



LOWER RIO GRANDE

Public Water Works Authority

PO Box 2646 Anthony, New Mexico 88021 (575) 233-5742

www.LRGauthority.org

Sign In Sheet

Page 1 of 1

Date: 1-16-19

Time: 9:30

Places: La Mesa

Event: Regular Board Mtg

SIGNATURE	Print Name, Title, Company	Contact Information Phone Number	Email Address
	Patricia Charles LRG PWWA	575-233-5742	patty.charles@lrgauthority.org
	MARIA LOPEZ LRG PWWA	575-571-3625	maria.lopez@lrgauthority.org
	MIKE MEDWELL LRG PWWA	971-312-5765	
	JOSE EVARAD LRG PWWA	575 618 0182	
	Hank McElroy Finance Manager LRG PWWA	525 9603	hank@wafsun.org
	Kathie Jackson LRG PWWA	(575) 640-4330	kathie.jackson@lrgauthority.org
	Michael Lopez LRG PWWA	635-3921	mike.lopez@lrgauthority.org
	FURMAN SMITH	382 5982	no change
	Espy Holcain	575-644-9543	ESPY@Q.com
	John Schroder LRG PWWA	575-233-5742	john.schroder@lrgauthority.org
	Josh Smith WS, LLC	528-0500	josh@watsonsmithlaw.com
	Karen Nichols LRG PWWA	915 203 2057	Karen.Nichols@lrgauthority.org

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Draft Minutes — REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, January 16, 2019 at our La Mesa Office, 521 St. Valentine, La Mesa, NM

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office or at www.LRGauthority.org/noticesavisos.html. Call 575-233-5742 or email board@LRGauthority.org for information

- I. **Call to Order, Roll Call to Establish Quorum:** Chairman Mr. Mike McMullen called the meeting to order at 9:30 a.m. and called roll. Mr. Sanchez representing District #1 was absent, District #2 is vacant, Mr. Evaro representing District #3 was present, Mrs. Holguin representing District #4 was present, Mr. Magallanez representing District # 5 was present, Mr. McMullen representing District #6 was present, Mr. Smith representing District #7 was present. Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Projects Manager Karen Nichols, Project Specialist Patricia Charles, Accounting Assistant John Schroder, Operations Manager Mike Lopez and Attorney Josh Smith.
- II. **Pledge of Allegiance:** Mr. McMullen led the pledge of Allegiance.
- III. **Motion to approve Agenda (VIII A. may be postponed):** Mr. Magallanez made the motion to approve the January 16, 2019 agenda with VIIIA postponed. Mr. Evaro seconded the motion, the motion passed with all in favor.
- IV. **Approval of Minutes – Motion to approve the minutes of the December 12, 2018 Regular Board Meeting.** Mr. Smith made the motion to approve the December 12, 2018 minutes. Mrs. Holguin seconded the motion, the motion passed with all in favor.
- V. **Presentations:** none
- VI. **Public Input:** none
- VII. **Managers' Reports**
 - A. **General Manager:** Mr. Lopez provided a written report and stood for questions. Kinder-Morgan had a gasoline leak estimated at 250,000 – 300,000 gallons near Three Saints Road in the Berino Bosque area in an EBID drain. LRG has a water line in close proximity, our Operations dept. has gathered some samples and have isolated the water main. We do have customers on that water main connection but they are presently inactive. The results on the samples are back and there was no evidence of contamination. LRG provided HIDTA Program a little over \$7,500 for 2017 grant funding, the reimbursement has been received. Mr. Lopez said he had instructed customer service staff to work with the customers impacted by the federal government shutdown. We could provide the customers with additional time to pay their bills. Mr. Magallanez asked if the government shutdown has affected any LRG funding. Mr. Lopez said the impact has been minimal. Ms. Nichols said that there have been some delays. She is waiting on the approval of the online PER for the South Valley Project (well in Berino) because the USDA office is closed. Mr. Smith wanted to know if Mr. Lopez has heard anything regarding the El Paso Electric substation project on Moon gate Rd. Mr. Lopez said he thinks they might

drill their own domestic well. They were also having issues with the substation project in the Talavera area, so they are at a standstill right now. Mrs. Holguin informed the board that the Colonia's Day meeting has been moved from February 18, 2019 to February 22, 2019.

- B. Finance:** Ms. Jackson provided a report and stood for questions. She said income was approximately \$247,000.00 and expenditures were approximately \$311,000.00. A loan for \$44,770.00 was paid off and received reimbursements for the repairs on the tank that was vandalized.
- C. Projects:** Ms. Nichols provided a report and stood for questions. While working on the Jacquez Road Line Extension application, she included the information about the gasoline spill because of its proximity to the project area. The line extension is about a quarter mile from the spill. The Legislators are concerned about the spill and that in turn could potential help the application. She completed 3 Colonia's applications, Design for East Mesa System Improvement Project, Design and Construction for High Valley Water System Improvement Project and Construction for Jacquez Waterline Extension Project. She has scheduled the second meeting with the architect next week regarding the design phase on the Central Office Building. Valle Del Rio Water System Project is pending completion due to a final change order to replace the booster pump motors with VFDs. The contractor has been very slow in responding. The VFD's are estimated to be delivered on April 29th. No quote has been received on the replacement of the old door. The Legislature has started working. Mr. Smith asked Ms. Nichols what the cause of the gasoline spill was. She said they believe it was a rupture caused by corrosion of the pipeline. Mrs. Holguin asked to watch Senate Bill 0217 regarding condemnation of property. She thinks the time frame for filing has been shortened and the number of appraisals needed has been increased. Mrs. Nichols said she had it on her list and would keep an eye on it. Mrs. Nichols said she and Ms. Charles prepared 6 Capital Outlay requests, which are Jacquez Road Project, Mesquite Wetlands Closure, 2 Heavy Equipment Purchase requests, Tyler software and Radio Read equipment.
- D. Operations:** Mr. Lopez provided a written report and stood for questions. Mr. Mike Lopez said Well 8 went down again and was pulled out, some corrosion was found and was repaired. He said the samples pulled near the Kinder-Morgan spill came back negative. Mr. Smith said it probably will take time before the effects of the spill show up in the water. Ms. Nichols asked Mr. Mike Lopez if more sampling would be taken in the near future and does, he knew how gasoline behaves in water. He said there is a possibility for more sampling but does not know for sure. He is concerned with what gasoline might do to the PVC pipe.

VIII. Unfinished Business

- A. Appointment of Director for District 2 – this item may be postponed:**

IX. New Business

- A. Motion to adopt Resolution FY2019-21 Authorizing DWSRLF Loan Agreement DW-4796 for Valle Del Rio Water System Improvements Phase II:** Mr. Lopez said this is the continuation for Valle Project water lines. This is set to begin once all documents are in. Ms. Nichols said it would take about a month to close. There could be a delay due to the government shutdown.

USDA-RD has to sign off on permission for additional indebtedness. Mrs. Holguin made the motion to adopt resolution FY2019-21 authorizing DWSRLF Loan Agreement DW-4 for Valle Del Rio Water System Improvements Phase II. Mr. Magallanez seconded the motion, the motion passed with all in favor.

B. Motion to adopt Resolution FY2019-22 adopting FY2019 2nd quarter Budget: Mr. Lopez informed the board that copy of the FY2019 2nd quarter budget report is attached to this agenda for their review. This is the 2nd fiscal quarter report for the State. Mr. Magallanez made the motion to adopt Resolution FY2019-22 adopting FY2019 2nd quarter Budget. Mrs. Holguin seconded the motion. The motion passed with all in favor.

C. Discussion and possible action regarding consolidation of the LRGPPWA election under the new Local Election Act and course of action for upcoming elections: In coordinating with DAC to setup our elections coming up in April 2019, Mr. Lopez found out that we are impacted by the changes made to the General Elections Act which impacts primarily Special Elections which says there can be questions but not candidates on the same ballot. Ms. Nichols and DAC staff have been discussing different scenarios but have come up empty handed. Mr. Lopez said Attorney Josh Smith spoke with the Secretary of State. Mr. Smith said, the Statue that created the Authority says its elections will be governed by the Special Elections Procedures. The new Special Elections Procedures have an exception where they don't apply if you have candidates and questions on the same ballot. Under the Local Elections Act, the legislature consolidated the local elections to non-general election years. On odd years they will hold consolidated local elections. LRG is not one of the entities that is included in the consolidation automatically. A conference call was had with DAC Clerk staff, and they do not have an answer. Their concern is that they cannot have two elections on the same day. Because LRG's voter rolls are completely different from those occurring in the local elections, that may make it two elections. Mr. Smith spoke to Rebecca Martinez, Elections Director for the Secretary of State, but did not have an answer by todays meeting. The Secretary of State is working on this issue and is trying to come up with an answer. Mr. Smith's recommendation is to take action on something that is very general like authorizing consolidation if advised by the Secretary of State. Mr. Smith said if we have a Special Election, if permitted the deadline is January 31, 2019 and if consolidating under the Local Election the deadline is still January 31, 2019. Mrs. Holguin made the motion to take action to consolidate at the direction of the Secretary of State or to take what ever action they advise in order to comply with all election laws and will take whatever action necessary to extend terms to the November Local Elections. Mr. Magallanez seconded the motion. The motion passed with 2 in favor, Mr. Furman abstained from voting.

D. Motion to adopt Resolution FY2019-24 adopting: Mr. Lopez said these documents are part of our application to CDBG, this documentation is required by HUD in order to apply for CDBG funding. Mrs. Holguin made the motion to adopt Resolution FY2019-24 adopting Previously adopted Procurement Resolution, Section 3 Plan, Fair Housing Plan, Residential Anti-Displacement and Relocation Assistance Plan. Mr. Evaro seconded the motion, the motion passed with all in favor.

- i. Previously adopted Procurement Resolution
- ii. Section 3 Plan

- iii. Fair Housing Plan
- iv. Residential Anti-Displacement and Relocation Assistance Plan
- v. Citizen Participation Plan

E. Motion to authorize termination of membership for delinquent accounts: Mr. Lopez said this is the list of customers who have been sent notifications, liens filed and final termination letters. If customers come forward and want to pay their balance's we are still open to that. We have followed the necessary steps and procedures according to our policies. Mrs. Holguin made the motion to authorize termination of membership for delinquent accounts. Mr. Furman seconded the motion, the motion passed with all in favor.

F. Motion to adopt amendment to Employee Policy Manual: Mr. Lopez would like to make a change to our probationary period. He would like the minimum probationary time to be 6 months and the maximum probationary time to be 12 months. Mr. Mike Lopez said this gives us an opportunity to better evaluate those part-time employees that work a few hours a day or work part-time and go to school part-time. Mr. Magallanez said he felt 12 months for probationary period was too long. Mr. Lopez said the majority of employees will fall under the 6-month probationary period, this will actually impact a minimal number of employees. Mrs. Holguin made the motion to adopt amendment to Employee Policy Manual with an edit to the word *extend* to *extended*. Mr. Furman seconded the motion. The motion passed with two in favor and Mr. Magallanez not in favor.

X. Other discussion and agenda items for next meeting at 9:30 a.m. Wednesday, February 20, 2019 at the La Mesa Office.

A. Have any Board Members participated in training? If so, please give us a copy of your certificate: None

B. PM Legislative Report and upcoming NM Legislative session: Report is available on the Directors Only webpage

C. Invitation to Colonia's Day at the Legislature on February 18th – PLEASE LET PATTY KNOW IF YOU WILL ATTEND AND IF YOU WILL NEED A HOTEL ROOM. Ms. Nichols asked that board members who will be attending Colonia's Day to let us know in order to book hotel rooms. Mrs. Holguin said she would be attending.

D. Audit presentation – February or March: Mr. Lopez said the audit has not been approved by the State Auditor but as soon as it is, we will be providing a presentation to the board.

E. Closing documents for E. Mesa EID planning grant: Closing documents for reimbursement should be on the February Agenda.

XI. Motion to Adjourn: Mrs. Holguin made the motion to adjourn the board meeting at 10:30 a.m. Mr. Smith seconded the motion, the motion passed with all in favor.

Minutes approved February 20, 2019

Michael McMullen, Chairman (District 6)

Furman Smith, Vice-Chairman (District 7)

Esperanza Holguin, Secretary (District 4)

ABSENT
Raymundo Sanchez, Director (District 1)

Joe Evaro, Director (District 3)

Henry Magallanez, Director (District 5)

VACANT
Director (District 2)

DRAFT

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Meeting Notice & Agenda—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, January 16, 2019 at our La Mesa Office, 521 St. Valentine, La Mesa, NM

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office or at www.LRGauthority.org/noticesavisos.html. Call 575-233-5742 or email board@LRGauthority.org for information

- I. Call to Order, Roll Call to Establish Quorum: District #1 (Mr. Sanchez) __, #2 (Vacant) __, #3 (Mr. Evaro) __, #4 (Mrs. Holguin) __, # 5 (Mr. Magallanez) __, #6 (Mr. McMullen) __, #7 (Mr. Smith) __
- II. Pledge of Allegiance
- III. Motion to approve Agenda (VIII A. may be postponed)
- IV. Approval of Minutes – Motion to approve the minutes of the December 12, 2018 Regular Board Meeting.
- V. Presentations: none
- VI. Public Input—15 minutes are allotted for this item, 3 minutes per person
- VII. Managers’ Reports
 - A. General Manager
 - B. Finance
 - C. Projects
 - D. Operations
- VIII. Unfinished Business
 - A. Appointment of Director for District 2 – this item may be postponed
- IX. New Business
 - A. Motion to adopt Resolution FY2019-21 Authorizing DWSRLF Loan Agreement DW-4796 for Valle Del Rio Water System Improvements Phase II
 - B. Motion to adopt Resolution FY2019-22 adopting FY2019 2nd quarter Budget
 - C. Discussion and possible action regarding consolidation of the LRGPWWA election under the new Local Election Act and course of action for upcoming elections
 - D. Motion to adopt Resolution FY2019-24 adopting:
 - i. Previously adopted Procurement Resolution
 - ii. Section 3 Plan
 - iii. Fair Housing Plan
 - iv. Residential Anti-Displacement and Relocation Assistance Plan
 - v. Citizen Participation Plan
 - E. Motion to authorize termination of membership for delinquent accounts

F. Motion to adopt amendment to Employee Policy Manual

- X. Other discussion and agenda items for next meeting at 9:30 a.m. Wednesday, February 20, 2019 at the La Mesa Office.**
- A. Have any Board Members participated in training? If so, please give us a copy of your certificate**
 - B. PM Legislative Report and upcoming NM Legislative session**
 - C. Invitation to Colonia's Day at the Legislature on February 18th – PLEASE LET PATTY KNOW IF YOU WILL ATTEND AND IF YOU WILL NEED A HOTEL ROOM**
 - D. Audit presentation – February or March**
 - E. Closing documents for E. Mesa EID planning grant**

XI. Motion to Adjourn

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

Si usted es una persona con una discapacidad que necesita un lector, amplificador, intérprete de lenguaje de signos o cualquier otra forma de ayudante auxiliar o servicio para asistir o participar en la audiencia o reunión, póngase en contacto con la oficina de LRGPWWA, 575-233-5742, PO Box 2646, Anthony, NM 88021 o 215 Bryant St., Mesquite, NM por lo menos una semana antes de la reunión o tan pronto como sea posible. documentos públicos, incluyendo el orden del día y actas, pueden proporcionarse en diferentes formatos accesibles. Póngase en contacto con la oficina LRGPWWA si es necesario un resumen u otro tipo de formato accesible.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, December 12, 2018 at our Vado Office, 325 Holguin Rd., Vado, NM

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office or at www.LRGauthority.org/noticesavisos.html. Call 575-233-5742 or email board@LRGauthority.org for information

- I. **Call to Order, Roll Call to Establish Quorum:** Chairman Mr. Mike McMullen called the meeting to order at 9:30 a.m. and called roll. Mr. Sanchez representing District #1 was absent, District #2 is Vacant, Mr. Evaro representing District #3 was present, Mrs. Holguin representing District #4 was present, Mr. Magallanez representing District # 5 was present, Mr. McMullen representing District #6 was present, Mr. Smith representing District #7 was present. Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Operations Manager Mike Lopez, Projects Specialist Patricia Charles and Finance Assistant John Schroder. Mrs. Phyllis J. Smith and State Representative Doreen Gallegos were also present.
- II. **Pledge of Allegiance:** Mr. McMullen led the pledge of Allegiance.
- III. **Motion to approve Agenda (VIII A. may be postponed):** Mr. Smith made the motion to approve the December 12, 2018 agenda with VIII A postponed. Mr. Magallanez seconded the motion, the motion passed with all in favor.
- IV. **Approval of Minutes – Motion to approve the minutes of the November 14, 2018 Regular Board Meeting:** Mrs. Holguin made the motion to approve the minutes for November 14, 2018. Mr. Evaro seconded the motion, the motion passed with all in favor.
- V. **Presentations:** Mrs. Doreen Gallegos thanked the board for the invitation to attend the meeting. She would like to help strengthen relationships and help take care of the water issues in the Vado area and understands that there is great need in the area as well. In speaking with Mrs. Holguin, she is aware that we are trying to put together regional projects and working on leveraging federal funding. Mr. Lopez first wanted her to tell the board members what her service area is. She said her service area is Talavera, Las Alturas, Berino, Vado and Anthony. She asked the board members and staff members what the needs were for LRGPWWA. Mr. Lopez said, we would like to finish the project on Jacquez Road, part of that project was not finished because of an easement issue. Wilson and Co. is surveying the area, it is a 2,000 linear ft extension. \$20,000 will be paid in house and will need approximately \$100,000. Mr. Lopez said he was putting together a request on behalf of Talavera there are some critical upgrades that are needed. They need meter change outs to radio read meters. The Environment Dept. also has some items that need attention as part of their assessment of the system. The amount needed will be between \$40,000 - \$50,000. Representative Gallegos said she was hopeful that there would be more funds available this year. Another items that Mr. Lopez has talked to Mr. Cervantes about the per diem rates. He said it gets harder and harder to go to Santa Fe with the current rates. Mrs. Holguin said that Texas employees are not charged tax fees on Hotel stays which sometimes can be over \$30.00 dollars per night. She would like to get some copies of hotel invoices from our Finance department to see what the tax fees are. Mrs. Gallegos would like to see all the

request soon in Capital Outlay, Mr. Lopez said Ms. Nichols is working on Capital Outlay and will send out as soon as they are ready.

