lower Rio Grande PWWA

Operators Report

November 14, 2012

System Problems and Repairs.

- Backflow inspections are current.(Mesquite District)
- Sewer tank inspections are current.(Mesquite District)
- 2 new services in the Berino district.
- 1 new service in the Desert Aire.
- 2 new services in La Union.
- We pulled removed 6 services in La Union.
- 0 new services in the Mesquite district.
- The sewer contractor has broken many main lines, sewer and water.
- Mike, JJ, Ramon and Steven worked 10/27/12 Saturday to replace a 4" water line across eastside canal.
- We have had 9 leaks in lower Rio Grande East Mesa.
- We continue with sewer problems in the mesquite district.
- We have received all parts for well #2, we will start on Thursday.
- The pump control Panel is shot @ well #4 East Mesa.
- Mike, JJ, and Karen had a meeting with BHI on the east mesa organ water project.
- All my crew and I have spent many hours working with the contractor on the sewer project.
- Mike, JJ, Angie, and Christina worked the last week of October in Organ and Butterfield Park with radio read system.

NMED: Monthly Bac-T-Samples have been taken for the Lower Rio Grande PWWA, La Union, Desert Aire, and Butterfield Park and Organ.

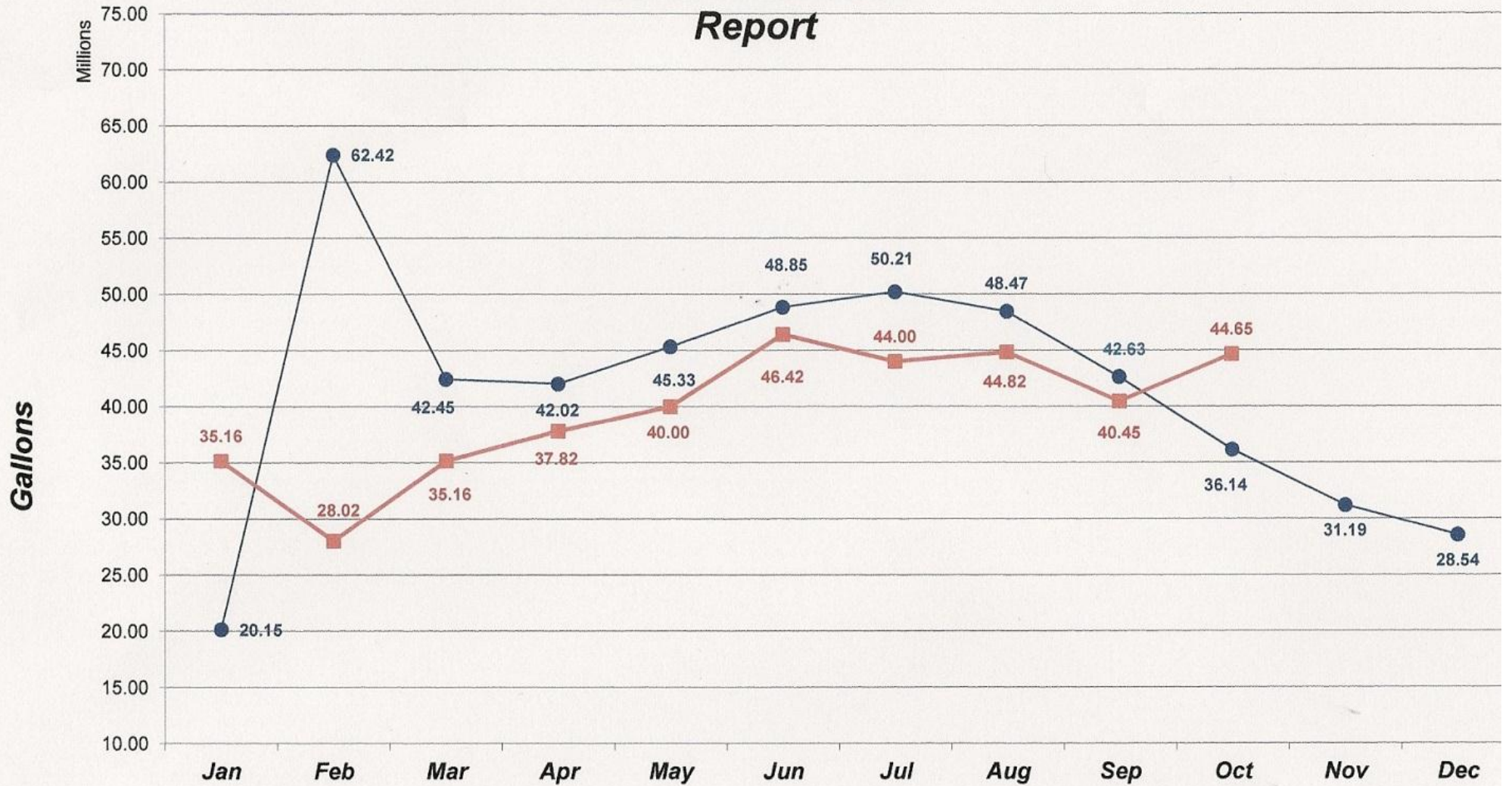
Mesquite district Wetlands: wetlands have been working fine.

Mesquite Sewer Report. We have generated and have sent the sewer report for the Wetlands.

Chlorine: No problems this past month.

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

DOCUMENT RETENTION AND DESTRUCTION POLICY

The Lower Rio Grande Public Water Works Authority is a political subdivision of the State and an independent public body established by NM Statute (NMSA 1978 73-26-1).

1. Policy and Purposes

This is the Policy is adopted by the Board of Directors of the Lower Rio Grande Public Water Works Authority (LRGPWWA) for the retention and destruction of documents and other records, both in hard copy and electronic media (documents). Purposes of the Policy include (a) retention and maintenance of documents necessary for the proper functioning of the organization as well as to comply with applicable legal requirements; (b) destruction of documents which no longer need to be retained; and (c) guidance for management and staff with respect to their responsibilities concerning document retention and destruction. The Board of Directors of the LRGPWWA reserves the right to revise or revoke this Policy at any time.

2. Administration

2.1 Responsibilities of the Administrator. The LRGPWWA's General Manager shall be the administrator (Administrator) in charge of the administration of this Policy. The Administrator's responsibilities shall include supervising and coordinating the retention and destruction of documents pursuant to this Policy and particularly the Document Retention Schedule included below. The Administrator shall also be responsible for documenting the actions taken to retain, maintain and/or destroy LRGPWWA documents. The Administrator may also modify the Document Retention Schedule as necessary to comply with law and/or LRGPWWA policy. The Administrator may delegate these duties to staff but shall retain the ultimate responsibility for administration of this Policy.

2.2 Responsibilities of Staff. This Policy also relates to the responsibilities of staff, with respect to maintaining and documenting the storage and destruction of the organization's documents. LRGPWWA staff shall be familiar with this Policy, shall act in accordance therewith, and shall assist the Administrator, as requested, in implementing it.

3. Suspension of Document Destruction; Compliance. The organization becomes subject to a duty to preserve (or halt the destruction of) documents once litigation or a government investigation or audit is reasonably anticipated. Further, federal law imposes criminal liability (with fines and/or imprisonment for not more than 20 years) upon whomever "knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or makes a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States ... or in relation to or contemplation of any such matter or case." Therefore, if the Administrator becomes aware that litigation, a governmental audit or a government investigation has been instituted, or is reasonably anticipated or contemplated, the Administrator shall immediately order a halt to all document destruction under this Policy, communicating the order to all managers and staff in writing. The Administrator may amend or rescind the order only after conferring with legal counsel. If any board member, manager or staff member becomes aware that litigation, a governmental audit or a government investigation has been instituted,

or is reasonably anticipated or contemplated, with respect to LRGPWVA, they shall make the Administrator aware of it. Failure to comply with this Policy, including, particularly, disobeying any destruction halt order, could result in possible civil or criminal sanctions. In addition, for managers or staff, it could lead to disciplinary action including possible termination.