VI. Public Input: none

VII. Managers' Reports

A. General Manager: Mr. Lopez provided a written report and stood for questions. He and other staff members meet with Master Meter representatives pertaining to the problems with the 5/8 by 3/4 meters. A malfunction has affected the battery life in meters shipped between 2014 – 2017 and has affected approximately 3,700 LRG meters. They proposed a resolution and will provide additional options. Once the additional options are in, he will come back to the Board and share those options with them. Mr. Magallanez asked if the affected meters still have warrant. Mr. Lopez said the registers and meters have separate warrantees and will also be addressed. One item not on his report is the need for a waste water rate study. We need this report because of the applications we are working on right now. We will also need a water rate study but that one can wait a bit. Mr. Lopez said the offices will be closed on Monday, December 24th, most of the office staff has requested leave for that day. We possibly could have the same thing happen on December 31. We will still have staff on call and management is always a phone call away.

B. Projects: Ms. Nichols was not present at the meeting but provided a written report. Ms. Charles informed the board that Ms. Nichols is working on 3 Colonia's applications with some help from Ms. Charles and will start working on Capital Outlay very soon. Ms. Nichols is also gearing up for the upcoming Elections with help from Ms. Charles and Ms. Meza.

C. Operations: Mr. Mike Lopez provided a written report and stood for questions. Mr. McMullen asked it there were any questions and no one had any.

D. Finance: Ms. Jackson provided a written report and stood for questions. She said it was a good month, bringing in about \$290,000.00 and spent \$300,500.00. Some expenses included the fencing for High Valley required by NMED. Spent on parts and equipment for the Chlorine gas Tanks. She said she would be transferring money from reserves to cover those expenses. The Audit is finished and there were no findings. Mr. Lopez said it should be presented to the state soon. The audit will then be presented to the Board possibly at next month's meeting. Mr. Lopez authorized Ms. Jackson to pay off one of the small sewer loans (approximately \$46,000.00).

VIII. Unfinished Business

A. Appointment of Director for District 2 – this item may be postponed: this item was postponed.

IX. New Business

- A. Motion to adopt Resolution FY2019-17 Authorizing East Mesa PER Planning Grant 3803-PG:** Mr. Lopez said this resolution is for authorizing the reimbursement of \$50,000.00 that had been previously awarded. The initial amount spent was approximately \$58,000.00. Mrs. Holguin made the motion to adopt resolution FY2019-17 authorizing East Mesa PER planning Gant 3803-PG. Mr. Magallanez seconded the motion, the motion passed with all in favor.
- B. Motion to adopt Resolution FY2019-18 Authorizing CIF application for Jacquez Rd. Line Extension:** Mr. Lopez said this resolution is for permission to submit application for \$140,000.00 to finish this project. Mr. Magallanez made the motion to adopt resolution FY2019-18. Mrs. Holguin seconded the motion, the motion passed with all in favor.
- C. Motion to adopt Resolution FY2019-19 Authorizing CIF application for East Mesa Water System Improvements Ph. I Design:** Mr. Lopez said that this is the next step for the East Mesa project. This authorization is to submit an application for design, it may need to be broken down into phases, depending on the amount of money obligated to this project. Mr. Smith made the motion to adopt resolution FY2019-19 authorizing CIF application for East Mesa Water System Improvements PH 1 Design be submitted. Mr. Evaro seconded the motion, the motion passed with all in favor.
- D. Motion to adopt Resolution FY2019-20 Authorizing CIF application for High Valley Ph. II Water System Improvements:** Mr. Lopez said this application is the next step to the planning grant High Valley had secured prior to the merger. This application is for design. Mrs. Holguin made the motion to adopt resolution FY2019-20 authorizing CIF application for High Valley Ph II Water System Improvements. Mr. Evaro seconded the motion, the motion passed with all in favor.
- E. Motion to authorize the General Manager to sign a Farm Lease Agreement for the recently purchased land in Vado with the previous tenant farmer:** Mr. Lopez said he reached out to the farmer who was renting the land in Vado from the previous owner to see if he was interested in continuing the lease. The farmer was interested so Mr. Lopez took the original lease and presented it to attorney Josh Smith for review. Mr. Smith made the motion to authorize the General Manager to sign a Farm Lease Agreement with the previous tenant. Mrs. Holguin seconded the motion, the motion passed with all in favor.
- F. Motion to approve Amendment #5 to Engineering Agreement w/Souder, Miller & Associates for Valle Del Rio Water System Improvements Ph. II Design contingent upon NMED-CPB approval:** Mr. Lopez said this amendment is actually to reduce Engineering fees by \$15,00.00, He said we could take that money and build some infrastructure or use it for more SCADA equipment. Mr. Smith made the motion to approve the amendment #5 agreement w/Souder, Miller & Associates. Mrs. Holguin seconded the motion, the motion passed with all in favor.
- G. Motion to authorize termination of membership for delinquent accounts:** Mr. Lopez said the customers on this list have gone thru the process of notification of delinquency. We sent certified letters and have filed liens but have not received any communication from them. The next step is to terminate the membership. Mr. Smith made the motion to authorize

termination of membership for delinquent accounts. Mrs. Holguin seconded the motion, the motion passed with all in favor.

H. Motion to approve Engineering Services Agreement with Wilson & Company for Jacquez Rd. Line Extension Project contingent upon NMED-CPB approval: We did not include a copy of this agreement in the packet, a copy was posted on the Board member site. Ms. Charles will email a copy to all board members for review. Mr. Lopez said we were not able to negotiate engineering services with Park, Hill & Cooper. Instead we will be working with Wilson & Company. They will provide the initial design, help with any easement issues and do the leg work needed for a fee of \$14,400.00 contingent upon approval from Construction Programs Bureau. He said once the project gets into the construction phase there will be more construction observation costs. Mr. Magallanez informed the board members that he will be doing some work with Wilson & Company and will abstain from voting. Mrs. Holguin does some work for Wilson & Company and will also abstain from voting. Mr. Smith made the motion to approve Engineering Services Agreement with Wilson & Company for Jacquez Rd Line Extension Project contingent upon NMED-CPB approval. Mr. Evaro seconded the motion, the motion passed with two in favor and two abstaining from voting.

I. Motion to approve proposed amendment to Member – Customer Policies: Mr. Lopez informed the board that we are now able to accept payments in bank draft form. There is a need now to update the Member-Customer Policies to include bank draft information. Wording has been changed from “bad checks” and “insufficient” to “non-sufficient” and added “bank draft”. Mrs. Holguin made the motion to approve proposed amendment to Member-Customer Policies. Mr. Magallanez seconded the motion, the motion passed with all in favor.

J. Motion to approve proposed amendment to Schedule of Rates & Fees: Mr. Lopez said that the Schedule of Rates and Fees also needs to be updated. We need to add additional wording and fees for payments by phone. Mrs. Holguin made the motion to approve proposed amendment to Schedule of Rates & Fees. Mr. Evaro seconded the motion, the motion passed with all in favor.

X. Other discussion and agenda items for next meeting at 9:30 a.m. Wednesday, January 16, 2019 at the La Mesa Office.

A. Have any Board Members participated in training? If so, please give us a copy of your certificate: No one had participated in training.

B. Audit presentation – January

C. Closing documents for E. Mesa EID planning grant

D. Approve 2nd Quarter Budget Report

E. Issue Election Proclamation

XI. Motion to Adjourn: Mr. Smith made the motion to adjourn the board meeting at 10:28 a.m. Mrs. Holguin seconded the motion, the motion passed with all in favor.

Minutes approved January 16, 2019

Michael McMullen, Chairman (District 6)

Furman Smith, Vice-Chairman (District 7)

Esperanza Holguin, Secretary (District 4)

ABSENT
Raymundo Sanchez, Director (District 1)

Joe Evaro, Director (District 3)

Henry Magallanez, Director (District 5)

VACANT
Director (District 2)

LRGPWWA
Manager's Report
January 16, 2019

- HIDTA Semi-Annual Certification is pending
- State Land Office annual lease payment for Organ property has been sent
- Paid off NMFA Loan: LOWERRIO 11-CIF-3161 (\$44,770)
- Worker's Compensation Fee-Annual Safety Inspection on-site visit is pending; evaluation report to be completed (all facilities)
- Kinder-Morgan Gasoline leak (estimated at 250,000 – 300,000 gallons) near Three Saints Road in Berino Bosque area-we have sampled the water main and isolated it; no customers on that portion of the main are active
- Staff 2018 evaluations are nearly complete (one pending)
- One operator passed his water level 3; another complete the backflow certification course; and unfortunately one operator injured his left hand
- Fronted the HIDTA Program a little over than \$7,500 for 2017 grant funding-reimbursement has been received
- Legislative Session: Plan travel to Santa Fe in support of Colonias Day (February 18th) and Capital Outlay Request
- I have directed staff to work with customers/employees impacted by the federal government shutdown



Lower Rio Grande Public Water Works Authority

Income Statement

Group Summary

For Fiscal: FYE 2019 Quarter Ending: 12/31/2018

AcctNumber		Current Total Budget	MTD Activity	QTD Activity	YTD Activity	Budget Remaining
Revenue						
40000 - Operating Revenue		2,861,000.00	203,864.26	758,271.65	1,693,508.49	1,167,491.51
40001 - Activation & Connection Fees-Sewer		1,300.00	0.00	0.00	0.00	1,300.00
40002 - Installation Fees		25,000.00	9,860.92	22,943.15	50,118.47	-25,118.47
40003 - Activation & Connection Fees-Water		3,600.00	858.34	2,575.02	3,275.02	324.98
40004 - Meter Relocation		1,500.00	0.00	0.00	0.00	1,500.00
40005 - Backflow Testing		3,500.00	375.00	2,625.00	3,775.00	-275.00
40006 - Tampering Fee/Line Breaks		1,500.00	50.00	652.54	2,754.82	-1,254.82
40007 - Delinquency Fee		20,000.00	7,550.00	25,750.00	46,550.00	-26,550.00
40008 - Penalties-Water		50,000.00	9,009.66	29,354.47	58,076.57	-8,076.57
40009 - Membership Fees		3,000.00	450.00	1,650.00	4,050.00	-1,050.00
40010 - Impact Fees		20,000.00	5,066.68	13,600.00	27,641.65	-7,641.65
40011 - Returned Check Fees		1,500.00	0.00	210.00	385.00	1,115.00
40012 - Credit Card Fees		6,000.00	678.00	2,298.00	5,592.00	408.00
40013 - Miscellaneous Revenue		500.00	30.00	85.00	190.00	310.00
40015 - Penalties-Sewer		5,200.00	531.81	1,798.19	3,744.22	1,455.78
40016 - Meter Test Fee		500.00	0.00	50.00	-2,174.56	2,674.56
40017 - Hydrant Meter Rental Fee		2,000.00	250.00	500.00	750.00	1,250.00
40018 - Permit Fees		1,100.00	0.00	0.00	0.00	1,100.00
40019 - DAC Trash Coupons		900.00	34.00	132.00	326.00	574.00
40020 - Miscellaneous Revenue-Sewer		1,500.00	41.29	123.87	-1,072.78	2,572.78
45000 - Tower Rent		15,000.00	250.00	750.00	1,500.00	13,500.00
45001 - Billing Adjustments-Water		0.00	-1,826.82	-5,526.26	-11,986.98	11,986.98
45005 - Fiscal Agent Fees		35,000.00	4,622.53	15,503.38	29,691.83	5,308.17
45010 - Interest		600.00	45.47	130.41	234.67	365.33
45015 - Copy/Fax		400.00	9.50	35.00	103.75	296.25
45020 - Other Income		10,000.00	2,237.50	7,834.81	48,879.80	-38,879.80
45025 - Contract Services		50,000.00	3,020.42	13,925.22	29,445.37	20,554.63
45030 - Transfers In		0.00	0.00	0.00	0.00	0.00
49000 - Recovered Bad Debts		0.00	50.00	150.00	150.00	-150.00
Revenue Total:		3,120,600.00	247,058.56	895,421.45	1,995,508.34	1,125,091.66
Expense						
60010 - Audit		15,000.00	0.00	4,205.00	8,410.00	6,590.00
60020 - Bank Service Charges		15,000.00	1,280.25	3,871.28	8,161.45	6,838.55
60025 - Cash Short/Over		300.00	0.00	0.00	35.23	264.77
60030 - Dues and Subscriptions		5,000.00	731.00	1,702.43	2,713.86	2,286.14
60035 - Engineering Fees		0.00	0.00	2,761.97	5,469.78	-5,469.78
60045 - Late Fees		1,000.00	0.00	0.00	0.00	1,000.00
60050 - Legal Fees		0.00	633.63	865.96	1,905.40	-1,905.40
60055 - Legal Notices		2,500.00	0.00	0.00	77.21	2,422.79
60060 - Licenses & Fees		5,000.00	-1,083.33	365.27	4,391.00	609.00
60065 - Meals		2,500.00	627.12	830.77	1,006.41	1,493.59
60075 - Permit Fees		0.00	2,707.81	2,707.81	2,707.81	-2,707.81
60080 - Postage		30,500.00	0.00	426.81	1,230.32	29,269.68
60090 - Professional Fees-Other		600.00	0.00	0.00	379.09	220.91
60100 - Project Development		0.00	0.00	0.00	0.00	0.00
60115 - Talavera Expenses		0.00	36.93	177.25	889.57	-889.57
60116 - Alto De Las Flores Expenses		0.00	0.00	44.91	72.39	-72.39
60120 - Retirement Account Fees		2,500.00	707.98	1,940.75	3,283.27	-783.27

60130 - Training	5,000.00	546.15	2,729.85	2,889.85	2,110.15
60140 - Travel:Airfare Per Diem	0.00	0.00	0.00	506.87	-506.87
60150 - Travel:Lodging Per Diem	5,000.00	2,014.15	2,014.15	3,395.06	1,604.94
60155 - Travel:Meals Per Diem	5,000.00	196.54	319.45	727.11	4,272.89
60160 - Travel:Mileage/Parking Per Diem	0.00	403.02	610.11	620.11	-620.11
60165 - Travel:Vehicle Rental Per Diem	0.00	0.00	117.49	163.49	-163.49
60175 - Fixed Asset Disposal Fees	1,500.00	0.00	0.00	0.00	1,500.00
60600 - Debit Service	148,000.00	51,897.39	64,732.26	93,338.39	54,661.61
60625 - Interest paid to NMED	0.00	1,907.90	1,907.90	1,907.90	-1,907.90
60650 - Interest paid to NMFA	37,000.00	1,842.09	5,662.63	11,315.34	25,684.66
60675 - Interest paid to USDA	130,000.00	10,629.36	31,888.08	63,776.16	66,223.84
63000 - Regular Pay	885,000.00	67,976.17	213,339.03	477,327.60	407,672.40
63001 - Overtime	30,000.00	1,746.58	6,892.81	17,684.31	12,315.69
63006 - Holiday Pay	55,000.00	8,400.23	16,722.67	25,228.95	29,771.05
63007 - Sick Pay	60,000.00	3,861.80	7,555.92	17,299.11	42,700.89
63008 - Annual Leave Pay	80,000.00	4,526.67	15,739.31	29,515.41	50,484.59
63010 - 401K 10% Company Contribution	101,500.00	0.00	0.00	0.00	101,500.00
63030 - Accrued Leave	75,000.00	0.00	0.00	0.00	75,000.00
63060 - Contract Labor	10,000.00	0.00	2,412.58	2,412.58	7,587.42
63070 - Employee Benefits-401K Contrib	41,000.00	2,525.18	7,372.71	15,980.78	25,019.22
63090 - HISC-Blue Medicare Rx.	500.00	0.00	0.00	0.00	500.00
63100 - Insurance-Dental	15,000.00	1,125.64	3,081.26	6,176.72	8,823.28
63110 - Insurance-Health	175,000.00	22,501.32	66,981.05	135,987.38	39,012.62
63115 - Salaries: Insurance - Work Comp	20,000.00	0.00	3,897.00	8,091.00	11,909.00
63125 - Insurance: Life & Disability	0.00	0.09	-49.88	-49.71	49.71
63130 - Mileage	1,500.00	145.85	393.83	524.06	975.94
63135 - Drug Testing	1,500.00	0.00	0.00	0.00	1,500.00
63160 - Payroll Taxes-Medicare	18,500.00	1,254.46	3,773.73	8,222.49	10,277.51
63170 - Payroll Taxes-Social Security	73,000.00	5,363.71	16,135.49	35,157.47	37,842.53
63195 - Taxes, Liability, Insurance: Cobra Fee	1,000.00	0.00	0.00	0.00	1,000.00
63200 - Vision Insurance	5,000.00	311.83	925.39	1,891.18	3,108.82
64100 - Sewer:DAC Waste Water Flow Charge	40,000.00	0.00	2,704.67	11,589.04	28,410.96
64200 - Sewer:Electricity-Sewer	9,000.00	1,332.85	2,865.41	4,578.25	4,421.75
64300 - Sewer:Lab & Chemicals-Sewer	10,000.00	952.76	2,479.45	5,758.30	4,241.70
64500 - Sewer:Supplies & Materials	0.00	0.00	220.00	220.00	-220.00
65010 - Automobile Repairs & Maint.	40,000.00	6,196.04	13,655.61	30,389.40	9,610.60
65230 - Computer Maintenance	58,000.00	2,297.78	12,025.80	39,961.57	18,038.43
65240 - Equipment Rental	2,500.00	0.00	0.00	610.61	1,889.39
65250 - Fuel	60,000.00	4,878.42	17,347.80	37,719.71	22,280.29
65270 - Lab Chemicals-Water	5,000.00	15.00	164.52	525.07	4,474.93
65275 - SCADA Maintenance Fee	2,000.00	0.00	0.00	0.00	2,000.00
65276 - Test Equipment Calibration	2,000.00	0.00	0.00	0.00	2,000.00
65277 - Generator Maintenance Contract	3,000.00	0.00	0.00	0.00	3,000.00
65278 - Meter Testing/Repair/Replacement	36,000.00	0.00	0.00	1,500.00	34,500.00
65280 - Lab Chemicals-Water:Chemicals	35,000.00	2,348.65	8,779.50	18,636.27	16,363.73
65300 - Locates	6,000.00	0.00	0.00	0.00	6,000.00
65310 - Maint. & Repairs-Infrastructure	84,000.00	704.03	4,298.85	11,544.92	72,455.08
65320 - Maint. & Repairs-Office	10,000.00	0.00	8,039.77	14,862.20	-4,862.20
65330 - Maintenance & Repairs-Other	120,500.00	11,472.30	70,064.71	150,228.18	-29,728.18
65340 - Materials & Supplies	45,000.00	-216.94	6,190.73	34,420.31	10,579.69
65345 - Non Inventory-Consumables	65,000.00	3,438.81	10,427.78	21,993.48	43,006.52
65350 - Office Supplies	5,000.00	1,267.86	3,038.82	5,842.04	-842.04
65360 - Printing and Copying	20,000.00	3,326.11	10,353.42	20,975.44	-975.44
65370 - Tool Furniture	5,000.00	0.00	487.39	5,057.05	-57.05
65390 - Uniforms-Employee	11,200.00	351.94	4,827.60	7,368.00	3,832.00
65490 - Cell Phone	20,000.00	0.00	3,155.08	7,849.85	12,150.15
65500 - Electricity-Lighting	6,000.00	516.34	2,229.54	3,329.81	2,670.19
65510 - Electricity-Offices	15,000.00	850.61	3,251.07	7,994.13	7,005.87

65520 - Electricity-Wells	211,000.00	15,290.41	49,983.52	107,668.07	103,331.93
65530 - Garbage Service	2,500.00	219.58	1,177.55	3,827.39	-1,327.39
65540 - Natural Gas	3,000.00	198.42	470.28	809.06	2,190.94
65550 - Security/Alarm	5,000.00	0.00	0.00	2,886.02	2,113.98
65560 - Telephone	20,000.00	1,389.19	5,867.07	10,000.40	9,999.60
65561 - Telstar Maintenance Contract	7,000.00	0.00	0.00	0.00	7,000.00
65570 - Wastewater	2,000.00	181.12	543.36	1,082.00	918.00
66100 - Government Penalties & Interest	0.00	5.00	5.00	5.00	-5.00
66200 - Insurance-General Liability	75,000.00	0.00	20,378.00	36,561.00	38,439.00
66500 - Property Taxes	0.00	0.00	346.04	346.04	-346.04
66700 - Water Conservation Fee	20,000.00	0.00	3,424.89	8,101.48	11,898.52
00000 - To Reserves	0.00	60,000.00	80,000.00	167,243.95	-167,243.95
Expense Total:	3,120,600.00	311,833.80	843,858.26	1,782,306.44	1,338,293.56
Total Surplus (Deficit):	0.00	-64,775.24	51,563.19	213,201.90	-467,501.24

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
PROJECTS REPORT – 1/16/19**

LRG-11-02.2 – Mesquite-Brazito Sewer Project – Bohannon Huston, Inc. – LOC-Design Stage – NMFA PG/SAP funded Planning, \$30k 2014 SAP, \$540,608 2014 CITF (10% Loan), USDA-RD Loan \$357,000 @ 3.250%, Grant \$1,194,919, Colonia's Grants of \$6,356,474 & \$119,407 – Final ROW Certificates have been executed, closing documents have been submitted, we are working to address a final title policy issue, and project is ready to bid once we receive USDA-RD authorization after the federal shut-down ends.