4. Electronic Documents. Documents in electronic format shall be maintained just as hard copy or paper documents are, in accordance with the Document Retention Schedule. LRGPWVA email accounts used by management, staff and Directors are subject to the Inspection of Public Records Act (NMSA 1978-14-2-1 through 14-2-12) and shall also be maintained just as hard-copy or paper documents are in accordance with the Document Retention Schedule.

5. Privacy. It shall be the responsibility of the Administrator, after consultation with counsel, to determine how privacy laws will apply to the LRGPWVA's documents from and with respect to employees and Directors; to establish reasonable procedures for compliance with such privacy laws; and to allow for their audit and review on a regular basis.

6. Emergency Planning. Documents which are necessary for the continued operation of the organization in the case of an emergency shall be stored in a safe and accessible manner in more than one location.

7. Document Retention Schedules. Management, with the approval of the Board, retains the right to adopt and/or amend the following Document retention schedules and others as needed:

- Schedule A – Board, Policy & Organizational Documents
- Schedule B – Management, Insurance & Planning Documents
- Schedule C – Accounting & Finance Documents
- Schedule D – Employment, Personnel & Benefits Documents
- Schedule E – Membership & Customer Service Documents
- Schedule E – Legal, Contract & Real Estate Documents
- Schedule F – Project Documents
- Schedule G – Operations & Compliance Documents

Approved and adopted by the Lower Rio Grande Public Water Works Authority Board of Directors on November 14, 2012.

Seal:

Attest:

Santos Ruiz, Secretary

Roberto Nieto, Chairman

NON-RECORD MATERIALS:

Description: the following specific types of materials are defined as “NON-RECORD” and may be disposed of at the convenience of LRGPWWA when they have no more value/use to the organization: extra copies of correspondence and other documents preserved only for convenience of reference; blank forms, books, etc., which are outdated; materials neither made nor received in pursuance of statutory requirement nor in connection with the functional responsibility of the office/agency; preliminary drafts of letters, reports, and memoranda which do represent significant basic steps in preparation of record documents; shorthand notes, steno tapes, mechanical recordings which have been transcribed, where noted on agency retention schedule; routing and other interdepartmental forms which do not add any significant material to the activity concerned; stocks of publication already sent to archives and processed documents preserved for supply purposes only; form and guide letters, sample letters, form paragraphs. All other materials either related or received in connection with the transaction of public business which belong to the office concerned are LRGPWWA property and NOT personal property of the officer or employees concerned. Therefore, any material not included in the above definition cannot be destroyed, given, or taken away, or sold.

Retention: none

SUBJECT FILES:

Description: correspondence, memoranda, publications, reports and other information received by LRGPWWA and filed by subject. Also referred to as reading files or information files.

Retention: until superseded or until information no longer needed for reference

PRIMARY MISSION RECORDS:

Description: files concerning the establishment of LRGPWWA, its development and policies, its progress, operation summaries, plans for the future development, etc.

Retention: permanent

AGENCY ORGANIZATIONAL CHARTS:

Description: records that reflect the organizational structure of the agency and its divisions. Information includes a diagram, which shows a systematic and arrangement of the Authority’s divisions and program areas by name and function.

Retention: until superseded and until no longer needed for reference, then transfer to archives

ADMINISTRATIVE FILES (MANAGEMENT LEVELS):

Description: records documenting actions of managers. Files may include memoranda and reports concerning LRGPWWA policy, organizational and program development records, and non-routine fiscal data and personnel information. These records reflect administration of policy, coordination of organization functions, and management of program activity.

Retention: after five years transfer to archives for appraisal and final disposal

ADMINISTRATIVE REFERENCE FILES (NON-MANAGEMENT LEVELS):

Description: routine office management files retained below management. Included are convenience copies of memoranda, reports, printed matter, and other reference materials. Topics include such subjects as: job activities, program material, general office information, professional associations, charitable affairs, parking for staff, disaster preparedness, and other related topics.

Retention: until no longer needed for reference

ADMINISTRATIVE CORRESPONDENCE FILES (MANAGEMENT LEVELS):

Description: Communications concern coordination of programs, Authority policy, and responsibilities of a non-routine nature that impact on the Authority. These letters are usually found at the management level. This record group includes the correspondence files of all personnel and elected officials.

Retention: two years after close of fiscal year in which created, then transfer to archives for appraisal and final disposal

GENERAL CORRESPONDENCE FILES (STAFF LEVELS):

Description: routine correspondence created or retained below the levels of management. Letters and memoranda reflect communication regarding program procedures, general work activities, and responses to information requests.

Retention: one year after close of fiscal year in which created

BOARD OF DIRECTORS FILE:

Description: records concerning LRGPPWA staff dealings with the Board of Directors. File may include original or copy of minutes of meetings, reports, related documentation, correspondence, etc.

Retention: five years then transfer to archives for appraisal and final disposition

COMMITTEES OR COUNCILS FILES:

Description: records concerning various committees/councils with which LRGPPWA deals. File may contain copies of minutes of meetings, reports, notifications, correspondence, memoranda, related documentation, etc.

Retention: five years after close of fiscal year in which created

MANUALS OF PROCEDURES:

Description: manuals of procedure for the efficient operation of the Authority, including but not limited to acquiring space, budgeting, accounting, purchasing, contracting, vouchering, printing, appointment and dismissal of employees, record maintenance, etc.

Retention: until superseded by new manual of procedure

POLICIES AND PROCEDURES FILES:

Description: reference copies of current policies and procedures of government and non-government entities with which LRGPWWA deals.

Retention: until superseded or obsolete

ACCIDENT REPORT FILE:

Description: reports of accidents involving Authority personnel.

Retention:

- (1) **Files resulting in no action/claim/litigation:** two years after date of accident
- (2) **Files resulting in action/claim/litigation:** until incorporated into workers' compensation file

MINUTES OF MEETINGS:

Description: records of official proceedings of the Authority. Information includes agenda, date, place, list of attendees, and a summary of discussion and decisions. Official minutes may also include all informational attachments such as reports, surveys, proposals, studies, and charts distributed to staff and Board of Directors for discussion and for use in making decisions on policy, planning, and administrative matters. Official minutes shall include only those documents and attachments that have been formally introduced as part of a record.

Retention:

- (1) **Minutes of meetings of boards or committees appointed by Board of Directors as defined in Open Meetings Act (10-15-1, NMSA 1978):** permanent
- (2) **Minutes of meetings of all other bodies:** five years, then transfer to archives for appraisal and final disposal
- (3) **Tapes or recordings of meetings:** after minutes have been transcribed and accepted at next meeting but no longer than two years after meeting date
- (4) **All other documentation including agenda, agenda package, etc:** after next meeting date but no longer than two years after meeting date

PUBLIC RELATIONS FILE:

Description: information concerning publicity. File may include press releases, biographies, newspaper clippings, promotional materials, bulletins, broadcast scripts, photographs, visual documentation, and other related items.

Retention: until no longer needed for reference, then transfer to archives for appraisal and final disposal

AUDIO/VIDEO RECORDINGS:

Description: Routine surveillance footage or recordings of routine meetings.

Retention: Audio recordings of Board Meetings until minutes are approved; otherwise 30 days after date created provided no suits or claims pending.

NEWSPAPER RELEASES:

Description: includes news or press releases issued by the agency.

Retention: four years after close of fiscal year in which created, then transfer to archives for review

PHOTOGRAPHS:

Description: digital photographs of LRGPPWA activities. Photographs may include identification according to time, place, and activity.

Retention: until no longer needed for reference, then transfer to archives for review

PROPERTY FILES:

Description: records of deeds and leases to real property owned or used by the Authority. Information includes description and location of the property, maps, easements, right of way permits, sale agreements, land acquisition forms, deeds, lease agreements, and related correspondence.

Retention:

(1) **Deeds and related documentation:** permanent. After property is sold, disposed of, or relinquished, files may be transferred to archives

(2) **Leases and related documentation:** six years after termination of lease, then transfer to archives for appraisal and final disposal

BUILDING DRAWINGS, PLANS, AND BLUEPRINTS:

Description: original or photographic reproduction of architectural plans or technical drawings. Access to documentation of restricted or security areas shall be limited to authorized personnel only.