LRG-17-01 – Mesquite-Brazito Sewer Project 2 – Bohannon Huston, Inc. – Planning Stage – USDA-RD LOC \$15,030,780 – Letter of Conditions was issued by USDA-RD on 3/5/18 for \$6,189,000 loan and \$8,030,000 Colonia's Grant. Fifth Request for Funds from RCAC bridge loan has been submitted and funds from Request #4 were received. Design, including easement & property acquisition, is at 60% completion and being review by Operations.

LRG-11-03 – Interconnect & Looping Project – see LRG-18-02 for current portion – Stern Drive Line Ext.

LRG-11-05 – South Valley Water Supply & Treatment Project WTB #252– Bohannon Huston - Design stage - \$750,000 WTB – 10% Loan 10% Match: USDA-RD format PER, and it has been submitted to USDA-RD, comments received and addressed, Environmental Report has been submitted, and a funding application is ongoing at their online application site.

LRG-17-01 – Water Master Plan – WTB #252: CDBG Public Hearing was held 1/9/18. Ms. Goolsby, SCCOG, has begun work on the application for \$100k planning grant for this project. Resolution adopting CDBG Federal Requirements is on today's agenda.

LRG-17-02 – Central Office Building – DW-4213 \$3,285,619: Current work is in the Programming Phase of the project which is to be complete in Feb 2019. The first of 3 meetings identified for the Programming Phase of the project was held on 12/05/2018, and work continues in preparation for meeting #2 scheduled for Thursday 01/17/2019. Architect is developing 2 buildings to equal a total of roughly 8,715 sf on a single site to consolidate LRG's services: Building 1 (approx. 5,835 sf) – Primary office functions; modular building construction and Building 2 (approx. 2,880 sf) – Operations; pre-engineered metal building. Work includes laying out program elements in alignment with the building areas to review at meeting, researching available existing site information, and making initial contact with utility providers.

Forty-Year Water Plan – CE&M – complete – needs update for new mergers after Brazito combine & commingle: pending NM-OSE comments/approval. Currently only includes the initial five systems.

LRG-13-03 – Valle Del Rio Water System Project – RFP/Planning/Design Stage - \$1,197,708 DWSRLF funding - \$898,281 principal forgiveness – 299,427 loan repayment – Souder, Miller & Associates: Phase I Project is complete pending a final Change Order to replace the booster pump motors with VFDs. JCH has been very slow to respond. Final Pay App has not been received. Phase II PER is approved.

LRG-17-03 – Planning Documents for East Mesa Water System Improvements Project – NMFA 3803-PG & 3804-PG – Planning –PER Planning Grant closing is complete. EID is approved and EID Planning Grant Closing will be on February Agenda. Application for Colonia’s funding for Phase I Design is in progress.

LRG-18-01 – High Valley Water System Improvements Project – NMFA 4645-CIF18 – Design & Construction – Souder, Miller & Assoc.– Engineering Agreement and amendments have been approved and Notice to Proceed issued to SMA.

LRG-18-02 – Stern Drive Waterline Extension Project – Design/Build - \$150,000 SAP – Souder, Miller & Associates engineering services agreement is approved and Notice to Proceed issued.

LRG-18-03 – Jacquez Waterline Extension Project – Design/Build - \$50,000 SAP – Wilson & Co. –Wilson & Company is completed a survey task under the As-Needed procurement in order to modify the easement document in accordance with the property owner’s request. Our attorney is working with the property owner’s attorney to get the document executed Engineering Services Agreement with Wilson & Company has been approved. Colonia’s application and Capital Outlay Request has been submitted.

LRG-19-09 – S. Valley Service Area Line Extensions – Water Trust Board application has been submitted and was denied without explanation. Engineering Services Agreement with Souder, Miller & Associates is pending NMED-CPB approval. Will apply for Local Government Planning Grant funds after we close the current grant and hope that the legislature provides more funding for the program.

Other projects:

Documents Retention & Destruction – Sorting of old association documents for storage or destruction is ongoing, and staff is implementing approved retention/destruction schedules for LRGPWWA documents. Delivery of documents from the East Mesa Office for sorting and storage or shredding is still pending, and we are expecting several boxes of documents in from the Finance Manager now that the audit is done. No bins been sent out for shredding in the past month.

Website and Email – Notices and Board Minutes pages are current. Task Order has been executed with Sullivan Design to migrate our website to a Wordpress platform. This will take about four months, and current website will remain in place until then. Draft is posted and we are reviewing.

Source Water Protection Plan Update - NMED has authorized technical assistance from D.B. Stephens & Associates to update the plan to incorporate High Valley. Phone conference was held on 12/18/18 and we have provided some documents to D.B. Stephens to begin work.

Training – Nothing new to report

Lower Rio Grande Water Users Organization – nothing new to report

As Needed Engineering Services - Currently we have three active Task Orders: Two with Vencor for NM DOT permit work on Stern Drive are on hold pending a State Land Office permit, and one with BHI for securing the SLO Permit.

Collection & Lien Procedures - Third set of liens have been filed, certified letters have been sent out for a fourth set. 46 first notifications, 68 certified letters have been sent and 35 liens have been filed to date. Angie & Patty are working on the next set of liens.

NM Legislature – Patty and I have prepared Capital Outlay requests for the Jacquez Road Project, Mesquite Wetlands Closure, Heavy Equipment Purchase, and for the Information Technology Project (additional Tyler software and radio-read meters and laptops). These have been emailed to legislators and to Jay Armijo at the SCCOG. My Legislative Report for 2019 is in progress and will be posted at the Directors Only page. Colonia’s Day is Monday, February 18th, please let us know if you will attend.

LRGPWWA 2019 Election – Angie is working on adding voting district designations to customer accounts in the billing software for Districts 1, 2 & 6. Governance Document Amendment for the 2019 ballot was approved by the board in October.

Water Audits – Water Audit data collection is ongoing and will be useful in updating the Source Water Protection Plan. Water Audits for calendar 2018 will be performed once the data is finalized.

Lower Rio Grande PWWA

Operators Report

January 16, 2019

System Problems and Repairs.

- Backflow inspections are Current. (Mesquite District)
- For the month of November, we were issued 383 work and service orders.
- For the month of December, we were issued 374 work and service orders.
- For the month of December we installed 7 new water service connections, two being DOT Permits.
- Due to the Holidays and shipping delays we did not receive PVC parts needed for the Mesquite and Brazito chlorine Systems, however we will be in operation before the end of the week.
- We had two main line breaks at Alto De Los Flores.
- We had two main line breaks at the East Mesa.
- Our Vac-trailer was repaired and is back in service.
- We have installed a new GE Ultra-sonic meter at well #12, as the old Siemens meter failed.

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

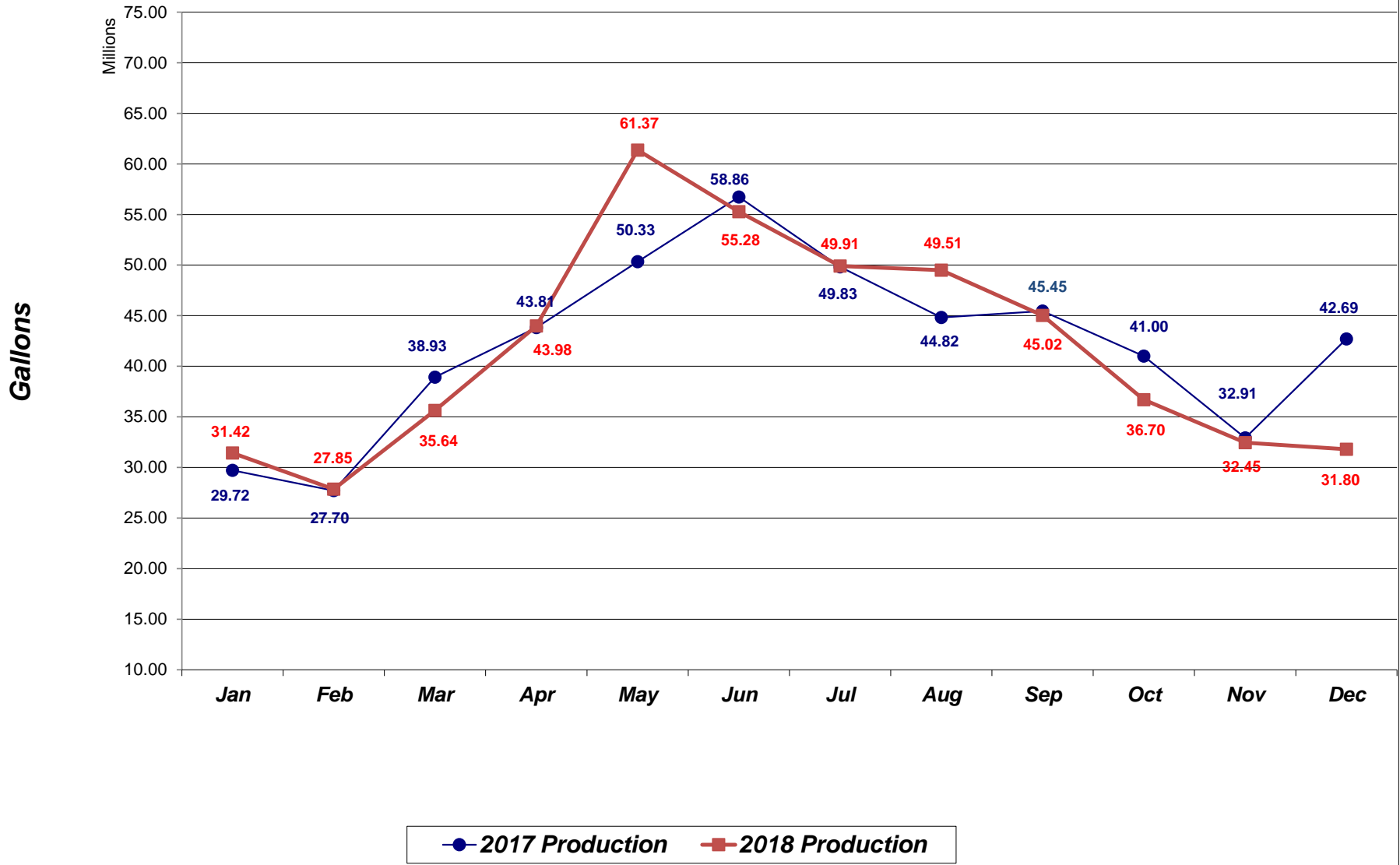
Mesquite district Wetlands: NMED is going to require us to drill 3 monitoring wells as the existing are dry.

Mesquite and Organ Sewer Reports. The Organ Wastewater and the Mesquite wastewater reports are due February 1st.

Chlorine: No problems.

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

Lower Rio Grande PWWA Water Production Report



RECORD OF PROCEEDINGS RELATING TO THE ADOPTION OF
RESOLUTION NO. FY2019-21 OF THE BOARD OF DIRECTORS
OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DONA ANA COUNTY, NEW MEXICO

January 16, 2019

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

The Board of Directors (the "Governing Body") of the Lower Rio Grande Public Water Works Authority, New Mexico (the "Governmental Unit"), met in a regular session in full conformity with the law and the rules and regulations of the Governing Body at 521 St. Valentine, La Mesa, New Mexico, being the meeting place of the Governing Body for the meeting held on the 16th day of January, 2019, at the hour of 9:30 a.m. Upon roll call, the following members were found to be present:

Present:

Absent:

Also Present:

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,
DONA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2019-21

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT (“LOAN AGREEMENT”) BY AND BETWEEN THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, DONA ANA COUNTY, 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 \$1,729,692, TOGETHER WITH INTEREST AND ADMINISTRATIVE FEES THEREON, FOR THE PURPOSE OF FINANCING THE COSTS OF REHABILITATING A WATER STORAGE TANK, REPLACING WATER MAINS AND SERVICE LINES AND INSTALLING FIRE HYDRANTS; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE PRINCIPAL, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE NET REVENUES OF THE WATER SYSTEM OF THE GOVERNMENTAL UNIT; SETTING AN 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 NMSA 1978, § 73-26-1, as amended, and 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 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 on the Term Sheet, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; 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

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 prior to the Closing Date.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, DONA ANA COUNTY, 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 Loan Agreement Payment for the costs of originating and servicing the Loan.

“Aggregate Disbursements” means, at any time after the Closing Date, the sum of all Disbursements.

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

“Approved Requisition” means a requisition in the form of Exhibit “C” to the Loan Agreement, together with supporting documentation submitted to and approved by the Finance Authority pursuant to Section 4.2 of the Loan Agreement.

“Authorized Officers” means the Chairman, the Finance Manager, the General Manager and Secretary 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.

“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 the Loan Agreement as the same become due.

“Disbursement” means an amount caused to be paid by the Finance Authority for an Approved Requisition for costs of the Project.

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

“Drinking Water State Revolving Loan Fund” means the drinking water state revolving loan fund established by the DWSRLF Act.

“Environmental Protection Agency” means the Environmental Protection Agency of the United States.

“Final Loan Agreement Payment Schedule” means the schedule of Loan Agreement Payments due on the Loan Agreement following the Final Requisition, as determined on the basis of the Aggregate Repayable Disbursements.

“Final Requisition” means the final requisition of moneys to be submitted by the Governmental Unit, which shall be submitted by the Governmental Unit on or before the date provided for in Section 4.1(b) of the Loan Agreement.

“Finance Authority” means the New Mexico Finance Authority, created by the New Mexico Finance Authority Act, NMSA 1978, §§ 6-21-1 through 6-21-31, as amended.

“Fiscal Year” means the period commencing on July 1 of each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the Governmental Unit as its fiscal year.

“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.

“Gross Revenues” means all income and revenues directly or indirectly derived by the Governmental Unit from the operation and use of the System, or any part of the System, for any particular Fiscal Year period to which the term is applicable, and includes, without limitation, all revenues received by the Governmental Unit, or any municipal corporation or agency succeeding

to the rights of the Governmental Unit, from the System and from the sale and use of water services or facilities, or any other service, commodity or facility or any combination thereof furnished by the System.

Gross Revenues do not include:

(a) Any money received as (i) grants or gifts from the United States of America, the State or other sources or (ii) the proceeds of any charge or tax intended as a replacement therefore or other capital contributions from any source which are restricted as to use;

(b) Gross receipts taxes, other taxes and/or fees collected by the Governmental Unit and remitted to other governmental agencies; and

(c) Condemnation proceeds or the proceeds of any insurance policy, except any insurance proceeds derived in respect of loss of use or business interruption.

“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.

“Interest Component” means the portion of each Loan Agreement Payment paid as interest accruing on the Aggregate Repayable Disbursements then outstanding, calculated from the date of each Disbursement.

“Interest Rate” means the rate of interest on the Loan Agreement as shown on the Term Sheet.

“Loan” means the funds to be loaned to the Governmental Unit by the Finance Authority pursuant to the Loan Agreement, up to the Maximum Principal Amount.

“Loan Agreement” means the loan agreement and any amendments or supplements thereto, including the exhibits attached to the loan agreement.

“Loan Agreement Payment” means, collectively, the Principal Component, the Interest Component and the Administrative Fee Component to be paid by the Governmental Unit as payment on the Aggregate Repayable Disbursements under the Loan Agreement, as shown on Exhibit “B” thereto.

“Loan Agreement Principal Amount” means, as of any date of calculation, the Aggregate Repayable Disbursements then outstanding.

“Maximum Repayable Principal” means the maximum amount of Aggregate Repayable Disbursements repayable by the Governmental Unit pursuant to the Loan Agreement, and is equal to the Maximum Principal Amount. The Maximum Repayable Principal is \$1,729,692.

“Maximum Principal Amount” means \$1,729,692.

“Net Revenues” means the Gross Revenues of the System owned and operated by the Governmental Unit minus Operation and Maintenance Expenses of the System, indirect charges, amounts expended for capital replacements and repairs of the System, required set asides for debt and replacement requirements and any other payments from the gross revenues reasonably required for operation of the System.

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

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the System, for any particular Fiscal Year or period to which such term is applicable, paid or accrued, related to operating, maintaining and repairing the System, including, without limiting the generality of the foregoing:

(a) Legal and overhead expenses of the Governmental Unit directly related and reasonably allocable to the administration of the System;

(b) Insurance premiums for the System, including, without limitation, premiums for property insurance, public liability insurance and workmen’s compensation insurance, whether or not self-funded;

(c) Premiums, expenses and other costs (other than required reimbursements of insurance proceeds and other amounts advanced to pay debt service requirements on System bonds) for credit facilities;

(d) Any expenses described in this definition other than expenses paid from the proceeds of System bonds;

(e) The costs of audits of the books and accounts of the System;

(f) Amounts required to be deposited in any rebate fund;

(g) Salaries, administrative expenses, labor costs, surety bonds and the cost of water, materials and supplies used for or in connection with the current operation of the System; and

(h) Any fees required to be paid under any operation, maintenance and/or management agreement with respect to the System.