Retention: permanent. After no longer needed for reference, files may be transferred to archives

SURVEYS OR MAPS:

Description: surveys or maps developed by LRGPPWA to carry out its mission and function. Information concerns roads, property lines, corners, monuments, road marker placements, structures, sites, and other related data.

Retention: until no longer needed for reference, then transfer to archives for appraisal and final disposal

MAINTENANCE SERVICE FILE:

Description: records concerning maintenance services conducted for office or department. File may include work orders, maintenance reports, related documentation, correspondence, memoranda, service agreements, etc.

Retention:

- (1) **Service agreements:** six years after termination of agreement
- (2) **All other records:** three years after date of last entry

EQUIPMENT FILE:

Description: records concerning supplies and equipment. File may contain accounting records, operating manuals, warranties, inventories, related documentation, correspondence, memoranda, etc.

Retention:

- (1) **Warranties:** six years after termination of warranty
- (2) **Equipment records, including operating manuals:** until disposition of equipment
- (3) **Supply records:** three years after audit report released

SURPLUS PROPERTY FILE:

Description: records concerning surplus property and its disposition. File may contain inventories, records of disposal, accounting information, related documentation, correspondence, memoranda, etc.

Retention: one year after disposition of property or three years after all audits are released, which ever is longer

PHONE BILLINGS FILE:

Description: reference copies of monthly office telephone bills.

Retention: until audit report released

WORK ORDERS FILE:

Description: work orders submitted to Operations

Retention:

- (1) **Reference copy (copy maintained by entity requesting work):** until work completed
- (2) **Operations copy:** one year after work completed

SCHEDULES OF DAILY ACTIVITIES:

Description: records used to keep track of work-related events and commitments of staff members. Record includes daily appointment books, calendars, and other records indicating dates for meeting and work activities

Retention: until no longer needed for reference but no longer than one year after close of calendar year in which created

LISTS OR DIRECTORIES:

Description: includes mailing lists, directories, rosters, and registers compiled by the Authority.

Retention: until superseded

SPEECH FILES:

Description: transcript of speeches given by the Authority personnel. Speeches concern program procedure, work activities, and related concepts.

Retention:

(1) **Management levels (including personnel and elected officials):** until no longer needed for reference, then transfer to archives for appraisal and final disposal

(2) **Non-management level:** until no longer needed for reference

CONFERENCES OR WORKSHOPS ATTENDED FILE:

Description: records of conferences or workshops attended by personnel. File may contain agendas, programs, handouts, correspondence, memoranda, related documentation, etc.

Retention: until no longer needed for reference

CONFERENCES OR WORKSHOPS CONDUCTED FILE:

Description: records of conferences or workshops conducted by LRGPWWA personnel. File may contain agendas, programs, handouts, reports, training materials, critiques, questionnaires, correspondence, memoranda, related documentation, etc.

Retention: after five years, transfer to archives for appraisal and disposal

SIGNATURE AUTHORIZATIONS:

Description: record authorizing person to sign fiscal documents, personnel documents, etc.

Retention: one year after revocation.

OVERTIME FILE:

Description: records of overtime by Authority personnel.

Retention: one year after overtime accrual date

AFFIRMATIVE ACTION OR EQUAL EMPLOYMENT OPPORTUNITY FILE:

Description: records concerning LRGPWWA's affirmative action/equal opportunity program. File may include regulations and guidelines, policies, reports, studies, correspondence, and related records.

Retention:

- (1) **Annual plan:** three years after date issued, then transfer to archives for appraisal and final disposal.
- (2) **Regulations, policies, guidelines, reference materials:** until obsolete or superseded, then transfer to archives for appraisal and final disposal
- (3) **Grievance or complaint files:** one year after date case closed
- (4) **Compliance reviews:** after five years, transfer to archives for appraisal and final disposal
- (5) **Remaining records:** two years after date created

Confidentiality: Section 10-15-1 NMSA 1978.

SEARCH COMMITTEE FILE:

Description: records concerning activities of specially formed search committees charged with recruiting new or replacement personnel. File may include resumes, applications, correspondence, related records, memoranda, etc.

Retention:

- (1) **Applications and records for individuals hired:** transfer to personnel office when individual accepts position
- (2) **Applications and records for individuals not hired:** transfer to personnel office when position is filled
- (3) **Unsolicited applications:** transfer to personnel office when received

JOINT POWERS AGREEMENTS:

Description: written contractual agreement entered into between two or more public entities subject to any constitutional or legislative restrictions imposed upon any of the contracting public entities (Joint Powers Agreement Act, Section 11-1-1 to Section 11-1-7 NMSA).

Retention: 10 years after termination of agreement, then transfer to archives for review and final disposition

DISASTER RECOVERY FILE:

Description: records concerning the preparation of a disaster plan and the organization of salvage procedures for the LRGPWWA. Records include the disaster recovery plan, salvage procedures, information on training in disaster recovery techniques, etc. A copy of this file should be maintained off-site. In the event of a disaster, all copies of this file shall be retained until any or all investigations have been concluded.

Retention: until superseded by new plan or information

BUILDING EMERGENCY EVACUATION FILE:

Description: records concerning the safe and orderly evacuation of a building. Records include evacuation plan, list of designated fire captains or coordination leaders, training information, etc.

Retention: until superseded by new plan or information

INTERNAL AUDIT FILE:

Description: internal audits of programs, operations, and of external contractors and grantees. File may contain audit plan, entrance or exit conference documentation, procedure questionnaires, correspondence, memoranda, supporting documentation, and final audit report. This record series does not include the Authority's external audit report.

Retention: five years after close of fiscal year audited

PROJECT CONTROL FILE:

Description: memoranda, reports, and other records documenting assignments, progress, and completion of projects. *Record series does not include construction project files.*

Retention: one year after close of fiscal year in which project completed or canceled

FEASIBILITY STUDIES:

Description: studies requested or conducted prior to the acquisition, installation, implementation, or purchase of new technologies, equipment, properties, projects, etc. Also includes preliminary engineering reports and environmental documents. Studies may be incorporated into other files (i.e., project files).

Retention:

(1) **Studies requested or conducted by the Authority:** five years after completion or cancellation of study

(2) **Courtesy copies received by the Authority:** until informational value ends

INSURANCE POLICY FILE:

Description: records concerning insurance coverage of agency property (buildings and contents, equipment, automobiles, etc.).

Retention:

- (1) **Insurance policy:** 10 years after expiration of policy, provided no claims or suits pending.
- (2) **Claim files:** three years after case close

GROUP INSURANCE POLICY FILE:

Description: records concerning insurance coverage of employees (health, life, accident, and long-term disability).

Retention:

- (1) **Group insurance policy:** 10 years after expiration of policy, provided no claims or suits pending
- (2) **Individual employee policy holders' records (waiver and enrollment forms applicable to group insurance in effect):** three years after employee terminated or retired, or three years after termination of effective period
- (3) **Claim file:** until informational value ends

Confidentiality: claim files containing health information are confidential. (14-6-1 NMSA 1978)

LIABILITY CERTIFICATES OF COVERAGE FILE:

Description: records concerning insurance coverage of agency liability.

Retention:

- (1) **Certificate (policy):** 10 years after expiration of policy, provided no claims or suits pending
- (2) **Claim files:** three years after case closed

Confidentiality: claim files containing health information are confidential. (Section 14-6-1 NMSA 1978)

SURETY BOND FILE:

Description: records concerning surety bond coverage of Authority employees and persons acting on behalf of or in service to the Authority in any official capacity.

Retention:

- (1) **Certificate (policy):** 10 years after expiration of policy, provided no claims or suits pending.
- (2) **Claim files:** three years after case closed

WORKER'S COMPENSATION FILE:

Description: records concerning workers' compensation claims against the Authority. File may include legal opinions and briefs, court documents, transcripts, affidavits, photographs, findings, recommendations, correspondence, related records, etc.

Retention:

- (1) **Policy:** 10 years after expiration of policy, provided no claims or suits pending
- (2) **Claim files:** three years after case closed

Confidentiality: claim files containing health information are confidential. (14-6-1 NMSA 1978)

TITLE INSURANCE POLICY:

Description: records concerning the insurance coverage of titles of LRGPWWA owned property.

Retention:

- (1) **Policy:** until property sold or disposed of, provided no claims or suits pending
- (2) **Claim files:** three years after case closed

INSURANCE APPRAISAL OR SURVEY FILE:

Description: records concerning insurance appraisal or surveys.

Retention: until informational value ends

MATERIAL SAFETY DATA SHEETS:

Description: records concerning safety information on chemical products used by the staff. Material safety data sheet may contain information on chemical ingredients, hazards identification, first-aid measures, fire fighting measures, accidental release measures, handling and storage, exposure controls or personal protection, agency name or vendor name, physical and chemical properties, toxicological information, etc.

Retention: 30 years after discontinuance of substance per 29 CFR 1910.1020(d) (1) (ii)(B)

OPERATIONS SYSTEM BACKUP:

Description: operations system backups contain data concerning LRGPWWA's fiscal operations and transactions, legal investigations and proceedings, studies, supply management, personnel and payroll administration, etc.

Retention:

- (1) **Annual system backup:** erase or dispose of when data contained has met its retention period provided approval to destroy data has been received from office or department to which data belongs
- (2) **Quarterly system backup:** after five cycles

- (3) **Monthly system backup:** after four cycles
- (4) **Weekly system backup:** after six cycles
- (5) **Daily system backup:** after eight cycles
- (6) **Incremental system backup:** until completion of next full system backup

WEBSITE:

Architecture: The overall design of a website, which can encompass hardware and software, consisting of the how the components are designed, connected to, and operate with one another. The architectural design also contains information on the development and maintenance of informational or transactional websites that may contain documentation on the platform and associated software necessary to operate and maintain an internet or intranet presence.

(1) **informational website:** informational web sites contain information and do not support or conduct business transactions.

(2) **transactional website:** transactional web sites contain information and possess the ability to conduct business transactions.

Description: records and information hosted electronically and accessible through the internet or intranet. A website may contain information regarding the mission or the reason for the establishment of a web presence. The website may contain replicated information from an agency such as, names of staff, announcements of meetings, calendar of events, press releases, annual reports, strategic plans, surveys, images, multimedia, audio, transactional forms or pages (e-commerce), etc. The website may also contain unique information found only on the website.

Retention:

(1) **platform (software):** one year after discontinuance of the system.

(2) **web content:**

(a) **unique records or information:** see the general or agency program schedule for retention.

(b) **replicated information:** until superseded or no longer relevant.

(3) **web site structure:**

(a) **informational web site:** one year after site is updated or changed.

(b) **transactional web site:** three years after site is updated or changed. [Transactional web sites contain or support transactions such as registrations, purchases, etc.]

Nota bene:

(1) the use of contractors or another entity to host an entity's website does not release the entity from the custodial obligation for the maintenance, preservation, and disposition of the entity's records.

(2) entities may wish to include a statement to the effect that the information provided on the website is for informational purposes and that the official copy of record(s) can be found at the entity. See subsection K of 1.15.3.9 NMAC of this rule for further information.

(3) because applicable statutes or laws may vary, entities may wish to consult with legal counsel for applicable citations for websites conducting business transactions or containing confidential information.

LEGAL CASE FILE:

Description: records concerning litigation . Records may contain complaints, court order, motion, pleadings, notes, briefs, releases, investigative reports, investigative activity logs, transcripts, closing sheets, correspondence, memoranda, etc. Case files involving real property where LRGPWVA has an interest shall be retained for 10 years after case closed or until state no longer has an interest, whichever is longer.

Retention:

(1) **Legal casefiles:** 10 years after case closed

(2) **Legal case files involving minors:** 10 years after case closed or until any minor involved attains age 21, whichever is longer

(3) **Legal case files involving real property:** 10 years after case closed or until LRGPWVA no longer has an interest, whichever is longer

Confidentiality: per Sections 14-2-1 NMSA 1978, 32A-1-3.B NMSA 1978, 32A-2-32 NMSA 1978, 32A-3B-22 NMSA 1978, 32A-4-33 NMSA 1978, 32A-5-8 NMSA 1978, and 32A-6-15 NMSA 1978

LEGAL OPINIONS AND REQUESTS FOR OPINION FILE:

Description: records requesting legal counsel to render or issue an opinion. May contain request, opinion, relating documentation, correspondence, memoranda, etc. File includes attorney general opinions and requests for opinions.

Retention: until no longer needed for reference

OFFENSE OR INCIDENT REPORTS:

Description: shows offender's name, offender information, date and time and location of occurrence, information on incident, reporting witness name, name of investigating officer, narrative, etc. Includes bomb threat reports. Includes reports concerning victims of alleged criminal offenses occurring on LRGPWVA property.

Retention: five years after date of occurrence

ALARM DATA RECORDS:

Description: shows date and time of alarm, alarm number, etc.

Retention: one year after date created

VEHICLE ACCIDENT REPORT FILE:

Description: records concerning each vehicle accident reported on LRGPWWA property. File may include medical records, offense or incident reports, affidavits, photographs, diagrams, related documentation, correspondence, memoranda, etc.

Retention:

- (1) **Fatal accidents:** 25 years after date of accident
- (2) **Non-fatal accidents:** 10 years after date of accident

Confidentiality: (Sections 66-7-213, 66-7-215 and 14-6-1 NMSA 1978)

WRECKER LOG:

Description: record of vehicles towed away. Record may show date and time, name of wrecking company, operator, make of vehicle, license number, owner, location, reason for towing vehicle, etc.

Retention: one year after close of fiscal year in which created

KEY ACCOUNTABILITY RECORDS:

Description: records relating to accountability for keys issued.

Retention:

- (1) **For security areas:** three years after keys turned in
- (2) **All other areas:** six months after keys turned in

RECORDS RETENTION AND DISPOSITION SCHEDULE:

Description: schedules shows record name, filing system, record frequency, description, retention, confidentiality, and rule filing date.

Retention: until superseded by new schedule

STORAGE TICKET (SRC-1):

Description: shows agency code, shipment box number, shipment date, agency, authorizing signature and title, records description, inclusive date, schedule item number, destruction date, location, analyst signature, etc.

Retention: three years after close of calendar year in which records destroyed

REQUEST FOR PICK-UP AND DESTRUCTION (SRC-2):

Description: approval request for destruction of records. Shows name and location, date, record description, inclusive dates, quantity of boxes or sacks to be destroyed, schedule item number, authorizing signatures, etc.

Retention: three years after close of calendar year in which records destroyed

CUSTODIAN OF RECORD FILE:

Description: records documenting the inspection of public records. File may include procedures, custodian of record appointment, requests to review or copy documents, copies of denial to review or copy documents, copies of memoranda extending time to respond to request. Copies of memoranda stating that agency is not responsible for maintaining record requested and is forwarding request to appropriate agency, etc.

Retention:

- (1) **Procedures and custodian of record appointment:** until superseded
- (2) **Records of requests filled:** until request filled
- (3) **Records of requests denied:** one year after date denied

INFORMATION TECHNOLOGY SERVICE REQUESTS:

Description: records documenting requests for technical service assistance. Files may include service request form, response to request, information on the use of computer equipment for program delivery, security authorization form, etc.

Retention: three years after date request completed

Thereupon, there was officially filed with the Secretary a copy of a proposed Resolution in final form, as follows.

LOWER RIO GRANDE
PUBLIC WATER WORKS AUTHORITY, NEW MEXICO

RESOLUTION NO. _____

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AND SUBSIDY AGREEMENT ("LOAN AGREEMENT") BY AND BETWEEN THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF NO MORE THAN \$150,238, TOGETHER WITH INTEREST, COSTS OF ISSUANCE AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A LOAN SUBSIDY OF NO MORE THAN \$450,712, FOR THE PURPOSE OF FINANCING THE COSTS OF THE INSTALLATION AND REPLACEMENT OF MANUAL-READ WATER METERS WITH RADIO-READ WATER METERS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE PLEDGED REVENUES; SETTING A MAXIMUM INTEREST RATE FOR THE LOAN; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN 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 LOAN AGREEMENT.