Operation and Maintenance Expenses do not include any allowance for depreciation, payments in lieu of taxes, franchise fees payable or other transfers to the Governmental Unit’s general fund, liabilities incurred by the Governmental Unit as a result of its negligence or other misconduct in the operation of the System, any charges for the accumulation of reserves for

capital replacements or any Operation and Maintenance Expenses payable from moneys other than Gross Revenues.

“Parity Obligations” means any 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 Net Revenues of the Governmental Unit pledged to payment of the Loan Agreement Payments pursuant to this Resolution and described on the Term Sheet.

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

“Resolution” means this Resolution No. FY2019-21 adopted by the Governing Body of the Governmental Unit on January 16, 2019, 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.

“Senior Obligations” means any bonds or other obligations of the Governmental Unit 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 superior to the lien created by the Loan Agreement, including any such obligations shown on the Term Sheet.

“State” means the State of New Mexico.

“Subordinated Obligations” means any bonds or other obligations of the Governmental Unit now outstanding or hereafter issued or incurred with a lien on the Pledged Revenues subordinate to the lien created by the Loan Agreement and subordinate to any other outstanding Parity Obligations having a lien on the Pledged Revenues, including any such obligations shown on the Term Sheet.

“System” means the public utility designated as the Governmental Unit’s water system, and all improvements or additions thereto, including additions and improvements to be acquired or constructed with the proceeds of the Loan Agreement.

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

“Unrequisitioned Principal Amount” means the amount, if any, by which the Maximum Principal Amount exceeds the Aggregate Disbursements at the time the Governmental Unit submits the certificate of completion required pursuant to Section 6.3 of 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 completion 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 completion 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. 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.

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

C. 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.

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

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

F. Other than as described on the Term Sheet, 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.

G. The net effective interest rate on the Maximum Principal Amount does not exceed the current market rate, which is the maximum rate permitted by federal 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 the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the public served by the 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 \$1,729,692 and interest thereon, and the execution and delivery of the Loan Agreement is hereby authorized. The Governmental Unit shall use the proceeds of the Loan Agreement to finance the acquisition and completion of the Project and (ii) to pay the Administrative Fee 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 \$1,729,692. 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 of the years designated in the Final Loan Agreement Payment Schedule, at the interest rate designated in the Loan Agreement, including Exhibit "A" thereto, which rate includes 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 and Completion of the Project.

A. Debt Service Account; Disbursements. The Governmental Unit hereby consents to creation of the Debt Service Account to be held and maintained by the Finance Authority as provided in the Loan Agreement.

The proceeds derived from the execution and delivery of the Loan Agreement shall be disbursed promptly upon receipt of an Approved Requisition (as defined in the Loan Agreement).

Until the acquisition and completion of the Project or the date of the Final Requisition, the money disbursed pursuant to the Loan Agreement shall be used and paid out solely for the purpose of acquiring and constructing the Project in compliance with applicable law and the provisions of the Loan Agreement.

B. Prompt Completion of the Project. The Governmental Unit will complete the Project with all due diligence.

C. Certification of Completion of the Project. Upon the acquisition and completion of the Project, the Governmental Unit shall execute and send to the Finance Authority a certificate stating that the completion of and payment for the Project has been completed.

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 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 lien on the Pledged Revenues and security interest therein, for the payment of the principal, interest, Administrative Fees, 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 subordinate lien, but not necessarily an exclusive subordinate 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 without the express prior written approval of the Finance Authority.

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 Closing Date, the provisions of this Resolution may be supplemented or amended by resolution of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Resolution. After the Closing Date, 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 Closing Date, 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 the 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, Dona Ana County, New Mexico
Notice of Adoption of Resolution

Notice is hereby given of the title and of a general summary of the subject matter contained in Resolution No. FY2019-21, duly adopted and approved by the Governing Body of the Lower Rio Grande Public Water Works Authority, Dona Ana County, New Mexico (the "Governmental Unit"), on January 16, 2019. 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, Vado, New Mexico 88072.

The title of the Resolution is:

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DONA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2019-21

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT ("LOAN AGREEMENT") BY AND BETWEEN THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, DONA ANA COUNTY, 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 \$1,729,692, TOGETHER WITH INTEREST AND ADMINISTRATIVE FEES THEREON, FOR THE PURPOSE OF FINANCING THE COSTS OF REHABILITATING A WATER STORAGE TANK, REPLACING WATER MAINS AND SERVICE LINES AND INSTALLING FIRE HYDRANTS; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE PRINCIPAL, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE NET REVENUES OF THE WATER SYSTEM OF THE GOVERNMENTAL UNIT; SETTING AN 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 16TH DAY OF JANUARY, 2019.

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

By _____
Mike McMullen, Chairman

[SEAL]

ATTEST:

By _____
Esperanza Holguin, 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, DONA ANA COUNTY,
NEW MEXICO

By _____
Mike McMullen, Chairman

[SEAL]

ATTEST:

By _____
Esperanza Holguin, Secretary

[Remainder of page intentionally left blank.]

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

I, Esperanza Holguin, the duly appointed, qualified, and acting Secretary of the Lower Rio Grande Public Water Works Authority, Dona Ana County, New Mexico (the “Governmental Unit”), 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 (the “Governing Body”), constituting the governing body of the Governmental Unit, had and taken at a duly called regular meeting held 521 St. Valentine, La Mesa, New Mexico, on January 16, 2019, at the hour of 9:30 a.m., insofar as the same relate to the adoption of the Resolution and the execution and delivery of the proposed Loan Agreement, copies of which are 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 through 10-15-4, as amended, including, the Governing Body’s Open Meetings Resolution No. FY2018-18 presently in effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of February, 2019.

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

(SEAL)

By _____
Esperanza Holguin, Secretary

EXHIBIT "A"

Notice and Agenda of Meeting

\$1,729,692
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
DONA ANA COUNTY, NEW MEXICO
NEW MEXICO FINANCE AUTHORITY DRINKING WATER LOAN
NO. DW-4796

STATE OF NEW MEXICO) DELIVERY CERTIFICATE AND
) ss. CROSS-RECEIPT
COUNTY OF DONA ANA)

IT IS HEREBY CERTIFIED by the undersigned, the duly chosen and qualified Chairman and Secretary of the Lower Rio Grande Public Water Works Authority, Dona Ana County, New Mexico (the "Governmental Unit"):

1. On the date of this Certificate, the Governmental Unit executed and delivered or caused to be executed and delivered a Drinking Water State Revolving Fund Loan and Subsidy Agreement in the Maximum Principal Amount of \$1,729,692 (the "Loan Agreement") between the Governmental Unit and the New Mexico Finance Authority (the "Finance Authority") to the Finance Authority, the purchaser of the Loan Agreement, as authorized by Governmental Unit Resolution No. FY2019-21, adopted by the Governmental Unit on January 16, 2019 (the "Resolution") relating to the execution and delivery of the Loan Agreement.

2. The undersigned acknowledge that the Aggregate Program Amount, as defined in the Loan Agreement, is available for disbursement to the Governmental Unit pursuant to the terms of Section 4.2 of the Loan Agreement upon transmission of payment requisitions to the Finance Authority in substantially the form attached as Exhibit "C" to the Loan Agreement, with supporting documentation as provided in the Loan Agreement, and will be used as set forth in the Resolution and the Loan Agreement.

WITNESS our hands this 22nd day of February, 2019.

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

By _____
Mike McMullen, Chairman

[SEAL]

By _____
Esperanza Holguin, Secretary

STATE OF NEW MEXICO)
) ss
COUNTY OF SANTA FE)

It is hereby certified by the undersigned, the duly qualified and acting Chief Executive Officer of the Finance Authority, that the Finance Authority has, on the date of this Certificate received from the Lower Rio Grande Public Water Works Authority, Dona Ana County, New Mexico, the Loan Agreement for Project No. DW-4796.

NEW MEXICO FINANCE AUTHORITY

By: _____
John Gasparich, Interim Chief Executive Officer

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\$1,729,692
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
DONA ANA COUNTY, NEW MEXICO
NEW MEXICO FINANCE AUTHORITY DRINKING WATER LOAN
NO. DW-4796

STATE OF NEW MEXICO)
) ss. GENERAL AND NO LITIGATION
COUNTY OF DONA ANA) CERTIFICATE

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

Capitalized terms used in this Certificate have the same meaning as defined in Governmental Unit Resolution No. FY2019-21 adopted on January 16, 2019 (the “Resolution”), unless otherwise defined in this Certificate or the context requires otherwise.

1. The Governmental Unit is a political subdivision of the State and is duly organized and validly existing under the laws of the State, its full name being the “Lower Rio Grande Public Water Works Authority.”
2. The Governmental Unit was established in the year 2008.
3. From at least September 1, 2018 to and including the date of this Certificate, the following were and now are the duly chosen, qualified and acting officers of the Governmental Unit:

Board of Directors:	Mike McMullen, Chairman Raymundo Sanchez Joe Evaro Esperanza Holguin, Secretary Henry Magallanes Furman Smith, Vice Chairman
Finance Manager:	Kathi Jackson
General Manager:	Martin Lopez
Projects Manager:	Karen Nichols

4. Based on the data collected during the 2010 Census, the population of the Governmental Unit is at least 75% English speaking. Notice of adoption of the Resolution was published in English in the *Las Cruces Sun News*, a newspaper qualified to publish legal notices that is of general circulation in the area including the Governmental Unit.

5. There is no reason within our knowledge and belief after due investigation, why the Governmental Unit may not enter into the Loan Agreement with the New Mexico Finance Authority (the "Finance Authority"), as authorized by the Resolution.

6. The Governmental Unit has duly authorized the execution, delivery and performance of its obligations under the Loan Agreement. The Loan Agreement has been duly authorized, executed and delivered by the Governmental Unit.

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

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

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

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

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

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

12. No material adverse change has occurred, nor has any development occurred involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects, properties of the Governmental Unit or the Pledged Revenues since the date of the Resolution.

13. None of the events of default referred to in Article X of the Loan Agreement has occurred.

14. Subsequent to the adoption of the Resolution, the Governmental Unit has not pledged or otherwise encumbered the Pledged Revenues. On the date of this Certificate, except as set forth in the Term Sheet, there are no other outstanding obligations with a lien or encumbrance against the Pledged Revenues senior to or on a parity with the lien of the Loan Agreement.

15. The Loan Agreement permits the Governmental Unit to issue additional bonds or other obligations with a lien on the Pledged Revenues, on parity with or subordinate to the lien of the Loan Agreement on the Pledged Revenues upon satisfaction of the conditions set forth in the Loan Agreement. The Loan Agreement prohibits the Governmental Unit from issuing additional bonds or other obligations with a lien on the Pledged Revenues senior to the lien of the Loan Agreement without the prior written approval of the Finance Authority.

16. There is no threatened action, suit, proceeding, inquiry or investigation against the Governmental Unit, at law or in equity, by or before any court, public board or body, nor to the Governmental Unit's knowledge is there any basis therefore, affecting the existence of the Governmental Unit or the titles of its officials to their respective offices, or seeking to prohibit, restrain or enjoin the pledge of revenues or assets of the Governmental Unit pledged or to be pledged to pay the principal, interest, and Administrative Fee on the Loan Agreement, or in any way materially adversely affecting or questioning (a) the territorial jurisdiction of the Governmental Unit; (b) the use of the proceeds of the Loan Agreement for the Project and to pay certain costs of the Finance Authority associated with the administration of its drinking water state revolving fund loan program; (c) the validity or enforceability of the Loan Agreement or any proceedings of the Governmental Unit taken with respect to the Loan Agreement or the Resolution; (d) the execution and delivery of the Loan Agreement; or (e) the power of the Governmental Unit to carry out the transactions contemplated by the Loan Agreement or the Resolution.

17. The Governmental Unit has complied with all the covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof, and the representations and warranties of the Governmental Unit contained in the Loan Agreement and the Resolution are true and correct as of the date hereof.

18. The Governmental Unit is not in default, and has not been in default within the ten (10) years immediately preceding the date of this Certificate, in the payment of principal of, premium, if any, or interest on any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest except that no representation is made with respect to industrial revenue bonds or conduit bonds payable solely

from installment sale or lease payments, loan repayments or other amounts received by the Governmental Unit from private entities.

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

20. Regular meetings of the Governing Body have been held at 521 St. Valentine, La Mesa, New Mexico, one of the principal meeting places of the Governing Body.

21. The Governing Body has no rules of procedure which would invalidate or make ineffective the Resolution or other action taken by the Governing Body in connection with the Loan Agreement. The Open Meetings Act Resolution No. FY2018-18 adopted and approved by the Governing Body on May 16, 2018 establishes notice standards as required by NMSA 1978, § 10-15-1, as amended. The Open Meetings Act Resolution No. FY2018-18 has not been amended or repealed. All action of the Governing Body with respect to the Loan Agreement and the Resolution was taken at meetings held in compliance with the Open Meetings Act and Resolution No. FY2018-18.

22. The Chairman and Secretary, on the date of the signing of the Loan Agreement, and on the date of this Certificate, are the duly chosen, qualified and acting officers of the Governmental Unit authorized to execute such agreements.

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

24. This Certificate may be executed in counterparts.

[Remainder of page left intentionally blank]

[Signature page follows.]

WITNESS our signatures and the seal of the Governmental Unit this 22nd day of February, 2019.

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

By _____
Mike McMullen, Chairman

[SEAL]

By _____
Esperanza Holguin, Secretary

4933934.doc

\$1,729,692 Maximum Principal Amount

DRINKING WATER STATE REVOLVING LOAN FUND
LOAN AGREEMENT

dated

February 22, 2019

by and between the

NEW MEXICO FINANCE AUTHORITY

and the

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

DRINKING WATER STATE REVOLVING LOAN FUND
LOAN AGREEMENT

This LOAN AGREEMENT (the “Loan Agreement”), dated as of February 22, 2019, is entered into by and between the NEW MEXICO FINANCE AUTHORITY (the “Finance Authority”), and the LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, DONA ANA COUNTY, NEW MEXICO (the “Governmental Unit”), a public water works authority duly organized and existing under the laws of the State of New Mexico (the “State”).

WITNESSETH:

Capitalized terms used in the following recitals of this Loan Agreement and not defined in the first Paragraph above or in these recitals shall have the same meaning as defined in Article I of this Loan Agreement, unless the context requires otherwise.

WHEREAS, the Finance Authority is authorized, pursuant to the Drinking Water State Revolving Loan Fund Act, NMSA 1978, §§ 6-21A-1 through 6-21A-9, as amended (the “DWSRLF Act”) to implement a program to permit qualified local authorities, such as the Governmental Unit, to enter into agreements with the Finance Authority to provide financial assistance in the acquisition, design, construction, improvement, expansion, repair and rehabilitation of drinking water supply facilities as authorized by the Safe Drinking Water Act; and

WHEREAS, the Governing Body of the Governmental Unit has determined that it is in the best interests of the Governmental Unit and the public it serves that the Governmental Unit enter into this Loan Agreement with the Finance Authority and accept a loan from the Finance Authority to finance the costs of the Project, as more fully described on the Term Sheet attached hereto as Exhibit “A”; and

WHEREAS, the Project appears on the Drinking Water Fundable Priority List; and

WHEREAS, the Project has been planned and authorized in conformity with the Intended Use Plan; and

WHEREAS, the New Mexico Environment Department (the “Department”) has determined that the Governmental Unit’s Project plans and specifications comply with the provisions of 42 U.S.C. Section 300j-12 and the requirements of the laws and regulations of the State governing the construction and operation of drinking water systems; and

WHEREAS, a portion of the funds made available under this Loan Agreement pursuant to the DWSRLF Act and the Safe Drinking Water Act are federal funds categorized as CFDA 66.468; and

WHEREAS, pursuant to information provided by the Governmental Unit and environmental review by applicable State and federal agencies, and in accordance with 40 C.F.R. Sections 6.204, 6.300(c)(1), and 6.301(f), and pursuant to the environmental review process of

the State, the Finance Authority has determined that the Project meets the requirements for a Categorical Exclusion as defined in the State Environmental Review Process (SERP) for the Drinking Water State Revolving Loan Fund, the Finance Authority has found and determined that the Project meets all applicable requirements of the State Environmental Review Process (SERP) for the Drinking Water State Revolving Loan Fund; and

WHEREAS, the Finance Authority had found and determined that the Governmental Unit serves a severely disadvantaged community under the Intended Use Plan in that its median annual household income is \$26,844, which is less than 90% of the State median annual household income of \$44,963, and it had an affordability ratio determined as provided in the Intended Use Plan of above 0.015; and

WHEREAS, the New Mexico Environment Department Drinking Water Bureau has determined that the Governmental Unit has sufficient technical, managerial and financial capability to operate the Project for its useful life and ensure compliance with the requirements of the Safe Drinking Water Act.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants herein contained, the Finance Authority and the Governmental Unit agree:

ARTICLE I

DEFINITIONS

Capitalized terms defined in this Article I shall have the meaning specified in this Article I wherever used in this Loan Agreement, including the foregoing recitals, unless the context clearly requires otherwise. Capitalized terms defined in the foregoing recitals, if not defined in this Article I, shall have the same meaning as therein stated when used in this Loan Agreement, unless the context clearly requires otherwise.

“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 Loan Agreement Payment for the costs of originating and servicing the Loan.

“Aggregate Disbursements” means, at any time after the Closing Date, the sum of all Disbursements.

“Aggregate Program Amount” means, with respect to this Loan Agreement, the sum of \$1,729,692 which amount shall be available for disbursement to the Governmental Unit to pay costs of the Project.

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

“Approved Requisition” means a requisition in the form of Exhibit “C” to this Loan Agreement, together with the required supporting documentation set out in Exhibit “C” submitted to and approved by the Finance Authority pursuant to Section 4.2 of this Loan Agreement.

“Authorized Officers” means, with respect to the Governmental Unit, the Chairman, the Finance Manager, the General Manager and the Secretary thereof; and with respect to the Finance Authority, any one or more of the Chairperson, Vice-Chairperson, Secretary and Chief Executive Officer of the Finance Authority, and any other officer or employee of the Finance Authority designated in writing by an Authorized Officer of the Finance Authority.

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

“Closing Date” means the date of execution and delivery of this Loan Agreement as shown on the Term Sheet.

“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.

“Department” means the New Mexico Environment Department.

“Disbursement” means an amount caused to be paid by the Finance Authority for an Approved Requisition for costs of the Project calculated on the basis of the amount of such Approved Requisition.