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

WHEREAS, the Governmental Unit is a legally and regularly created, established, organized and existing public water works authority under the general laws of the State; and

WHEREAS, the Governing Body has determined and hereby determines that the Project may be financed with amounts borrowed under the Loan Agreement and that it is in the best interest of the Governmental Unit and the public that it serves that the Loan Agreement be executed and delivered and that the financing of the construction of the Project take place by executing and delivering the Loan Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan Agreement; and

WHEREAS, other than as described in Exhibit "A" to the Loan Agreement, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; and

WHEREAS, the Loan Agreement shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues, and shall not constitute a general obligation of the Governmental Unit, or a debt or pledge of the faith and credit of the Governmental Unit or the State; and

WHEREAS, other than the Pledged Revenues, no tax revenues collected by the Governmental Unit shall be pledged to the Loan Agreement; 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 the Loan Agreement; and

WHEREAS, the Governing Body hereby determines that the Project to be financed by the Loan Agreement is to be used for governmental purposes of the Governmental Unit and will not be used for purposes which would cause the Loan Agreement to be deemed a "private activity bond" as defined by the Internal Revenue Code of 1986, as amended; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Pledged Revenues to the Finance Authority (or its assigns) for the payment of amounts due under the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the Project, and (iii) the authorization, execution and delivery of the Loan Agreement, which are required to have been obtained by the date of the Resolution have been obtained or are reasonably expected to be obtained.

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

Section 1. Definitions. Capitalized terms defined in this Section 1 shall, for all purposes, have the meaning 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):

“Administrative Fee” or “Administrative Fee Component” means the 0.25% annual fee payable to the Finance Authority as 0.125% of the Loan Agreement Principal Amount then outstanding as a part of each semi-annual Loan Agreement Payment for the costs of originating and servicing the Loan, as shown in the Final Loan Agreement Payment Schedule.

“Aggregate Disbursements” means, at any time after the Closing Date, the sum of the aggregate amounts disbursed to the Governmental Unit from the Program Account for payment of the incurred costs of the Project.

“Aggregate Forgiven Disbursements” means the amount of Loan subsidy provided in the form of principal forgiveness, and shall at any time after the Closing Date equal to seventy-five percent (75%) of the Aggregate Disbursements, up to a maximum of seventy-five percent (75%) of the principal amount or, four hundred fifty thousand seven hundred twelve dollars (\$450,712).

“Aggregate Repayable Disbursements” means, at any time after the Closing Date, the Aggregate Disbursements less the Aggregate Forgiven Disbursements.

“Authorized Officers” means the Chairman, Secretary, Finance Manger and General Manager of the Governmental Unit.

“Bonds” means drinking water state revolving loan fund revenue bonds, if any, issued hereafter by the Finance Authority and related to the Loan Agreement and the Loan Agreement Payments.

“Closing Date” means the date of execution, delivery and funding of the Loan Agreement authorized by this Resolution.

“Completion Date” means the date of final payment of the cost of the Project.

“Debt Service Account” means the debt service account established in the name of the Governmental Unit and administered by the Finance Authority to pay the Loan Agreement Payments under this Loan Agreement as the same become due.

“DWSRLF Act” means the Drinking Water State Revolving Loan Fund Act, NMSA 1978, §§ 6-21A-1 through 6-21A-9 (1997, as amended through 2001), and the general laws of the State, including NMSA 1978, § 73-26-1 (2009), and enactments of the Governing Body relating to this Loan Agreement including the Resolution.

“Final Disbursement” means the final disbursement of moneys from the Program Account to the Governmental Unit, which shall occur within two years following the Closing Date, except as otherwise provided in the Loan Agreement.

“Final Loan Agreement Payment Schedule” means the schedule of Loan Agreement Payments due on the Loan Agreement following the Final Disbursement, as described in the Loan Agreement.

“Finance Authority” means the New Mexico Finance Authority.

“Governing Body” means the duly organized Board of Directors of the Governmental Unit and any successor governing body of the Governmental Unit.

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

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

“Loan” or “Loan Amount” means the funds to be loaned by the Finance Authority to the Governmental Unit pursuant to the Loan Agreement, including funds repayable to the Finance Authority by the Governmental Unit and also including funds not repayable to the Finance Authority in accordance with the subsidization provisions of the Loan Agreement.

“Loan Agreement” means the loan and subsidy agreement dated the Closing Date between the Finance Authority and the Governmental Unit which provides for the financing of the Project and requires payments by or on behalf of the Governmental Unit to the Finance Authority, and any amendments or supplements thereto, including the exhibits attached to the Loan Agreement.

“Loan Agreement Payment” means, collectively, all payments due under the Loan Agreement including principal and interest, to be paid by the Governmental Unit as payment on the Aggregate Repayable Disbursements under the Loan Agreement as shown on the Final Loan Agreement Payment Schedule.

“Loan Agreement Principal Amount” means, as of any date of calculation, the Aggregate Repayable Disbursements, up to the Maximum Aggregate Repayable Amount.

“Maximum Aggregate Forgiven Amount” means the maximum amount of loan subsidy available in the form of principal forgiveness, which is equal to seventy-five percent (75%) of the Maximum Principal Amount. The Maximum Aggregate Forgiven Amount, assuming disbursement of all funds available to the Governmental Unit under the Loan Agreement, is four hundred fifty thousand seven hundred twelve dollars (\$450,712).

“Maximum Aggregate Repayable Amount” means the maximum amount of Aggregate Repayable Disbursements repayable by the Governmental Unit pursuant to this Loan Agreement, and is equal to the Maximum Principal Amount less the Maximum Aggregate Forgiven Amount. The Maximum Aggregate Repayable Amount, assuming disbursement of all funds available to the Governmental Unit under the Loan Agreement, is one hundred fifty thousand two hundred thirty-eight dollars (\$150,238).

“Maximum Principal Amount” means six hundred thousand nine hundred fifty dollars (\$600,950).

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

“Resolution” means this Resolution No. _____ adopted by the Governing Body of the Governmental Unit on November 14, 2012, approving the Loan Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement Payments as shown on the Term Sheet and the Final Loan Agreement Payment Schedule, as supplemented from time to time in accordance with the provisions hereof.

“Parity Obligations” mean the obligations of the Governmental Unit under the Loan Agreement and any other obligations now outstanding or hereafter issued or incurred, payable from or secured by a pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with the Loan Agreement, including any such obligations shown on the Term Sheet.

“Pledged Revenues” means the revenues of the Governmental Unit pledged to payment of the Loan Agreement Payments pursuant to this Resolution and described in Exhibit "A" to the Loan Agreement.

“Program Account” means the account in the name of the Governmental Unit established and held by the Finance Authority for deposit of the net proceeds of the Loan Agreement for disbursement to the Governmental Unit to pay the costs of the Project.

“Project” means the project described in the Term Sheet.

“State” means the State of New Mexico.

“Subsidy” means the additional subsidy in the form of principal forgiveness for the Governmental Unit, if any, to be applied proportionally at the time of each disbursement of moneys from the Program Account to the Governmental Unit, being seventy-five percent (75%) of such disbursements.

“Term Sheet” means Exhibit “A” to the Loan Agreement.

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

Section 3. Authorization of the Project and the Loan Agreement. The acquisition and construction of the Project and the method of financing the Project through execution and delivery of the Loan Agreement are hereby authorized and ordered. The Project is for the benefit and use of the Governmental Unit.

Section 4. Findings. The Governmental Unit 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 Governmental Unit and the public that it serves, and the issuance and delivery of the Loan Agreement in the Maximum Principal Amount is necessary or advisable.