“Drinking Water Fundable Priority List” means the list of drinking water projects compiled by the Department pursuant to the Memorandum of Understanding and the Intended Use Plan.

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

“Drinking Water State Revolving Loan Fund” means the drinking water state revolving loan fund established by the DWSRLF Act.

“Environmental Protection Agency” means the United States Environmental Protection Agency.

“Event of Default” means one or more events of default as defined in Section 10.1 of this Loan Agreement.

“Final Loan Agreement Payment Schedule” means the schedule of Loan Agreement Payments due on this Loan Agreement following the Final Requisition, as determined on the basis of the Aggregate Repayable Disbursements.

“Final Requisition” means the final requisition of moneys to be submitted by the Governmental Unit, which shall be submitted by the Governmental Unit on or before the date provided for in Section 4.1(b) of this Loan Agreement.

“Finance Authority Act” means NMSA 1978, §§ 6-21-1 through 6-21-31, as amended.

“Fiscal Year” means the period commencing on July 1 of each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the Governmental Unit as its fiscal year.

“Generally Accepted Accounting Principles” means the officially established accounting principles applicable to the Governmental Unit 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 Finance Authority establishing accounting principles applicable to the Governmental Unit.

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

“Gross Revenues” means all income and revenues directly or indirectly derived by the Governmental Unit from the operation and use of the System, or any part of the System, for any particular Fiscal Year period to which the term is applicable, and includes, without limitation, all revenues received by the Governmental Unit, or any municipal corporation or agency succeeding to the rights of the Governmental Unit, from the System and from the sale and use of water services or facilities, or any other service, commodity or facility or any combination thereof furnished by the System.

Gross Revenues do not include:

(a) Any money received as (i) grants or gifts from the United States of America, the State or other sources or (ii) the proceeds of any charge or tax intended as a replacement therefore or other capital contributions from any source which are restricted as to use;

(b) Gross receipts taxes, other taxes and/or fees collected by the Governmental Unit and remitted to other governmental agencies; and

(c) Condemnation proceeds or the proceeds of any insurance policy, except any insurance proceeds derived in respect of loss of use or business interruption.

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

“Independent Accountant” means (i) an accountant employed by the State and under the supervision of the State Auditor, or (ii) any certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the Governmental Unit who (a) is, in fact, independent and not under the domination of the Governmental Unit, (b) does not have any substantial interest, direct or indirect, with the Governmental Unit, and (c) is not connected with the Governmental Unit as an officer or employee of the Governmental Unit, but who may be regularly retained to make annual or similar audits of the books or records of the Governmental Unit.

“Intended Use Plan” means the current plan prepared by the Finance Authority and the Department and approved by the Environmental Protection Agency pursuant to 42 U.S.C. Section 300j-12(b) which establishes criteria for extending drinking water improvements financial assistance to qualifying public drinking water utility systems.

“Interest Component” means the portion of each Loan Agreement Payment paid as interest accruing on the Aggregate Repayable Disbursements then outstanding, calculated from the date of each disbursement.

“Interest Rate” means the rate of interest on this Loan Agreement as shown on the Term Sheet.

“Interim Period” means the period no greater than twenty-seven (27) months, or a longer period as may be approved by the Finance Authority as provided in Section 4.1(b) of the Agreement, beginning on the Closing Date, during which the Finance Authority will disburse moneys to the Governmental Unit to pay costs of the Project, unless extended pursuant to Section 4.1(b) of this Loan Agreement.

“Interim Loan Agreement Payment Schedule” means the anticipated schedule of Loan Agreement Payments due on this Loan Agreement following the Final Requisition, assuming disbursement of the entire Aggregate Program Amount within twenty-seven (27) months of the Closing Date. The Interim Loan Agreement Payment Schedule is attached hereto as Exhibit “B”.

“Loan” means the funds to be loaned to the Governmental Unit by the Finance Authority pursuant to this Loan Agreement, up to the Maximum Principal Amount.

“Loan Agreement” means this loan agreement and any amendments or supplements hereto, including the exhibits attached to this loan agreement.

“Loan Agreement Payment” means, collectively, the Principal Component, the Interest Component and the Administrative Fee Component to be paid by the Governmental Unit as payment on the Aggregate Repayable Disbursements under this Loan Agreement, as shown on Exhibit “B” hereto.

“Loan Agreement Payment Date” means each date a payment is due on this Loan Agreement as shown on the Interim Loan Agreement Payment Schedule, attached hereto as Exhibit “B,” or in the Final Loan Agreement Payment Schedule.

“Loan Agreement Principal Amount” means, as of any date of calculation, the Aggregate Repayable Disbursements then outstanding.

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

“Maximum Repayable Principal” 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. The Maximum Repayable Principal is \$1,729,692.

“Maximum Principal Amount” means \$1,729,692.

“Memorandum of Understanding” means the current memorandum of understanding by and between the Finance Authority and the Department pursuant to the DWSRLF Act describing and allocating duties and responsibilities in connection with the Drinking Water State Revolving Loan Fund.

“Net Revenues” means the Gross Revenues of the System owned and operated by the Governmental Unit minus Operation and Maintenance Expenses of the System, indirect charges, amounts expended for capital replacements and repairs of the System, required set asides for debt and replacement requirements and any other payments from the gross revenues reasonably required for operation of the System.

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

“Operating Agreement” means the operating agreement entered into between the Finance Authority and the Environmental Protection Agency, Region 6, for the Drinking Water State Revolving Loan Fund program.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the System, for any particular Fiscal Year or period to which such term is applicable, paid or accrued, related to operating, maintaining and repairing the System, including, without limiting the generality of the foregoing:

(a) Legal and overhead expenses of the Governmental Unit directly related and reasonably allocable to the administration of the System;

(b) Insurance premiums for the System, including, without limitation, premiums for property insurance, public liability insurance and workmen’s compensation insurance, whether or not self-funded;

(c) Premiums, expenses and other costs (other than required reimbursements of insurance proceeds and other amounts advanced to pay debt service requirements on System bonds) for credit facilities;

(d) Any expenses described in this definition other than expenses paid from the proceeds of System bonds;

(e) The costs of audits of the books and accounts of the System;

(f) Amounts required to be deposited in any rebate fund;

(g) Salaries, administrative expenses, labor costs, surety bonds and the cost of water, materials and supplies used for or in connection with the current operation of the System; and

(h) Any fees required to be paid under any operation, maintenance and/or management agreement with respect to the System.

Operation and Maintenance Expenses do not include any allowance for depreciation, payments in lieu of taxes, franchise fees payable or other transfers to the Governmental Unit's general fund, liabilities incurred by the Governmental Unit as a result of its negligence or other misconduct in the operation of the System, any charges for the accumulation of reserves for capital replacements or any Operation and Maintenance Expenses payable from moneys other than Gross Revenues.

"Parity Obligations" means any obligations of the Governmental Unit under this 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 this Loan Agreement, including any such obligations shown on the Term Sheet.

"Permitted Investments" means securities which are at the time legal investments of the Governmental Unit for the money to be invested, as applicable, including but not limited to the following if permitted by law: (i) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States, the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank, federal home loan banks or the student loan marketing association or that are backed by the full faith and credit of the United States government; (ii) negotiable securities of the State; (iii) money market funds which invest solely in obligations described in clause (i) above which are rated in the highest rating category by Moody's Investors Service, Inc. or S & P Global Ratings; and (iv) the State Treasurer's short-term investment fund created pursuant to NMSA 1978, § 6-10-10.1, as amended, and operated, maintained and invested by the office of the State Treasurer.

“Pledged Revenues” means the Net Revenues of the Governmental Unit pledged to payment of the Loan Agreement Payments by the Resolution and this Loan Agreement and described in the Term Sheet.

“Principal Component” means the portion of each Loan Agreement Payment paid as principal on this Loan Agreement, based upon the Aggregate Repayable Disbursements, as shown on Exhibit “B” attached to this Loan Agreement.

“Project” means the project(s) described on the Term Sheet.

“Resolution” means Resolution No. FY2019-21 adopted by the Governing Body of the Governmental Unit on January 16, 2019, approving this Loan Agreement and pledging the Pledged Revenues to the payment of the Loan Agreement Payments as shown on the Term Sheet, as supplemented from time to time.

“Safe Drinking Water Act” means 42 U.S.C. §§ 300f et seq.

“Senior Obligations” means any bonds or other obligations of the Governmental Unit 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 superior to the lien created by this Loan Agreement, including any such obligations shown on the Term Sheet.

“Service Area” means the area served by the System, whether situated within or without the limits of the Governmental Unit.

“State Environmental Review Process” or “SERP” means the environmental review process adopted by the Finance Authority, as required by and approved by the Environmental Protection Agency, pursuant to the Operating Agreement.

“Subordinated Obligations” means any bonds or other obligations of the Governmental Unit now outstanding or hereafter issued or incurred with a lien on the Pledged Revenues subordinate to the lien created by this Loan Agreement and subordinate to any other outstanding Parity Obligations having a lien on the Pledged Revenues, including any such obligations shown on the Term Sheet.

“System” means the public utility designated as the Governmental Unit’s water and wastewater systems, and all improvements or additions thereto, including additions and improvements to be acquired or constructed with the proceeds of this Loan Agreement.

“Term Sheet” means Exhibit “A” attached to this Loan Agreement.

“Unrequisitioned Principal Amount” means the amount, if any, by which the Maximum Principal Amount exceeds the Aggregate Disbursements at the time the Governmental Unit submits the certificate of completion required pursuant to Section 6.3 of this Loan Agreement.

“Utility Revenue Bonds” means any bonds and other similar indebtedness payable solely or primarily from the Pledged Revenues, including this Loan Agreement, and any Senior Obligations, Parity Obligations and Subordinated Obligations.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

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

(a) Binding Nature of Covenants. All covenants, stipulations, obligations and agreements of the Governmental Unit contained in this Loan Agreement shall be deemed to be the covenants, stipulations, obligations and agreements of the Governmental Unit to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Governmental Unit and its successors and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Loan Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the Governmental Unit by the provisions of this Loan Agreement and the Resolution shall be exercised or performed by the Governmental Unit or by such members, officers, or officials of the Governmental Unit as may be required by law to exercise such powers and to perform such duties.

(b) Authorization of Loan Agreement and Readiness to Proceed. The Governmental Unit is a public water works authority and is duly organized and existing under the statutes and laws of the State, including specifically NMSA 1978, § 73-26-1, as amended. The Governmental Unit is a local authority as defined in the DWSRLF Act. The Governmental Unit is authorized to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder and thereunder. The Governmental Unit has duly authorized and approved the execution and delivery of this Loan Agreement and the other documents related to the transaction. The Governmental Unit has met all readiness to proceed requirements of the Finance Authority and has met and will continue to meet all requirements of law applicable to this Loan Agreement.

(c) Use of Loan Agreement Proceeds. The Governmental Unit shall proceed without delay in applying the Aggregate Program Amount, pursuant to Section 6.1 of this Loan Agreement to the acquisition and completion of the Project and to no other purpose, as follows:

(i) The Governmental Unit shall requisition moneys to pay for the costs of the Project not less frequently than quarterly following the Closing Date;

(ii) The Governmental Unit shall, within two (2) years after the Closing Date, have completed the acquisition of the Project, and shall within twenty-seven (27) months after the Closing Date have requisitioned the Aggregate Program Amount, or such

portion thereof as shall be necessary to complete the Project, unless an extension is agreed to pursuant to Section 4.1(b) of this Loan Agreement.

(d) Payment of Loan Agreement Payments. The Governmental Unit meets and will continue to meet the requirements established by the Finance Authority to assure sufficient revenues to operate and maintain the System for its useful life and repay the Loan. The Governmental Unit shall promptly pay Loan Agreement Payments, as specified in the Interim Loan Agreement Payment Schedule or the Final Loan Agreement Payment Schedule, as applicable, according to the true intent and meaning of this Loan Agreement.

(e) Acquisition and Completion of Project; Compliance with Laws. The Project will be acquired and completed so as to comply with all applicable ordinances, resolutions and regulations, if any, and any and all applicable laws relating to the acquisition and completion of the Project and to the use of the Pledged Revenues.

(f) Necessity of Project. The acquisition and completion of the Project under the terms and conditions provided for in this Loan Agreement is necessary, convenient and in furtherance of the governmental purposes of the Governmental Unit and is in the best interests of the Governmental Unit and the public it serves.

(g) Legal, Valid and Binding Obligation. The Governmental Unit has taken all required action necessary to authorize the execution and delivery of this Loan Agreement. This Loan Agreement constitutes a legal, valid and binding special obligation of the Governmental Unit enforceable in accordance with its terms.

(h) Loan Agreement Term. The Loan Agreement Term does not exceed the anticipated useful life of the Project.

(i) Use of Project. During the Loan Agreement Term, the Project will at all times be used for the purpose of benefiting the Governmental Unit and the public it serves.

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

(k) Irrevocable Enactments. While this Loan Agreement remains outstanding and unpaid, any ordinance, resolution or other enactment of the Governing Body applying the Pledged Revenues for the payment of this Loan Agreement shall be irrevocable until this Loan Agreement has been paid in full as to both principal and interest, and shall not be subject to amendment or modification in any manner which would in any way jeopardize the timely payment of Loan Agreement Payments.

(l) Outstanding and Additional Debt. Except for any Senior Obligations, and any Parity Obligations described on the Term Sheet, there are currently no outstanding bonds, notes or other obligations of the Governmental Unit which are payable from and secured by a lien on the Pledged Revenues superior to or on a parity with the lien of this Loan Agreement. No additional indebtedness, bonds or notes of the Governmental Unit, payable on a priority ahead of the indebtedness herein authorized out of Pledged Revenues, shall be created or incurred while this Loan Agreement remains outstanding without the prior written approval of the Finance Authority.

(m) No Litigation. To the knowledge of the Governmental Unit after due investigation, no litigation or proceeding is pending or threatened against the Governmental Unit or any other person affecting the right of the Governmental Unit to execute or deliver this Loan Agreement or to comply with its obligations under this Loan Agreement. Neither the execution and delivery of this Loan Agreement by the Governmental Unit nor compliance by the Governmental Unit with the obligations under this Loan Agreement require the approval of any regulatory body, or any other entity, which approval has not been obtained or which is not reasonably expected to be obtained.

(n) No Event of Default. No event has occurred and no condition exists which, upon the execution and delivery of this Loan Agreement, would constitute an Event of Default on the part of the Governmental Unit under this Loan Agreement.

(o) Existing Pledges; Pledged Revenues Not Budgeted. Except as described on the Term Sheet the Pledged Revenues have not been pledged or hypothecated in any manner for any purpose at the time of execution and delivery of this Loan Agreement. The portion of the Pledged Revenues necessary to pay the Loan Agreement Payments, as and when due, is not needed or budgeted to pay current or anticipated operational or other expenses of the Governmental Unit.

(p) Expected Coverage Ratio. The average Pledged Revenues from the three Fiscal Years immediately preceding the Fiscal Year in which the Closing Date occurs were projected to equal or exceed one hundred twenty percent (120%) and, on an ongoing basis during each year of the Loan Agreement Term are reasonably expected to equal or exceed, one hundred twenty percent (120%) of the maximum annual principal and interest due on all outstanding Parity Obligations of the Governmental Unit

(q) Governmental Unit's Existence. The Governmental Unit will maintain its corporate identity and existence so long as this Loan Agreement is unpaid, unless another political subdivision by operation of law succeeds to the liabilities and rights of the Governmental Unit without adversely affecting to any substantial degree the privileges and rights of the Finance Authority.

(r) Continuing Disclosure. The Governmental Unit covenants that it shall provide continuing disclosure to the Finance Authority, as the Finance Authority may require, that shall include, but not be limited to: Project documents, annual audits, operational data

required to update information in any disclosure documents used in connection with assignment or securitizing this Loan Agreement or the Loan Agreement Payments by issuance of Bonds by the Finance Authority, and notification of any event deemed material by the Finance Authority. For the purposes of this Loan Agreement, a material event shall include, without limitation, any violation or alleged violation by a state or federal agency of appropriate jurisdiction, of federal law, regulation, or policy which governs or applies to participants in the Drinking Water State Revolving Loan Fund.

(s) Single Audit Act Requirement. The Governmental Unit acknowledges that the funding provided pursuant to this Loan Agreement is derived in large part from federal grants to the Drinking Water State Revolving Loan Fund program pursuant to the Operating Agreement. During the Loan Agreement Term, the Governmental Unit shall annually, so long as the Governmental Unit expends more or equal to the threshold amount set forth in 2 C.F.R. Section 200.501 during any one Fiscal Year, cause an audit of the books and accounts of its operations in their entirety, or in the alternative an audit of the books and accounts of each of its departments, agencies and other organizational units which expended or otherwise administered the Loan or any other funds derived from the government of the United States, to be completed by an Independent Accountant in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. Section 7501 et seq.), and applicable regulations thereunder. The audit will be available for inspection by the Finance Authority and by the Environmental Protection Agency.

(t) Construction Requirements. The Governmental Unit shall require any contractor hired by it in connection with the construction of the Project to post a performance and payment bond as provided by NMSA 1978, § 13-4-18, as amended.

Section 2.2 Protective Covenants Regarding Operation of the System. The Governmental Unit further represents, covenants and warrants as follows:

(a) Rate Covenant. The Governmental Unit covenants that it will at all times fix, charge and collect such rates and charges as shall be required in order that in each Fiscal Year in which the Loan is outstanding the Gross Revenues shall at least equal the Operation and Maintenance Expenses of the System for the Fiscal Year, plus one hundred twenty percent (120%) of the maximum annual principal and interest payments due on all outstanding Parity Obligations.

(b) Efficient Operation. The Governmental Unit will maintain the System in efficient operating condition and make such improvements, extensions, enlargements, repairs and betterments to the System as may be necessary or advisable for its economical and efficient operation at all times and to supply reasonable public and private demands for System services within the Service Area of the System.

(c) Records. So long as this Loan Agreement remains outstanding, proper books of record and account will be kept by the Governmental Unit, separate from all other records and accounts, showing complete and correct entries of all transactions relating to the System. However, pursuant to NMSA 1978, § 6-14-10(E), as amended, records with regard to the ownership or pledge of Utility Revenue Bonds are not subject to inspection or copying.

(d) Right to Inspect. The Finance Authority, or its duly authorized agents, shall have the right to inspect at all reasonable times the Project and all records, accounts and data relating to the Project, the Pledged Revenues, and the System.

(e) Audits. Within two hundred seventy (270) days following the close of each Fiscal Year, the Governmental Unit will cause an audit of the books and accounts of the System and its separate systems to be made by an Independent Accountant and the audit to be made available for inspection by the Finance Authority. Each audit of the System shall comply with Generally Accepted Accounting Principles. The audit required by this section may, at the Governmental Unit's discretion, be performed as a part of or in conjunction with the audit required under the Single Audit Act as set forth in Section 2.1(s) of this Loan Agreement.

(f) Billing Procedure. Bills for water and wastewater services or facilities furnished by or through the System shall be rendered to customers on a regular basis each month following the month in which the service was rendered and shall be due as required by the applicable ordinance of the Governmental Unit. To the extent permitted by law, if a bill is not paid within the period of time required by such ordinance, water and wastewater services shall be discontinued as required by Governmental Unit regulation or policy, and the rates and charges due shall be collected in a lawful manner, including, but not limited to, the cost of disconnection and reconnection.

(g) Charges and Liens Upon System. The Governmental Unit will pay when due from Gross Revenues or other legally available funds all taxes and assessments or other municipal or governmental charges, lawfully levied or assessed upon the System and will observe and comply with all valid requirements of any municipal or governmental authority relating to the System. The Governmental Unit will not create or permit any lien or charge upon the System or the Gross Revenues or it will make adequate provisions to satisfy and discharge within sixty (60) days after the same accrue, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon the System or the Gross Revenues. However, the Governmental Unit shall not be required to pay or cause to be discharged, or make provision for any tax assessment, lien or charge before the time when payment becomes due or so long as the validity thereof is contested in good faith by appropriate legal proceedings and there is no adverse effect on Finance Authority.

(h) Insurance. Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions, in its operation of the System, the Governmental Unit will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting the System and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Governing Body, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by entities which operate systems such as the System. "Qualified Self Insurance" means insurance maintained through a program of self insurance or insurance maintained with a fund, company or association in which the Governmental Unit may have a material interest and of

which the Governmental Unit may have control, either singly or with others. Each plan of Qualified Self Insurance shall be established in accordance with law, shall provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Governmental Unit determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance. In the event of property loss or damage to the System, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged and thereafter, and any remainder may be used to redeem Utility Revenue Bonds or be treated as Gross Revenues and used in any legally permissible manner.

(i) Competing Utility System. Unless contrary to any provision of, or required by, applicable law, as long as this Loan Agreement is outstanding, the Governmental Unit prior to granting any franchise or license to a competing utility system, or permitting any person, association, firm or corporation to sell similar utility services or facilities to any consumer, public or private, within the Service Area of the System, shall obtain a written report from an independent utility rate consultant stating that in the opinion of the consultant the use charges in effect immediately prior to the approval of the franchise or license by the Governmental Unit are sufficient to meet the requirement of section 2.1(p) (expected coverage ratio) for the first full calendar year after the approval of the franchise or license, based on the new Service Area of the System.

(j) Alienating System. While this Loan Agreement is outstanding, the Governmental Unit shall not transfer, sell or otherwise dispose of the System, except that the Governmental Unit may dispose of inadequate, obsolete or worn out property. For purposes of this Section, any transfer of an asset over which the Governmental Unit retains or regains substantial control shall, for so long as the Governmental Unit has such control, not be deemed a disposition of the System.

(k) Management of the System. If an Event of Default shall occur or if the Pledged Revenues in any Fiscal Year fail to equal principal and interest due on the Senior Obligations and the Parity Obligations, the Governmental Unit shall retain an independent consultant qualified in the management of water and wastewater utility systems to assist in the management of the System so long as such default continues.

(l) Competent Management. The Governmental Unit shall employ experienced and competent personnel to manage the System.

(m) Performing Duties. The Governmental Unit will faithfully and punctually perform all duties with respect to the System required by the Constitution and laws of the State and the regulations or policies and resolutions of the Governmental Unit relating to the System and this Loan Agreement, including, but not limited to, making and collecting reasonable and sufficient rates and charges for services rendered or furnished by the System as required by this Loan Agreement and the proper segregation and application of the Gross Revenues.

(n) Other Liens. Except for any Senior Obligations and Parity Obligations listed in the Term Sheet, there are no liens or encumbrances of any nature whatsoever, on or

against the System or the Gross Revenues or Net Revenues on parity with or senior to the lien of this Loan Agreement.

Section 2.3 Representations, Covenants and Warranties of the Finance Authority. The Finance Authority represents, covenants and warrants for the benefit of the Governmental Unit:

(a) Legal Status and Authorization of Loan Agreement. The Finance Authority is a public body politic and corporate constituting a governmental instrumentality, separate and apart from the State, duly organized and created under and pursuant to the laws of the State, particularly the Finance Authority Act. The Finance Authority has all necessary power and authority to enter into and perform and observe the covenants and agreements on its part contained in this Loan Agreement and has duly authorized the execution and delivery of this Loan Agreement.

(b) No Breach or Default Caused by Loan Agreement. Neither the execution and delivery of this Loan Agreement, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement, nor the consummation of the transactions contemplated in this Loan Agreement, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Finance Authority is a party or by which the Finance Authority is bound or constitutes a default under any of the foregoing and will not conflict with or constitute a violation of any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Finance Authority, or its property and which conflict or violation will have a material adverse effect on the Finance Authority or the financing of the Project.

(c) No Litigation. To the knowledge of the Finance Authority, there is no litigation or proceeding pending or threatened against the Finance Authority or any other person affecting the right of the Finance Authority to execute or deliver this Loan Agreement or to comply with its obligations under this Loan Agreement. To the knowledge of the Finance Authority, neither the execution and delivery of this Loan Agreement by the Finance Authority, nor compliance by the Finance Authority with its obligations under this Loan Agreement, requires the approval of any regulatory body, or any other entity, which approval has not been obtained.

(d) Legal, Valid and Binding Obligations. This Loan Agreement constitutes a legal, valid and binding obligation of the Finance Authority enforceable in accordance with its terms.

ARTICLE III

LOAN AGREEMENT TERM

The Loan Agreement Term shall commence on the Closing Date and shall not terminate until the Governmental Unit's obligations under this Loan Agreement have been paid in full or provision for payment of this Loan Agreement has been made pursuant to Article VIII hereof.

ARTICLE IV

LOAN; APPLICATION OF MONEYS

Section 4.1 Application of Loan Agreement Proceeds.

(a) On the Closing Date, the amount shown on the Term Sheet as the Aggregate Program Amount shall be made available for disbursement by the Finance Authority to the Governmental Unit pursuant to Section 6.2 of this Loan Agreement at the request of the Governmental Unit and as needed by the Governmental Unit to implement the Project.

(b) The Final Requisition shall be submitted by the Governmental Unit within twenty seven (27) months following the Closing Date, except only as otherwise approved in writing by an Authorized Officer of the Finance Authority, based on the Governmental Unit's demonstration, to the reasonable satisfaction of the Authorized Officer of the Finance Authority, that unanticipated circumstances beyond the control of the Governmental Unit resulted in delaying the acquisition and completion of the Project, and submission of the Governmental Unit's Final Requisition.

Section 4.2 Disbursements; Approval of Payment Requests. The Governmental Unit shall transmit payment requisitions in the form attached to this Loan Agreement as Exhibit "C" and the supporting documentation required pursuant to Exhibit "C" to the Finance Authority. The Finance Authority or its designee shall review each requisition for compliance with (i) the Project's construction plans and specifications and (ii) all applicable state and federal laws, rules and regulations, and shall approve or disapprove the requisition accordingly. The Finance Authority shall cause Approved Requisitions to be paid from the State Drinking Water Revolving Loan Fund.

ARTICLE V

LOAN TO THE GOVERNMENTAL UNIT; PAYMENTS BY THE GOVERNMENTAL UNIT

Section 5.1 Loan to the Governmental Unit; Payment Obligations Limited to Pledged Revenues; Pledge of Pledged Revenues. The Finance Authority hereby lends to the Governmental Unit and the Governmental Unit hereby borrows from the Finance Authority an amount not to exceed the Maximum Principal Amount. The Governmental Unit promises to pay, but solely from the sources pledged herein, the Loan Agreement Payments as herein provided. Subject to any outstanding Parity Obligations and Senior Obligations, the Governmental Unit does hereby grant a lien on and a security interest in and does hereby convey, assign and pledge unto the Finance Authority and unto its successors in trust forever all right, title and interest of the Governmental Unit in and to (i) the Pledged Revenues to the extent required to pay the Loan Agreement Payments on a parity with any Parity Obligations and subordinate to any Senior Obligations, (ii) the Debt Service Account, and (iii) all other rights hereinafter granted, for the securing of the Governmental Unit's obligations under this Loan Agreement, including payment of the Loan Agreement Payments, provided, however, that if the Governmental Unit, its

successors or assigns, shall pay, or cause to be paid, all Loan Agreement Payments at the time and in the manner contemplated by this Loan Agreement, or shall provide as permitted by Article VIII of this Loan Agreement for the payment thereof, and shall pay all other amounts due or to become due under this Loan Agreement in accordance with its terms and provisions then, upon such final payment, this Loan Agreement and the rights created thereby shall terminate; otherwise, this Loan Agreement shall remain in full force and effect. The Loan Agreement Payments shall, in the aggregate, be sufficient to pay the Aggregate Repayable Disbursements, as set forth in the Final Loan Agreement Payment Schedule.

Within five (5) days after each payment of an Approved Requisition during the Interim Period, the Finance Authority shall recalculate on the basis of the Aggregate Repayable Disbursements to that date the Interest Component and Administrative Fee Component next coming due as set out in Section 5.2(a)(i) of this Loan Agreement and shall provide written notice to the Governmental Unit of the recalculated Interest Component and Administrative Fee Component. Within thirty (30) days after the final disbursement, the Finance Authority shall provide a Final Loan Agreement Payment Schedule. The schedule of Loan Agreement Payments, assuming the disbursal of the entire Aggregate Program Amount within twenty-seven (27) months after the Closing Date, identified as the Interim Loan Agreement Payment Schedule, is attached to this Loan Agreement as Exhibit "B". The Finance Authority shall provide a Final Loan Agreement Payment Schedule following the final disbursement which shall supersede the schedule attached as Exhibit "B".

The pledge of the Pledged Revenues and the lien thereon shall be effective upon the Closing Date. The Governmental Unit and the Finance Authority acknowledge and agree that the sources of the Loan Agreement Payments of the Governmental Unit hereunder are limited to the Pledged Revenues, and that the Loan Agreement shall constitute a special, limited obligation of the Governmental Unit. No provision of this Loan Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Governmental Unit or the State within the meaning of any constitutional or statutory debt limitation. No provision of this Loan Agreement shall be construed to pledge or to create a lien on any class or source of Governmental Unit moneys other than the Pledged Revenues, nor shall any provision of this Loan Agreement restrict the future issuance of any bonds or obligations payable from any class or source of Governmental Unit moneys other than the Pledged Revenues. In addition, to the extent not required for the payment of obligations of the Governmental Unit hereunder, the Pledged Revenues may be utilized by the Governmental Unit for any other purposes permitted by law and the laws of the State.

Section 5.2 Payment Obligations of Governmental Unit. The Debt Service Account shall be established and held by the Finance Authority or its designee on behalf of the Governmental Unit. All Loan Agreement Payments received by the Finance Authority or its designee pursuant to this Loan Agreement shall be accounted for and maintained by the Finance Authority or its designee in the Debt Service Account, which account shall be kept separate and apart from all other accounts of the Finance Authority. The amounts on deposit in the Debt Service Account shall be expended and used by the Finance Authority only in the manner and order of priority specified herein.

(a) As a subordinate charge and lien, but not an exclusive subordinate charge and lien, on the Pledged Revenues (on a parity with the lien on the Pledged Revenues created by any outstanding Parity Obligations and subordinate to any outstanding Senior Obligations), the Governmental Unit shall remit to the Finance Authority and the Finance Authority shall collect and deposit into the Debt Service Account from the Governmental Unit the Pledged Revenues, in the manner specified herein..

(i) Payment of Interest Component and Administrative Fee Component during Interim Period.

(A) During the Interim Period, Interest and Administrative Fees shall accrue on the amount of Aggregate Repayable Disbursements, from the date of each Disbursement.

(B) During the Interim Period the Governmental Unit shall monthly, commencing on the first day of the month next following the first payment by the Finance Authority of an Approved Requisition, pay to the Finance Authority for deposit into the Debt Service Account such amount as is necessary, in monthly installments, to pay the Interest Component and Administrative Fee Component on the Aggregate Repayable Disbursements as of each Loan Agreement Payment Date.

(ii) Loan Agreement Payments Following the Interim Period. After the Interim Period, the Governmental Unit shall pay to the Finance Authority for deposit into the Debt Service Account the following amounts:

(A) Interest and Administrative Fee Components. Monthly, commencing on the first day of the month next following the final disbursement, the Governmental Unit shall pay to the Finance Authority for deposit into the Debt Service Account an amount in equal monthly installments which is necessary to pay the first maturing Interest Component and Administrative Fee Component coming due on this Loan Agreement and monthly thereafter, commencing on each Loan Agreement Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing Interest Component and Administrative Fee Component on this Loan Agreement as described in the Final Loan Agreement Payment Schedule.

(B) Principal Payments. Monthly, commencing on the first day of the month next following the final disbursement, the Governmental Unit shall pay to the Finance Authority for deposit into the Debt Service Account an amount in equal monthly installments which is necessary to pay the first maturing Principal Component; and thereafter on the first day of each month thereafter, one-twelfth (1/12) of the amount which is necessary to pay the next maturing Principal Component on this Loan Agreement during the Loan Agreement Term, as described in the Final Loan Agreement Payment Schedule.

(iii) Method of Payment. The Governmental Unit shall transfer each month to the Finance Authority, from Pledged Revenues, the amounts set forth in Subsections (i)(C), (ii)(A) and (ii)(B) of this Section 5.2(a) during the time that this Loan Agreement is

outstanding, provided, that in the event of any default in making the Loan Agreement Payments by the Governmental Unit, the Finance Authority shall be entitled to seek payment of the amounts due through any of the remedies provided in Article X of this Loan Agreement.

(b) In the event that the balance of payments held in the Debt Service Account should exceed the amount needed to cover Loan Agreement Payments then due, the Finance Authority shall use the balance of the Pledged Revenues received, at the request of the Governmental Unit (i) to credit against upcoming Loan Agreement Payments, or (ii) to distribute to the Governmental Unit for any other purpose permitted by law.

Section 5.3 Manner of Payment. All payments of the Governmental Unit hereunder shall be paid in lawful money of the United States of America to the Finance Authority or its designee at the address designated in Section 11.1 of this Loan Agreement. The obligation of the Governmental Unit to make payments hereunder, from and to the extent of the available Pledged Revenues, shall be absolute and unconditional in all events, except as expressly provided hereunder, and payment hereunder shall not be abated through accident or unforeseen circumstances. Notwithstanding any dispute between the Governmental Unit, the Finance Authority or its designee, any vendor or any other person, the Governmental Unit shall make all deposits hereunder, from and to the extent of the available Pledged Revenues, when due and shall not withhold any deposit hereunder pending final resolution of such dispute, nor shall the Governmental Unit assert any right of set-off or counterclaim against its obligation to make such deposits required hereunder.

Section 5.4. Additional Parity Obligations Payable from Pledged Revenues. No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional Parity Obligations payable from Pledged Revenues, nor to prevent the issuance of bonds or other obligations refunding all or a part of this Loan Agreement; provided, however, that before any such additional Parity Obligations are actually issued (excluding refunding bonds or refunding obligations which refund Parity Obligations but including parity refunding bonds and obligations which refund Subordinated Obligations as provided in Section 5.5 hereof), it must be determined that:

(a) The Governmental Unit is then current in all of the accumulations required to be made into the Debt Service Account as provided in this Loan Agreement.

(b) No default shall exist in connection with any of the covenants or requirements of the Resolution or this Loan Agreement.

(c) The Pledged Revenues received by or credited to the Governmental Unit for the Fiscal Year or for any twelve (12) consecutive months out of the twenty-four (24) months preceding the date of issuance of such additional Parity Obligations (the "Historic Test Period") shall have been sufficient to pay an amount representing one hundred twenty percent (120%) of the combined maximum annual principal, interest requirement and the Administrative Fee Component coming due in any subsequent Fiscal Year on the then outstanding Parity Obligations and the Parity Obligations proposed to be issued (excluding the accumulation of any reserves therefor).

(d) A written certification or opinion by the Governmental Unit's treasurer or chief financial officer or by an Independent Accountant that the Pledged Revenues for the Historic Test Period are sufficient to pay said amounts, shall be conclusively presumed to be accurate in determining the right of the Governmental Unit to authorize, issue, sell and deliver the Parity Obligations proposed to be issued.

(e) No provision of this Loan Agreement shall be construed in such a manner as to prevent the issuance by the Governmental Unit of additional bonds or other obligations payable from the Pledged Revenues constituting a lien upon such Pledged Revenues subordinate and junior to the lien of this Loan Agreement nor to prevent the issuance of bonds or other obligations refunding all or part of this Loan Agreement as permitted by Section 5.5 hereof.

(f) The Governmental Unit shall not issue bonds or other obligations payable from the Pledged Revenues having a lien thereon prior or superior to this Loan Agreement, without the written approval of the Finance Authority.

Section 5.5 Refunding Obligations Payable from Pledged Revenues. The provisions of Section 5.4 hereof are subject to the following exceptions:

(a) If at any time after the Closing Date, while this Loan Agreement, or any part thereof, is outstanding, the Governmental Unit shall find it desirable to refund any outstanding bonds or other outstanding obligations payable from the Pledged Revenues, this Loan Agreement, such bonds or other obligations, or any part thereof, may be refunded (but the holders of this Loan Agreement or bonds to be refunded may not be compelled to surrender this Loan Agreement or their bonds, unless this Loan Agreement, the bonds or other obligations, at the time of their required surrender for payment, shall then mature, or shall then be callable for prior redemption at the Governmental Unit's option), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged Revenues is changed, except as provided in subparagraph (f) of Section 5.4 hereof and in subparagraphs (b) and (c) of this Section 5.5.

(b) No refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued on a parity with this Loan Agreement unless:

(i) The outstanding obligations so refunded have a lien on the Pledged Revenues on a parity with the lien thereon of this Loan Agreement and the refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such refunded obligations; or

(ii) The refunding bonds or other refunding obligations are issued in compliance with subparagraphs (a) through (f) of Section 5.4 of this Loan Agreement.

(c) The refunding bonds or other obligations so issued shall enjoy complete equality of lien on the Pledged Revenues with the portion of this Loan Agreement or any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of

such refunding bonds or such other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of this Loan Agreement or the bonds or other obligations of this same issue refunded thereby. If only a part of this Loan Agreement or the outstanding bonds and any other outstanding obligations of any issue or issues payable from the Pledged Revenues is refunded, then such obligations may not be refunded without the consent of the holder or holders of the unrefunded portion of such obligations, unless:

(i) The refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest obligations evidenced by such last maturity date of such unrefunded obligations; or

(ii) The refunding bonds or other refunding obligations are issued in compliance with subparagraphs (a) through (f) of Section 5.4 hereof; or

(iii) The lien on the Pledged Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any obligations not refunded.