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

C. The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

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

E. The Project and the execution and delivery of the Loan Agreement pursuant to the DWSRLF Act to provide funds for the financing of the Project are necessary in the interest of the public health, safety, and welfare of the residents and the public served by the Governmental Unit.

F. The Governmental Unit will acquire, install and construct the Project, in whole or in part, with the net proceeds of the Loan.

G. Other than as described in Exhibit "A" to the Loan Agreement, the Governmental Unit does not have any outstanding obligations payable from Pledged Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement.

H. The net effective interest rate on the Maximum Aggregate Repayable Amount shall not exceed 12% per annum which is the maximum rate permitted by State law.

Section 5. Loan Agreement - Authorization and Detail.

A. Authorization. This Resolution has been adopted by the affirmative vote of at least a majority of all members of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the public that is served by the Governmental Unit and acquiring and constructing the Project, it is hereby declared necessary that the Governmental Unit, pursuant to the DWSRLF Act, execute and deliver the Loan Agreement evidencing a special limited obligation of the Governmental Unit to pay a principal amount of one hundred fifty-thousand two hundred thirty-eight dollars (\$150,238) and interest thereon, and to accept a loan subsidy in the amount of four hundred fifty-thousand seven hundred twelve dollars (\$450,712) and the execution and delivery of the Loan Agreement is hereby authorized. The Governmental Unit shall use the proceeds of the Loan and Subsidy (i) to finance the acquisition and construction of the Project and (ii) to pay the costs of issuance of the Loan Agreement and the costs of issuance of the Bonds, if any. The Project will be owned by the Governmental Unit.

B. Detail. The Loan Agreement shall be in substantially the form of the Loan Agreement presented at the meeting of the Governing Body at which this Resolution was adopted. The Loan shall be in an amount not to exceed the Maximum Principal Amount of six hundred thousand nine hundred fifty dollars (\$600,950). The Loan Agreement Principal Amount shall be payable in installments of principal due on May 1 of the years designated in the Final Loan Agreement Payment Schedule and bear interest payable on May 1 and November 1 of each year, commencing on May 1, 2013, at the rates designated in the Loan Agreement, including Exhibit "A" thereto, which rates include the Administrative Fee.

Section 6. Approval of Loan Agreement. The form of the Loan 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 Loan Agreement 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 Governmental Unit on the Loan Agreement and attest the same. The execution of the Loan Agreement by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Special Limited Obligation. The Loan Agreement shall be secured by the pledge of the Pledged Revenues as set forth in the Loan Agreement and shall be payable solely from the Pledged Revenues. The Loan Agreement, together with interest thereon and other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as provided in this Resolution, and the Loan Agreement shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Resolution nor in the Loan Agreement, nor any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Pledged Revenues) or as imposing a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Resolution, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit legally available therefor to payments required by the Loan Agreement, in its sole and absolute discretion.

Section 8. Disposition of Proceeds; Completion of Acquisition, Installation and Construction of the Project.

A. Program Account. The Governmental Unit hereby consents to creation of the Program Account and Debt Service Account to be held and maintained by the Finance Authority as provided in the Loan Agreement. The Governmental Unit hereby approves of the deposit of a portion of the proceeds of the Loan Agreement in the Program Account.

The proceeds derived from the execution and delivery of the Loan Agreement shall be deposited promptly upon receipt thereof in the Program Account, as provided in the Loan Agreement.

Until the Completion Date or the date of the Final Disbursement, the money in the Program Account shall be used and paid out solely for the purpose of acquiring, installing and constructing the Project in compliance with applicable law and the provisions of the Loan Agreement.

B. Prompt Construction of the Project. The Governmental Unit will acquire, install, construct and complete the Project with all due diligence.

C. Completion of Acquisition, Installation and Construction of the Project. Upon the Completion Date, the Governmental Unit shall execute and send to the Finance

Authority a certificate stating that the acquisition and construction of and payment for the Project have been completed. As soon as practicable, and in any event not more than sixty (60) days from the Completion Date, any balance remaining in the Program Account shall be withdrawn from the Program Account and transferred as provided in the Loan Agreement.

D. Finance Authority Not Responsible for Application of Loan Proceeds. The Finance Authority shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

Section 9. Deposit of Pledged Revenues; Distributions of the Pledged Revenues and Flow of Funds.

A. Deposit of Pledged Revenues. Pledged Revenues shall be paid directly by the Governmental Unit to the Finance Authority in an amount sufficient to pay principal, interest, Administrative Fees and other amounts due under the Loan Agreement, as provided in Section 5.2 of the Loan Agreement.

B. Termination on Deposits to Maturity. No payment shall be made into the Debt Service Account if the amount in the Debt Service Account totals a sum at least equal to the entire aggregate amount of Loan Agreement Payments to become due as to principal, interest on, Administrative Fees and any other amounts due under the Loan Agreement, in which case moneys in such account in an amount at least equal to such principal, interest and Administrative Fee requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such accounts shall be transferred to the Governmental Unit and used as provided in Section 9(C) of this Resolution.

C. Use of Surplus Revenues. After making all the payments hereinabove required to be made by this Section and any payments required by outstanding Parity Obligations, any moneys remaining in the Debt Service Account shall be transferred to the Governmental Unit on a timely basis and applied to any other lawful purpose, including, but not limited to, the payment of any Parity Obligations or bonds or obligations subordinate and junior to the Loan Agreement, or purposes authorized by the Governmental Unit, the Constitution and laws of the State, as the Governmental Unit may from time to time determine.

Section 10. Lien on Pledged Revenues. Pursuant to the Loan Agreement, the Pledged Revenues are hereby authorized to be pledged, and are hereby pledged, and the Governmental Unit grants a security interest therein, for the payment of the principal, Administrative Fees, interest, and any other amounts due under the Loan Agreement, subject to the uses thereof permitted by and the priorities set forth in this Resolution. The Loan Agreement constitutes an irrevocable first lien, but not necessarily an exclusive first lien, on the Pledged Revenues as set forth herein and therein, and the Governmental Unit shall not create a lien on the Pledged Revenues superior to that of the Loan Agreement.

Section 11. 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 Loan 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 Loan Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the Loan Agreement including, but not limited to, the execution and delivery of closing documents and reports in connection with the execution and delivery of the Loan Agreement, and the publication of the summary of this Resolution set out in Section 17 of this Resolution (with such changes, additions and deletions as may be necessary).

Section 12. Amendment of Resolution. Prior to the date of the initial delivery of the Loan Agreement to the Finance Authority, the provisions of this Resolution may be supplemented or amended by ordinance of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Resolution. This Resolution may be amended without receipt by the Governmental Unit of any additional consideration, but only with the prior written consent of the Finance Authority.

Section 13. Resolution Irrepealable. After the Loan Agreement has been executed and delivered, this Resolution shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully paid, canceled and discharged, as herein provided.

Section 14. 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 15. Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Resolution, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Chairman and Secretary, and the title and general summary of the subject matter contained in this Resolution (set out in Section 17 below) shall be published in a newspaper which is of general circulation in the Governmental Unit, and said Resolution shall be in full force and effect thereafter, in accordance with law.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Resolution shall be published in substantially the following form:

[Remainder of page intentionally left blank.]

[Form of Summary of Resolution for Publication.]

Lower Rio Grande Public Water Works Authority, 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. _____, duly adopted and approved by the Governing Body of the Lower Rio Grande Public Water Works Authority, New Mexico (the "Governmental Unit"), on November 14, 2012. Complete copies of the Resolution are available for public inspection during normal and regular business hours in the office of the Secretary, 325 Holguin Road Box C, Vado New Mexico 88072.

The title of the Resolution is:

LOWER RIO GRANDE
PUBLIC WATER WORKS AUTHORITY, NEW MEXICO
RESOLUTION NO. _____

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AND SUBSIDY AGREEMENT ("LOAN AGREEMENT") BY AND BETWEEN THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF NO MORE THAN \$150,238, TOGETHER WITH INTEREST, COSTS OF ISSUANCE AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A LOAN SUBSIDY OF NO MORE THAN \$450,712, FOR THE PURPOSE OF FINANCING THE COSTS OF THE INSTALLATION AND REPLACEMENT OF MANUAL-READ WATER METERS WITH RADIO-READ WATER METERS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE PLEDGED REVENUES; SETTING A MAXIMUM INTEREST RATE FOR THE LOAN; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN 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 LOAN AGREEMENT.