(d) Any refunding bonds or other refunding obligations payable from the Pledged Revenues shall be issued with such details as the Governmental Unit may provide by ordinance or resolution, but without any impairment of any contractual obligations imposed upon the Governmental Unit by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues (including, but not necessarily limited to, this Loan Agreement).

Section 5.6 Investment of Governmental Unit Funds. Money on deposit in the Debt Service Account created hereunder may be invested by the Finance Authority or its designee in Permitted Investments at the written direction of the Governmental Unit or, in the absence of such written direction of the Governmental Unit, at the discretion of the Finance Authority. Any earnings on Permitted Investments shall be held and administered in the Debt Service Account and utilized in the same manner as the other moneys on deposit therein for the benefit of the Governmental Unit.

Section 5.7 Governmental Unit May Budget for Payments. The Governmental Unit may, in its sole discretion, but without obligation and subject to the Constitution of the State, governing laws, and its budgetary requirements, make available properly budgeted and legally available funds to defray any insufficiency of Pledged Revenues to pay Loan Agreement Payments; provided, however, the Governmental Unit has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

ARTICLE VI

THE PROJECT

Section 6.1 Agreement to Acquire and Complete the Project. The Governmental Unit hereby agrees that in order to effectuate the purposes of this Loan Agreement and to effectuate the acquisition and completion of the Project, it shall make, execute, acknowledge and transmit

any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and, in general do all things which may be requisite or proper to acquire and complete the Project.

The Governmental Unit agrees to acquire and complete the Project through the application of moneys to be disbursed by the Finance Authority pursuant to Section 6.2 of this Loan Agreement.

Section 6.2 Disbursements. So long as no Event of Default shall occur and the requirements of Section 4.2 are satisfied, the Finance Authority or its designee shall disburse moneys to pay a requisition upon receipt and approval by the Finance Authority or its designee of a requisition substantially in the form of Exhibit "C" attached hereto signed by an Authorized Officer of the Governmental Unit, with required supporting documentation.

Section 6.3 Completion of the Acquisition of the Project. Upon completion of the acquisition of the Project, which shall occur no later than two (2) years after the Closing Date, unless a later date is approved as provided in Section 4.1(b) of this Agreement, an Authorized Officer of the Governmental Unit shall deliver a certificate to the Finance Authority, substantially in the form of Exhibit "D" attached hereto, stating that, to his or her knowledge, the acquisition of the Project has been completed and the Project has been accepted by the Governmental Unit, and all costs have been paid, except for any reimbursements requested pursuant to requisitions submitted prior to the end of the Interim Period. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 6.4 Unrequisitioned Amounts. In the event that, (1) at the time of the delivery of the certificate of completion required by Section 6.3 hereof, there remains an Unrequisitioned Principal Amount, or (2) the Finance Authority shall not have received a Final Requisition, by the date that is twenty seven (27) months from the Closing Date, unless an extension is approved pursuant to Section 4.1(b) of this Loan Agreement, then the Governmental Unit shall have no right or title to the Unrequisitioned Principal Amount, nor any right to pledge, encumber or draw upon such Unrequisitioned Principal Amount, and the Finance Authority will not approve, honor, or enforce any requisition upon such Unrequisitioned Principal Amount pursuant to this Loan Agreement.

ARTICLE VII

COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS

Section 7.1 Further Assurances and Corrective Instruments. The Finance Authority and the Governmental Unit agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues, or for otherwise carrying out the intention

hereof. Authorized Officers are authorized to execute, acknowledge and deliver any such supplements and further instruments.

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

Section 7.3 Compliance with Court Orders. During the Loan Agreement Term, the Governmental Unit and the Finance Authority shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the parties hereto, the Project or the Pledged Revenues.

Section 7.4 Compliance with Applicable State and Federal Laws. During the Loan Agreement Term, the Governmental Unit shall comply with all applicable State and federal laws, including, without limitation, the following:

(a) For all contracts, the Governmental Unit shall comply with the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199, as amended, or its local procurement ordinances and regulations, as applicable.

(b) For all construction contracts awarded in excess of \$10,000, the Governmental Unit shall comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 12, 1967, and as supplemented in Department of Labor regulations (41 C.F.R. chapters 40 and 60). In addition, for all contracts, the Governmental Unit shall comply with all State laws and regulations and all executive orders of the Governor of the State pertaining to equal employment opportunity.

(c) For all contracts awarded for construction or repair, the Governmental Unit shall comply with the Copeland "Anti-Kickback" Act (18 U.S.C. § 874) as supplemented in Department of Labor regulations (29 C.F.R. part 3).

(d) For all construction subcontracts, and subgrants of amounts in excess of \$100,000, the Governmental Unit shall comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. § 7606), Section 508 of the Clean Water Act (33 U.S.C. § 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 C.F.R. Part 15). In addition, for all contracts, the Contractor shall comply with all applicable State laws and regulations and with all executive orders of the Governor of the State pertaining to protection of the environment.

(e) For all contracts the Governmental Unit shall comply with the mandatory standards and policies relating to energy efficiency which are contained in the State energy

conservation plan issued in compliance with section 362 of the Energy Policy and Conservation Act (42 U.S.C. § 6322).

(f) For all contracts in excess of \$2,000 the Governmental Unit shall comply with applicable standards of the Davis-Bacon Wage Act (40 U.S.C. § 3141 et seq.), as amended and supplemented, relating to wages paid to laborers and mechanics employed by contractors and sub-contractors on a Project funded directly by or assisted in whole or in part by and through the Governmental Unit.

(g) For all contracts, the Governmental Unit shall comply with the requirements of the Environmental Protection Agency's Program for Utilization of Minority and Women's Business Enterprises set out in Title 40, Chapter I, Subchapter B, Part 33 of the Code of Federal Regulations.

(h) For all contracts, the Governmental Unit shall comply with the requirements of Executive Order 13502 on Use of Project Agreements for Federal Construction Projects.

(i) For all contracts, the Governmental Unit shall comply with the requirements of Executive Order dated September 25, 2012 on Strengthening Protections Against Trafficking in Persons in Federal Contracts.

(j) For all contracts, the Governmental Unit shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, 2014 Consolidated Appropriations Act, Section 436 and related SRF Policy Guidelines) which the Governmental Unit understands includes, among other, requirements that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel Requirement") unless (i) the Governmental Unit has requested and obtained a waiver from the Finance Authority pertaining to the Project or (ii) the Finance Authority has otherwise advised the Governmental Unit in writing that the American Iron and Steel Requirement is not applicable to the Project.

(k) For all contracts, the Governmental Unit shall comply with all record keeping and reporting requirements under the Clean Water Act/Safe Drinking Water Act, including any reports required by a Federal agency or the Finance Authority such as performance indicators of program deliverables, information on costs and project progress. The Governmental Unit understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Clean Water Act/Safe Drinking Water Act and this Agreement may be a default under this Agreement.

(l) For all contracts, the Governmental Unit shall comply with Executive Order 12549 – Debarment and Suspension and all rules, regulations and guidelines issued pursuant to Executive Order 12549, including compliance with the requirement that each prospective participant in transactions related to the Loan execute a written certification that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in transactions related to the Loan.

(m) For all contracts, the Governmental Unit shall comply with the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C.300j-9(e)) in all procurement contracts, and the Governmental Unit and procurement contractors shall include such a term and condition in subcontracts and other lower tiered transactions. All contracts and subcontracts for the Project shall include in any contract in excess of \$2,000 the contract clauses set out in the EPA publication entitled “Wage Rate Requirements Under the Clean Water Act, Section 513 and the Safe Drinking Water Act Section 1450(e).”

(n) The Governmental Unit shall comply with the requirement of the June 3, 2015 Guidelines for Enhancing Public Awareness of SRF Assistance Agreements issued by the United States Environmental Protection Agency relating to signage, posters, advertisements, website or press releases indicating that financial assistance was received from the EPA for the Project.

The Finance Authority or its designee shall have the right to review all contracts, work orders and other documentation related to the Project that it deems necessary to assure compliance with applicable laws, rules and regulations, and may conduct such review as it deems appropriate prior to disbursing funds for payment of an Approved Requisition.

Section 7.5 Lien Status. The Loan Agreement Payments constitute an irrevocable subordinate lien (but not necessarily an exclusive subordinate lien) upon the Pledged Revenues. The Governmental Unit covenants that the Loan Agreement Payments and any Parity Obligations herein authorized to be issued and from time to time outstanding shall be equitably and ratably secured by a subordinate lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of such obligations, it being the intention of the Governmental Unit that there shall be no priority between the Loan Agreement Payments and any such Parity Obligations regardless of the fact that they may be actually issued and delivered at different times.

Section 7.6 Expeditious Completion. The Governmental Unit shall complete the Project with all practical dispatch.

ARTICLE VIII

PREPAYMENT OF LOAN AGREEMENT PAYMENTS

The Governmental Unit is hereby granted the option to prepay the Principal Component of this Loan Agreement in whole or in part on any day without penalty or prepayment premium, beginning one (1) year after the Closing Date. The Governmental Unit may designate the due date or due dates of the Principal Component or portions thereof being prepaid in the event of a partial prepayment. Any such prepayment shall include accrued interest to the redemption date of the corresponding Bonds to be redeemed, if any, and notice of intent to make such prepayment shall be provided to the Finance Authority or its designee by the Governmental Unit no less than forty-five (45) days prior to the prepayment date. The Finance Authority or its designee shall recalculate the Loan Agreement Payments due under this Loan Agreement in the event of a

partial prepayment in a manner which is consistent with the manner in which the Bonds, if any, are prepaid.

ARTICLE IX
INDEMNIFICATION

From and to the extent of the Pledged Revenues and to the extent permitted by law, the Governmental Unit shall and hereby agrees to indemnify and save the Finance Authority and its designee, if any, harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the acquisition or operation of the Project during the Loan Agreement Term, from: (i) any act of negligence of the Governmental Unit or breach of any covenant or warranty by the Governmental Unit hereunder; and (ii) the incurrence of any cost or expense in connection with the acquisition or operation of the Project in excess of the Loan Agreement proceeds and interest on the investment of the Loan Agreement proceeds. The Governmental Unit shall indemnify and save the Finance Authority and its designee, if any, harmless, from and to the extent of the available Pledged Revenues and to the extent permitted by law, from any such claim arising as aforesaid from (i) or (ii) above, or in connection with any action or proceeding brought thereon and, upon notice from the Finance Authority or its designee, shall defend the Finance Authority or its designee, if any, in any such action or proceeding.

ARTICLE X
EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined. Any one of the following shall be an Event of Default under this Loan Agreement:

(a) Failure by the Governmental Unit to pay any amount required to be paid under this Loan Agreement on the date on which it is due and payable; or

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

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

(c) Any warranty, representation or other statement by or on behalf of the Governmental Unit contained in this Loan Agreement or in any instrument furnished in compliance with or in reference to this Loan Agreement is false or misleading in any material respect; or

(d) A petition is filed against the Governmental Unit under any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within thirty (30) days after such filing, but the Finance Authority shall have the right to intervene in the proceedings to protect the Finance Authority's interests; or

(e) The Governmental Unit files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law; or,

(f) The Governmental Unit admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Governmental Unit for any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than thirty (30) days, but the Finance Authority shall have the right to intervene in the proceedings to protect its interests.

Section 10.2 Remedies on Default. Whenever any Event of Default has occurred and is continuing and subject to Section 10.3 hereof, the Finance Authority may take any or all of the following actions as may appear necessary or desirable to collect the payments then due and to become due or to enforce performance of any agreement of the Governmental Unit in this Loan Agreement:

(a) By mandamus or other action or proceeding or suit at law or in equity to enforce the rights of the Finance Authority under this Loan Agreement against the Governmental Unit, and compel the Governmental Unit to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained herein; or

(b) By suit in equity enjoin any acts or things which are unlawful or violate the rights of the Finance Authority; or

(c) Intervene in judicial proceedings that affect this Loan Agreement or the Pledged Revenues; or

(d) Cause the Governmental Unit to account as if it were the trustee of an express trust for all of the Pledged Revenues and Aggregate Disbursements; or,

(e) Take whatever other action at law or in equity may appear necessary or desirable to collect amounts then due and thereafter to become due under this Loan Agreement or enforce any other of its rights thereunder.

Section 10.3 Limitations on Remedies. A judgment requiring a payment of money entered against the Governmental Unit may reach only the available Pledged Revenues.

Section 10.4 No Remedy Exclusive. Subject to Section 10.3 of this Loan Agreement, no remedy herein conferred upon or reserved to the Finance Authority is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder as now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Finance Authority to exercise any remedy reserved in this Article X, it shall not be necessary to give any notice, other than such notice as may be required in this Article X.

Section 10.5 Waivers of Events of Default. The Finance Authority may in its discretion waive any Event of Default hereunder and the consequences of an Event of Default by written waiver; provided, however, that there shall not be waived (i) any Event of Default in the payment of principal of this Loan Agreement at the date when due as specified in this Loan Agreement, or (ii) any default in the payment when due of the interest on this Loan Agreement, unless prior to such waiver or rescission, all arrears of interest, with interest at the rate borne by this Loan Agreement on all arrears of payment of principal and all expenses of the Finance Authority, in connection with such Event of Default shall have been paid or provided. Such waiver shall be effective only if made by written statement of waiver issued by the Finance Authority. In case of any such waiver or rescission, or in case any proceeding taken by the Finance Authority on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case, the Finance Authority shall be restored to its former position and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 10.6 No Additional Waiver Implied by One Waiver. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be in writing and limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.7 Agreement to Pay Attorneys' Fees and Expenses Related to Defaults. In the event that the Governmental Unit should default under any of the provisions hereof and the Finance Authority employs attorneys or incurs other expenses for the collection of payments hereunder, or the enforcement of performance or observance of any obligation or agreement on the part of the Governmental Unit contained in this Loan Agreement, the Governmental Unit agrees that it shall on demand therefor pay to the Finance Authority the fees of such attorneys and such other expenses so incurred, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the

obligation of the Governmental Unit under this Section shall be limited to expenditures from and to the extent of the available Pledged Revenues.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered as follows:

If to the Governmental Unit, then to:

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

If to the Finance Authority, then to:

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

And if to Finance Authority's designated servicing agent for this Loan Agreement, if any, at the address to be provided by the servicing agent. The Governmental Unit and the Finance Authority may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.2 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Finance Authority, the Governmental Unit and their respective successors and assigns, if any.

Section 11.3 Amendments. This Loan Agreement may be amended only with the written consent of the Finance Authority and the Governmental Unit, except as provided in Section 4.1(b) of this Loan Agreement. The consent of the Finance Authority for amendments not affecting the terms of payment of the loan component of this Loan Agreement may be given by an Authorized Officer of the Finance Authority. The execution of any such consent by an Authorized Officer of the Finance Authority shall constitute his or her determination that such amendment does not affect the terms of payment of the loan component of this Loan Agreement.

Section 11.4 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Loan Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the Finance Authority, either directly or through the Finance Authority or against any officer, employee, director or member of the Governing Body, past, present or future, as an individual so

long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer, employee, director or member of the Governing Body or of the Finance Authority is hereby expressly waived and released by the Governmental Unit and by the Finance Authority as a condition of and in consideration for the execution of this Loan Agreement.

Section 11.5 Severability. In the event that any provision of this Loan Agreement, other than the requirement of the Governmental Unit to pay hereunder, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.6 Execution in Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7 Assignment by the Finance Authority. This Loan Agreement (except as to the Administrative Fee) may be assigned and transferred by the Finance Authority to a trustee, which right to assign and transfer is hereby acknowledged and approved by the Governmental Unit.

Section 11.8 Compliance with Governing Law. It is hereby declared by the Governing Body that it is the intention of the Governmental Unit by the execution of this Loan Agreement to comply in all respects with the provisions of the New Mexico Constitution and statutes as the same govern the pledge of the Pledged Revenues to payment of all amounts payable under this Loan Agreement.

Section 11.9 Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.10 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

[Remainder of page intentionally left blank.]

[Signature pages follow.]

IN WITNESS WHEREOF, the Finance Authority, on behalf of itself has executed this Loan Agreement, which was approved by the Finance Authority's Board of Directors on September 27, 2018, in its corporate name by its duly authorized officers; and the Governmental Unit has caused this Loan Agreement to be executed in its corporate name and the seal of the Governmental Unit affixed hereto and attested by duly authorized officers. All of the above are effective as of the date first above written.

NEW MEXICO FINANCE AUTHORITY

By _____
John Gasparich, Interim Chief Executive Officer

Prepared for Execution by Officers of the Finance Authority:

SUTIN, THAYER & BROWNE
A PROFESSIONAL CORPORATION
As Loan Counsel to the Finance Authority

By _____
Suzanne Wood Bruckner

Approved for Execution by Officers of the Finance Authority:

By _____
Daniel C. Opperman, General Counsel

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

By _____
Mike McMullen, Chairman

[SEAL]

ATTEST:

By _____
Esperanza Holguin, Secretary

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EXHIBIT "A"

TERM SHEET

LOAN NO. DW-4796
TO THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DONA ANA COUNTY, NEW MEXICO

Governmental Unit: Lower Rio Grande Public Water Works Authority, Dona Ana County, New Mexico

Project Description: Designing and constructing water storage tank improvements, replacing water mains and service lines and installing fire hydrants to assist with System flushing and related appurtenances for the Governmental Unit

Pledged Revenues: Net System Revenues

Currently Outstanding Parity Obligations for Pledged Revenues: NMFA 2710-DW, Matures in 2034; NMFA 3394-DW, Matures in 2038, NMFA 4213-DW, Matures in 2050

Currently Outstanding Senior Obligations: USDA Loan 91-02BP, Matures in 2040; USDA Loan 93-09/93-27, Matures in 2052; USDA Loan 91-14, Matures in 2049; USDA Loan 91-04, Matures in 2052; USDA Loan 92-13, Matures in 2052; USDA Loan 91-15, Matures in 2052; USDA Loan 92-19, Matures in 2052; USDA Loan 91-02LRG, Matures in 2054; and NMFA 2601-PP, Matures in 2041

Currently Outstanding Subordinate Obligations: NMFA 0223-WTB, Matures in 2032; NMFA 0252-WTB, Matures in 2032; NMFA 2766-CIF, Matures in 2033; NMFA 3156-CIF, Matures in 2034; NMFA 3161-CIF, Matures in 2033; and NMFA CIF-4645 , Matures in 2040

Authorizing Legislation: Governmental Unit Resolution No. FY2019-21 adopted January 16, 2019.