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

This notice constitutes compliance with NMSA 1978, § 6-14-6.

[End of Form of Summary for Publication.]

Section 18. 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 New Mexico Finance Authority as are necessary to consummate the Loan contemplated herein and consistent with the terms and conditions of the Loan Agreement and this Resolution.

PASSED, APPROVED AND ADOPTED THIS 14TH DAY OF NOVEMBER, 2012.

LOWER RIO GRANDE PUBLIC WATER
WORKS AUTHORITY, NEW MEXICO

By _____
Roberto Nieto, Chairman

[SEAL]

ATTEST:

By _____
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 Chairman declared said motion carried and said Resolution adopted, whereupon the Chairman and the Secretary signed the Resolution upon the records of the minutes of the Governing Body.

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

LOWER RIO GRANDE PUBLIC WATER
WORKS AUTHORITY, NEW MEXICO

By _____
Roberto Nieto, Chairman

[SEAL]

ATTEST:

By _____
Santos Ruiz, Secretary

[Remainder of page intentionally left blank.]

EXHIBIT "A"

Notice of Meeting

Thereupon, there were officially filed with the Secretary copies of a proposed Resolution and Water Project Fund Loan/Grant Agreement in final form, the proposed Resolution being as hereinafter set forth.

[Remainder of page intentionally left blank.]

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
RESOLUTION NO. _____**

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO WATER TRUST BOARD (“WATER TRUST BOARD”) AND THE NEW MEXICO FINANCE AUTHORITY (THE “FINANCE AUTHORITY”, AND COLLECTIVELY WITH THE WATER TRUST BOARD, THE “LENDERS/GRANTORS”) AND THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (THE “BORROWER/GRANTEE”), IN THE AMOUNT OF \$750,000, EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF THE PLANNING AND DESIGN OF THE FINAL PHASE OF A PROPOSED SURFACE WATER TREATMENT FACILITY WHICH WILL SERVE EIGHT COLONIAS WITHIN THE SERVICE AREA OF THE BORROWER/GRANTEE, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR PAYMENT OF THE LOAN AMOUNT AND ADMINISTRATIVE FEE SOLELY FROM PLEDGED REVENUES; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/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 LOAN/GRANT AGREEMENT.

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

WHEREAS, the Borrower/Grantee is a legally and regularly created, established, organized and existing public water works association under the general laws of the State of New Mexico and more specifically, NMSA 1978, § 73-26-1 (2009); and

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

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

WHEREAS, the Loan/Grant Agreement shall not constitute a general obligation of the Borrower/Grantee, the Water Trust Board or the Finance Authority or a debt or pledge of the faith and credit of the Borrower/Grantee, the Water Trust Board, the Finance Authority or the State; 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 the Loan/Grant Agreement which is incorporated by reference and considered to be a part hereof; and

WHEREAS, the Governing Body hereby determines that (i) the Additional Funding Amount is now available to the Borrower/Grantee to complete the Project; or (ii) that the Governing Body will take such steps as are necessary to obtain the Additional Funding Amount within six (6) months after the Closing Date; and

WHEREAS, the Borrower/Grantee acknowledges that, in the event that it is unable to provide the Additional Funding Amount within six (6) months after the Closing Date, the Loan/Grant Agreement shall, at the option of the Water Trust Board and the Finance Authority, terminate and be of no further force or effect; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use of the Loan/Grant Amount for the purposes described, and according to the restrictions set forth, in the Loan/Grant Agreement; (ii) the availability of other moneys necessary and sufficient, together with the Loan/Grant Amount, to complete the Project; and (iii) the authorization, execution and delivery of the Loan/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 GOVERNING BODY OF LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, NEW MEXICO:

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

“Act” means the general laws of the State, particularly the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-10 (2001, as amended through 2011) and enactments of the Governing Body relating to the Loan/Grant Agreement, including this Resolution, all as amended and supplemented.

“Additional Funding Amount” means the amount to be provided by the Borrower/Grantee which, in combination with the Loan/Grant Amount, is sufficient to complete

the Project or to provide matching funds needed to complete the Project. The Additional Funding Amount is one hundred twelve thousand five hundred dollars (\$112,500).

“Administrative Fee” means an amount equal to one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee.

“Authorized Officers” means the Chairman, Secretary, Finance Manger and General Manager and Secretary of the Borrower/Grantee.

“Board Rules” means Review and Eligibility of Proposed Water Projects, New Mexico Water Trust Board, 19.25.10 NMAC.

“Borrower/Grantee” means the Lower Rio Grande Public Water Works Association in Dona Ana County, New Mexico.

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

“Completion Date” means the date of final payment of the cost of the Project.

“Expense Account” means the account established pursuant to this Resolution and held by the Finance Authority to pay the Expenses incurred by the Lenders/Grantors in connection with the Loan/Grant Agreement and the Loan/Grant.

“Expenses” means the costs of originating and administering the Loan/Grant, including legal fees to the extent allowed by the Act, the Board Rules and applicable policies of the Water Trust Board.

“Finance Authority” means the New Mexico Finance Authority.

“Generally Accepted Accounting Principles” means the officially established accounting principles applicable to the Borrower/Grantee consisting of the statements, determinations and other official pronouncements of the Government Accounting Standards Board, Financial Accounting Standards Board, Federal Accounting Standards Board or other principle-setting body acceptable to the Lenders/Grantors establishing accounting principles applicable to the Borrower/Grantee.

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

“Grant” or “Grant Amount” means the amount provided to the Borrower/Grantee as a grant pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and is six hundred seventy-five thousand dollars (\$675,000).

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

“Lenders/Grantors” means the Water Trust Board and the Finance Authority.

“Loan” or “Loan Amount” means the amount provided to the Borrower/Grantee as a loan pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and is seventy-five thousand dollars (\$75,000).

“Loan/Grant” or “Loan/Grant Amount” means the combined amount partially provided to the Borrower/Grantee as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan Amount pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and is seven hundred fifty thousand dollars (\$75,000).

“Loan/Grant Agreement” means the Water Project Fund Loan/Grant Agreement entered into by and between the Borrower/Grantee, the Water Trust Board and the Finance Authority as authorized by this Resolution.

“NMAC” means the New Mexico Administrative Code.

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

“Pledged Revenues” means the System revenues of the Borrower/Grantee as defined in the Loan/Grant Agreement pledged to the payment of the Loan Amount and Administrative Fees pursuant to this Resolution and the Loan/Grant Agreement and described in the Term Sheet.

“Project” means the project described in the Term Sheet.

“Project Account” means the auditable book account in the name of the Borrower/Grantee established pursuant to this Resolution and held by the Finance Authority for deposit of the Loan/Grant Amount, as shown in the Term Sheet, for disbursement to the Borrower/Grantee for payment of the costs of the Project.

“Qualifying Water Project” means a water project for (i) storage, conveyance or delivery of water to end-users; (ii) implementation of the federal Endangered Species Act of 1973 collaborative programs; (iii) restoration and management of watersheds; (iv) flood prevention or (v) conservation, recycling, treatment or reuse of water as provided by law; and which has been approved by the state legislature pursuant to NMSA 1978, § 72-4A-9(B).

“Resolution” means this Resolution as supplemented or amended from time to time.

“State” means the State of New Mexico.

“Term Sheet” means Exhibit “A” attached to the Loan/Grant Agreement.

“Useful Life” means the structural and material design life of the Project.

“Water Project Fund” means the fund of the same name created pursuant to NMSA 1978, § 72-4A-9, and held and administered by the Finance Authority.

“Water Trust Board” or “WTB” means the water trust board created and established pursuant to the Act.

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

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

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

A. The Project is needed to meet the needs of the Borrower/Grantee and the public whom it serves.

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 but, together with the Loan/Grant Amount, are sufficient to complete the Project.

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

D. The Borrower/Grantee will acquire and complete the Project with the proceeds of the Loan/Grant and the Additional Funding Amount, and except as otherwise expressly provided by the Loan/Grant Agreement, will utilize, operate and maintain the Project for the duration of its Useful Life, which is not less than twenty (20) years, as required by NMSA 1978, § 72-4A-7(A)(1).

E. Together with the Loan/Grant Amount, the Additional Funding Amount is now available to the Borrower/Grantee, or is expected to become available to the Borrower/Grantee within six (6) months after the Closing Date, and, in combination with the Loan/Grant Amount, will be sufficient to complete the Project and pay Expenses.

F. The Lenders/Grantors shall maintain on behalf of the Borrower/Grantee a separate Project account or Project accounts and financial records in accordance with Generally Accepted Accounting Principles during the construction or implementation of the Project.

G. The Borrower/Grantee has or will acquire title to or easements or rights of way on the real property upon which the Project is being constructed or located prior to the disbursement of any construction dollars.

Section 5. Loan/Grant Agreement—Authorization and Detail.

A. Authorization. This Resolution has been adopted by the affirmative vote of at least a majority of all members of the 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 and completing the Project, it is hereby declared necessary that the Borrower/Grantee execute and deliver the Loan/Grant Agreement evidencing the Borrower/Grantee's acceptance of the Grant Amount of six hundred seventy-five thousand dollars (\$675,000) and borrowing the Loan Amount of seventy-five thousand dollars (\$75,000) and application of the Additional Funding Amount of one hundred twelve thousand five hundred dollars (\$112,500) to be utilized solely for the purpose of completing the Project and paying Expenses, and solely in the manner and according to the restrictions set forth in the Loan/Grant Agreement, the execution and delivery of which are hereby authorized. The Borrower/Grantee shall use the Loan/Grant Amount to finance the acquisition and completion of the Project and to pay Expenses.

B. Detail. The Loan/Grant Agreement shall be in substantially the form of the Loan/Grant Agreement presented at the meeting of the Governing Body at which this Resolution was adopted. The Grant shall be in the amount of six hundred seventy-five thousand dollars (\$675,000) and the Loan shall be in the amount of seventy-five thousand dollars (\$75,000). Interest on the Loan Amount shall be zero percent (0%) per annum of the unpaid principal balance of the Loan Amount, and the Administrative Fee shall be one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee.

Section 6. Approval of Loan/Grant Agreement. The form of the Loan/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 Loan/Grant Agreement with such changes, insertions and omissions as may be approved by such individual Authorized Officers, and the Secretary is hereby authorized to attest the Loan/Grant Agreement. The execution of the Loan/Grant Agreement shall be conclusive evidence of such approval.

Section 7. Security. The Loan Amount and Administrative Fee shall be solely secured by the pledge of the Pledged Revenues herein made and as set forth in the Loan/Grant Agreement.

Section 8. Disposition of Proceeds: Completion of the Project.

A. Project Account and Expense Account. The Borrower/Grantee hereby consents to creation of the Project Account and the Expense Account by the Finance Authority and approves of the deposit of the Loan/Grant Amount in those accounts in the respective amounts as shown in the Term Sheet. Until the Completion Date, the money in the Project Account shall be used and paid out solely for the purpose of acquiring the Project in compliance with applicable law and the provisions of the Loan/Grant Agreement.

B. Completion of the Project. The Borrower/Grantee shall proceed to complete the Project with all due diligence. Upon the Completion Date, the Borrower/Grantee shall execute a certificate stating that completion of and payment for the Project has been completed. Following the Completion Date, any balance remaining in the Project Account shall be transferred and deposited into the Water Project Fund or otherwise distributed as provided in the Loan/Grant Agreement.

C. Water Trust Board and Finance Authority Not Responsible. Neither the Water Trust Board nor the Finance Authority shall in any manner be responsible for the application or disposal by the Borrower/Grantee or by its officers of the funds derived from the Loan/Grant Agreement or of any other funds held by or made available to the Borrower/Grantee in connection with the Project.

Section 9. Payment of Loan Amount. Pursuant to the Loan/Grant Agreement, the Borrower/Grantee shall pay the Loan Amount and Administrative Fee directly from the Pledged Revenues to the Finance Authority as provided in the Loan/Grant Agreement in an amount sufficient to pay principal and other amounts due under the Loan/Grant Agreement and to cure any deficiencies in the payment of the Loan Amount or other amounts due under the Loan/Grant Agreement.

Section 10. Lien on Pledged Revenues. Pursuant to the Loan/Grant Agreement, the Loan/Grant Agreement constitutes an irrevocable lien (but not an exclusive lien) upon the Pledged Revenues to the extent of the Loan Amount and Administrative Fee, which lien shall be subordinate to any lien on the Pledged Revenues existing on the Closing Date and, further, shall be subordinate to all other indebtedness secured or that may in the future be secured by the Pledged Revenues, except, however, that the lien shall be on parity with any other lien, present or future, for the repayment of any other loan provided to the Borrower/Grantee by the Lenders/Grantors pursuant to the Act.

Section 11. 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 Loan/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 Loan/Grant Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the Loan/Grant Agreement including but not limited

to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan/Grant Agreement.

Section 12. Amendment of Resolution. This Resolution after its adoption may be amended without receipt by the Borrower/Grantee of any additional consideration, but only with the prior written consent of the Water Trust Board and the Finance Authority.

Section 13. Resolution Irrepealable. After the Loan/Grant Agreement has been executed and delivered, this Resolution shall be and remain irrepealable until all obligations due under the Loan/Grant Agreement shall be fully discharged, as herein provided.

Section 14. 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 15. Repealer Clause. All bylaws, orders, ordinances, resolutions, 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 16. 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, 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 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Resolution shall be published in substantially the following form:

[Remainder of page intentionally left blank.]

[Form of Summary of Resolution for Publication]

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
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. _____, duly adopted and approved by the Board of Directors of Lower Rio Grande Public Water Works Association on November 14, 2012. 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 Box C, Vado New Mexico 88072.

The title of the Resolution is:

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO WATER TRUST BOARD (“WATER TRUST BOARD”) AND THE NEW MEXICO FINANCE AUTHORITY (THE “FINANCE AUTHORITY”, AND COLLECTIVELY WITH THE WATER TRUST BOARD, THE “LENDERS/GRANTORS”) AND THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (THE “BORROWER/GRANTEE”), IN THE AMOUNT OF \$750,000, EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF THE PLANNING AND DESIGN OF THE FINAL PHASE OF A PROPOSED SURFACE WATER TREATMENT FACILITY WHICH WILL SERVE EIGHT COLONIAS WITHIN THE SERVICE AREA OF THE BORROWER/GRANTEE, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR PAYMENT OF THE LOAN AMOUNT AND ADMINISTRATIVE FEE SOLELY FROM PLEDGED REVENUES; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/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 LOAN/GRANT AGREEMENT.

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.

[End of Form of Summary for Publication]

PASSED, APPROVED AND ADOPTED THIS 14TH DAY OF NOVEMBER, 2012.

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 the 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 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

By _____
Roberto Nieto, Chairman

ATTEST:

By _____
Santos Ruiz, Secretary

[Remainder of page intentionally left blank.]

STATE OF NEW MEXICO
COUNTY OF DONA ANA)

)
) ss.

I, Santos Ruiz, the duly qualified and acting Secretary of the Lower Rio Grande Public Water Works Association (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 the Vado Office located at 325 Holguin Road, Vado, on November 14, 2012 at the hour of 9:00 a.m., insofar as the same relate to the adoption of Resolution No. _____, and the execution and delivery of the proposed Loan/Grant Agreement, 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. 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 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 (1999), including the Borrower/Grantee's open meetings standards in effect on the date of the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of December, 2012.

LOWER RIO GRANDE PUBLIC WATER WORKS
AUTHORITY

By _____
Santos Ruiz, Secretary

EXHIBIT "A"

Notice of Meeting