Closing Date: February 22, 2019

Interest Rate: 2.0% on \$1,297,269 Market Component (which includes the Administrative Fee)
0.25% on \$432,423 Disadvantaged Component (which includes the Administrative Fee)

Maximum Repayable
Program Fund Component: \$1,729,692

Aggregate Program Fund
Amount: \$1,729,692

Maximum Principal
Amount: \$1,729,692

EXHIBIT "B"

LOAN AGREEMENT PAYMENT SCHEDULE

[SEE ATTACHED]

EXHIBIT "C"

FORM OF REQUISITION

RE: \$1,729,692 Loan Agreement by and between the Finance Authority and the Lower Rio Grande Public Water Works Authority (the "Loan Agreement")

TO: New Mexico Finance Authority
207 Shelby Street
Santa Fe, New Mexico 87501
Attn: Loan Servicing

LOAN NO. DW-4796

CLOSING DATE: February 22, 2019

You are hereby authorized to disburse to the Lower Rio Grande Public Water Works Authority or its payee with regard to the above-referenced Loan Agreement the following:

REQUISITION NUMBER:		<input type="checkbox"/> Interim Request <input type="checkbox"/> Final Request
AMOUNT OF PAYMENT:	\$	

PURPOSE OF PAYMENT:

This is a request of REIMBURSEMENT of incurred and paid project expenses. (Attach proof of payment, e.g. check stubs, and corresponding invoices)

This is a request of DIRECT PAYMENT to vendor or service provider of incurred project expenses. (Attach invoices)

PAYEE INFORMATION

NAME:	
CONTACT NAME:	
ADDRESS:	
PHONE NUMBER:	
FAX NUMBER:	
E-MAIL ADDRESS:	

WIRING INFORMATION

BANK NAME:	
ACCOUNT NUMBER:	
ROUTING NUMBER:	

Please indicate if this Business is considered a

<input type="checkbox"/> SBE (Small Business Entrepreneur)	<input type="checkbox"/> MBE (Minority Business Entrepreneur)	<input type="checkbox"/> WBE (Women owned business Entrepreneur)	<input type="checkbox"/> N/A
--	---	--	------------------------------

(Attach SBE/MBE/WBE Certification)

Each obligation, item of cost or expense mentioned herein is for costs of the Project, is due and payable, has not been the subject of any previous requisition and is a proper charge for requisition and payment.

Each obligation, item of cost or expense mentioned herein is not for costs related to the purchase of land or easement.

All representations contained in the Loan Agreement and the related closing documents remain true and correct and the Lower Rio Grande Public Water Works Authority is not in breach of any of the covenants contained therein.

If this is the final requisition, payment of costs of the Project is complete or, if not complete, the Lower Rio Grande Public Water Works Authority understands its obligation to complete the acquisition of the Project and shall complete the acquisition of the Project from other legally available funds.

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

DATED: _____

By: _____

Authorized Officer

(Print name and title)

EXHIBIT "D"

FORM OF CERTIFICATE OF COMPLETION

RE: \$1,729,692 Loan Agreement by and between the Finance Authority and the Lower Rio Grande Public Water Works Authority (the "Loan Agreement")

Loan No. DW-4796

Closing Date: February 22, 2019

TO: NEW MEXICO FINANCE AUTHORITY

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

Lower Rio Grande Public Water Works Authority, hereby certify as follows:

1. The project described in the Loan Agreement (the "Project") was completed and placed in service on _____, 20__.
2. The total cost of the Project was \$ _____.
3. Cost of the Project paid from the Loan was \$ _____.
4. The portion of the Maximum Principal Amount unexpended for the Project is \$ _____.
5. The Project was completed and is and shall be used consistent with and subject to the covenants set forth in the Loan Agreement.

This certificate shall not be deemed to prejudice or affect any rights of or against third parties which exist at the date of this certificate or which may subsequently come into being.

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

By: _____
Its: _____

\$1,729,692
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
DONA ANA COUNTY, NEW MEXICO
NEW MEXICO FINANCE AUTHORITY DRINKING WATER LOAN
NO. DW-4796

RIGHT-OF-WAY CERTIFICATE

The undersigned on behalf of the Lower Rio Grande Public Water Works Authority (the "Governmental Unit"), a New Mexico public water works authority, in the County of Dona Ana and the State of New Mexico, hereby certifies except as noted in item 4 below:

1. That the Governmental Unit has acquired and presently holds title to or continuous and adequate rights-of-way on public and private lands needed, if any, for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of the above-referenced Loan made by New Mexico Finance Authority (the "Project") and such omissions, defects, or restrictions as may exist will in no substantial way or manner endanger the value or the operation of the Project.
2. That the Governmental Unit has acquired the necessary permits, franchises, and authorizations or other instruments by whatsoever name designated, from public utilities and public bodies, commissions, or agencies authorizing the construction, operation, and maintenance of the facilities upon, along or across streets, roads, highways, and public utilities.
3. That the attached right of way map(s) and/or plat(s) shows the location and description of all land and rights-of-way needed for the Project, including all lands acquired for the Project by right of use or adverse possession and by legal conveyances such as right-of-way or easement deeds, permits, or other instruments.
4. Exceptions: _____

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Lower Rio Grande Public Water Works Authority as of this 22nd day of February, 2019.

Joshua Smith, Esq.
Attorney for the Lower Rio Grande Public Water
Works Authority
110 South Main, Suite 21
Las Cruces, NM 88005

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www.lrgauthority.org

LOWER RIO GRANDE

Public Water Works Authority

Resolution #FY2019-22

Approving Second Quarter Budget for Fiscal Year 2019

Whereas, in order to comply with Sections 6-6-1 and 6-6-2 NMSA 1978 and to apply for CDBG funding, the Board of Directors wishes to adopt and pass a resolution to approve the FY2019 Second Quarter Budget on January 16, 2019.

Therefore, be it resolved, the Board of Directors adopts and passes this resolution to approve the FY2019 Second Quarter Budget officially approved on January 16, 2019.

PASSED, APPROVED, AND ADOPTED: January 16, 2019.

Mike McMullen, Chairman

Seal:

Esperanza Holguin, Secretary

State of New Mexico Local Government Budget Management System (LGBMS)

Year-to-Date Actuals - Fiscal Year 2018-2019 - FY2019 Q2 Lower Rio Grande Public WWA - Analyst Detail Report Sorted by Fund and Department

Printed from LGBMS on 2019-01-14 15:25:59

11000 General Operating Fund

10000 Assets

0001 No Department

10100 Cash Assets	Original	Adjustments	Adjusted	YTD	Balance	% Realized
10101 Unrestricted Cash	617,477.00	0.00	617,477.00	617,477.00	0.00	100.00
10100 Totals	617,477.00	0.00	617,477.00	617,477.00	0.00	100.00
0001 Totals	617,477.00	0.00	617,477.00	617,477.00	0.00	100.00
10000 Assets Totals	617,477.00	0.00	617,477.00	617,477.00	0.00	100.00

40000 Revenues

0001 No Department

46000 Miscellaneous Revenues	Original	Adjustments	Adjusted	YTD	Balance	% Realized
46030 Interest Income	600.00	0.00	600.00	234.67	365.33	39.11
46000 Totals	600.00	0.00	600.00	234.67	365.33	39.11
0001 Totals	600.00	0.00	600.00	234.67	365.33	39.11
40000 Revenues Totals	600.00	0.00	600.00	234.67	365.33	39.11

50100 Water Enterprise

40000 Revenues

0001 No Department

44000 Charges for Services	Original	Adjustments	Adjusted	YTD	Balance	% Realized
44010 Administrative Fees	8,400.00	0.00	8,400.00	6,420.75	1,979.25	76.44
44190 Rental Fees	17,000.00	0.00	17,000.00	2,250.00	14,750.00	13.24
44220 Water Use Fees	2,721,000.00	0.00	2,721,000.00	1,604,637.98	1,116,362.02	58.97
44230 Utility Service Fees	3,600.00	0.00	3,600.00	3,275.02	324.98	90.97
44240 Utility Connection Fees	20,000.00	0.00	20,000.00	46,246.43	(26,246.43)	231.23
44250 Utility Re-Connection Fees	71,200.00	0.00	71,200.00	105,546.57	(34,346.57)	148.24
44270 Impact Fees	20,000.00	0.00	20,000.00	27,641.65	(7,641.65)	138.21
44990 Other Charges for Services	7,000.00	0.00	7,000.00	4,355.26	2,644.74	62.22
44000 Totals	2,868,200.00	0.00	2,868,200.00	1,800,373.66	1,067,826.34	62.77
46000 Miscellaneous Revenues	Original	Adjustments	Adjusted	YTD	Balance	% Realized
46050 Joint Power Agreements Income	50,000.00	0.00	50,000.00	29,445.37	20,554.63	58.89
46900 Miscellaneous - Other	50,000.00	0.00	50,000.00	82,947.63	(32,947.63)	165.90
46000 Totals	100,000.00	0.00	100,000.00	112,393.00	(12,393.00)	112.39
0001 Totals	2,968,200.00	0.00	2,968,200.00	1,912,766.66	1,055,433.34	64.44
40000 Revenues Totals	2,968,200.00	0.00	2,968,200.00	1,912,766.66	1,055,433.34	64.44

50000 Expenditures

6003 Water Utility/Authority

51000 Salary & Wages (FTE required)

51020 Salaries - Full-Time Positions	Original	Adjustments	Adjusted	YTD	Balance	% Realized
51020 Salaries - Full-Time Positions	875,000.00	0.00	875,000.00	472,327.60	402,672.40	53.98
51050 Salaries - Temporary Positions	10,000.00	0.00	10,000.00	2,412.58	7,587.42	24.13
51060 Salaries - Overtime	30,000.00	0.00	30,000.00	17,684.31	12,315.69	58.95
51900 Salaries - Other Wages	270,000.00	0.00	270,000.00	71,043.47	198,956.53	26.31
51000 Totals	1,185,000.00	0.00	1,185,000.00	563,467.96	621,532.04	47.55

52000 Employee Benefits

52010 FICA - Regular	Original	Adjustments	Adjusted	YTD	Balance	% Realized
52010 FICA - Regular	73,000.00	0.00	73,000.00	35,157.47	37,842.53	48.16
52011 FICA - Medicare	18,500.00	0.00	18,500.00	8,222.49	10,277.51	44.45

52020 Retirement	143,500.00	0.00	143,500.00	19,264.05	124,235.95	13.42
52021 Retiree Health Care	500.00	0.00	500.00	0.00	500.00	0.00
52030 Health and Medical Premiums	175,000.00	0.00	175,000.00	135,937.67	39,062.33	77.68
52050 Dental Insurance Premiums	15,000.00	0.00	15,000.00	6,176.72	8,823.28	41.18
52060 Vision Insurance Medical Premiums	5,000.00	0.00	5,000.00	1,891.18	3,108.82	37.82
52080 Other Insurance Premiums	2,500.00	0.00	2,500.00	0.17	2,499.83	0.01
52100 Workers' Compensation Premium	20,000.00	0.00	20,000.00	8,091.00	11,909.00	40.46
52000 Totals	453,000.00	0.00	453,000.00	214,740.75	238,259.25	47.40
53000 Travel Costs	Original	Adjustments	Adjusted	YTD	Balance	% Realized
53030 Travel - Employees	5,000.00	0.00	5,000.00	5,412.64	(412.64)	108.25
53050 Transportation Costs	1,500.00	0.00	1,500.00	524.06	975.94	34.94
53000 Totals	6,500.00	0.00	6,500.00	5,936.70	563.30	91.33
54000 Purchased Property Services	Original	Adjustments	Adjusted	YTD	Balance	% Realized
54030 Maintenance & Repairs - Grounds/Roadways	93,700.00	0.00	93,700.00	125,486.50	(31,786.50)	133.92
54040 Maintenance & Repairs - Vehicles	40,000.00	0.00	40,000.00	30,389.40	9,610.60	75.97
54999 Other Maintenance	62,500.00	0.00	62,500.00	50,392.11	12,107.89	80.63
54000 Totals	196,200.00	0.00	196,200.00	206,268.01	(10,068.01)	105.13
55000 Contractual Services	Original	Adjustments	Adjusted	YTD	Balance	% Realized
55010 Contract - Audit	15,000.00	0.00	15,000.00	8,410.00	6,590.00	56.07
55030 Contract - Professional Services	50,000.00	0.00	50,000.00	46,715.84	3,284.16	93.43
55999 Contract - Other Services	22,500.00	0.00	22,500.00	5,828.06	16,671.94	25.90
55000 Totals	87,500.00	0.00	87,500.00	60,953.90	26,546.10	69.66
56000 Supplies	Original	Adjustments	Adjusted	YTD	Balance	% Realized
56020 Supplies - General Office	17,200.00	0.00	17,200.00	5,692.04	11,507.96	33.09
56030 Supplies - Field Supplies	120,000.00	0.00	120,000.00	20,356.27	99,643.73	16.96
56040 Supplies - Furniture/Fixtures/Equipment (Non-Capital)	5,000.00	0.00	5,000.00	5,057.05	(57.05)	101.14
56110 Supplies - Uniforms/Linen	15,000.00	0.00	15,000.00	7,368.00	7,632.00	49.12
56120 Supplies - Vehicle Fuel	65,000.00	0.00	65,000.00	36,719.71	28,280.29	56.49
56999 Supplies - Other	40,000.00	0.00	40,000.00	56,413.79	(16,413.79)	141.03
56000 Totals	262,200.00	0.00	262,200.00	131,606.86	130,593.14	50.19
57000 Operating Costs	Original	Adjustments	Adjusted	YTD	Balance	% Realized
57050 Employee Training	5,000.00	0.00	5,000.00	2,889.85	2,110.15	57.80
57070 Insurance - General Liability/Property	82,000.00	0.00	82,000.00	36,561.00	45,439.00	44.59
57080 Postage	35,000.00	0.00	35,000.00	1,230.32	33,769.68	3.52
57090 Printing/Publishing/Advertising	20,000.00	0.00	20,000.00	20,975.44	(975.44)	104.88
57130 Rent of Equipment/Machinery	2,500.00	0.00	2,500.00	0.00	2,500.00	0.00
57150 Subscriptions & Dues	5,000.00	0.00	5,000.00	2,713.86	2,286.14	54.28
57160 Telecommunications	57,000.00	0.00	57,000.00	17,850.25	39,149.75	31.32
57170 Utilities - Electricity	252,000.00	0.00	252,000.00	118,992.01	133,007.99	47.22
57171 Utilities - Natural Gas	3,000.00	0.00	3,000.00	809.06	2,190.94	26.97
57999 Other Operating Costs	37,300.00	0.00	37,300.00	27,613.18	9,686.82	74.03
57000 Totals	498,800.00	0.00	498,800.00	229,634.97	269,165.03	46.04
59000 Debt Service	Original	Adjustments	Adjusted	YTD	Balance	% Realized
59010 Debt Service - Principal Payments	128,000.00	0.00	128,000.00	83,338.39	44,661.61	65.11
59020 Debt Service - Interest Payments	151,000.00	0.00	151,000.00	69,689.84	81,310.16	46.15
59000 Totals	279,000.00	0.00	279,000.00	153,028.23	125,971.77	54.85
6003 Totals	2,968,200.00	0.00	2,968,200.00	1,565,637.38	1,402,562.62	52.75
50000 Expenditures Totals	2,968,200.00	0.00	2,968,200.00	1,565,637.38	1,402,562.62	52.75
50300 Wastewater/Sewer Enterprise						
40000 Revenues						
0001 No Department						
44000 Charges for Services	Original	Adjustments	Adjusted	YTD	Balance	% Realized
44230 Utility Service Fees	140,000.00	0.00	140,000.00	76,883.53	63,116.47	54.92

44240 Utility Connection Fees	7,800.00	0.00	7,800.00	2,589.26	5,210.74	33.20
44990 Other Charges for Services	4,000.00	0.00	4,000.00	2,824.22	1,175.78	70.61
44000 Totals	151,800.00	0.00	151,800.00	82,297.01	69,502.99	54.21
0001 Totals	151,800.00	0.00	151,800.00	82,297.01	69,502.99	54.21
40000 Revenues Totals	151,800.00	0.00	151,800.00	82,297.01	69,502.99	54.21

50000 Expenditures

6005 Wastewater Utility/Authority

51000 Salary & Wages (FTE required)	Original	Adjustments	Adjusted	YTD	Balance	% Realized
51020 Salaries - Full-Time Positions	10,000.00	0.00	10,000.00	5,000.00	5,000.00	50.00
51000 Totals	10,000.00	0.00	10,000.00	5,000.00	5,000.00	50.00
52000 Employee Benefits	Original	Adjustments	Adjusted	YTD	Balance	% Realized
52020 Retirement	1,500.00	0.00	1,500.00	375.00	1,125.00	25.00
52000 Totals	1,500.00	0.00	1,500.00	375.00	1,125.00	25.00
54000 Purchased Property Services	Original	Adjustments	Adjusted	YTD	Balance	% Realized
54999 Other Maintenance	95,300.00	0.00	95,300.00	21,575.51	73,724.49	22.64
54000 Totals	95,300.00	0.00	95,300.00	21,575.51	73,724.49	22.64
57000 Operating Costs	Original	Adjustments	Adjusted	YTD	Balance	% Realized
57170 Utilities - Electricity	9,000.00	0.00	9,000.00	4,578.25	4,421.75	50.87
57000 Totals	9,000.00	0.00	9,000.00	4,578.25	4,421.75	50.87
59000 Debt Service	Original	Adjustments	Adjusted	YTD	Balance	% Realized
59010 Debt Service - Principal Payments	20,000.00	0.00	20,000.00	10,000.00	10,000.00	50.00
59020 Debt Service - Interest Payments	16,000.00	0.00	16,000.00	7,309.56	8,690.44	45.68
59000 Totals	36,000.00	0.00	36,000.00	17,309.56	18,690.44	48.08
6005 Totals	151,800.00	0.00	151,800.00	48,838.32	102,961.68	32.17
50000 Expenditures Totals	151,800.00	0.00	151,800.00	48,838.32	102,961.68	32.17

ALL FUNDS	Original	Adjustments	Adjusted	YTD	Balance	% Realized
10000 Assets	617,477.00	0.00	617,477.00	617,477.00	0.00	100.00
40000 Revenues	3,120,600.00	0.00	3,120,600.00	1,995,298.34	1,125,301.66	63.94
50000 Expenditures	3,120,000.00	0.00	3,120,000.00	1,614,475.70	1,505,524.30	51.75

Created by: Kathi Jackson, Finance Manager
Reviewed by: Martin G. Lopez, General Manager

Approved by: _____

RESOLUTION # FY2019-24

**ADOPTION OF REQUIRED
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
ANNUAL CERTIFICATIONS AND COMMITMENTS**

WHEREAS, municipalities or other entities that accept Community Development Block Grant (CDBG) funds must adopt certain required federal regulations; and

WHEREAS, the Lower Rio Grande PWWA (hereinafter referred to as the Authority) wishes to ensure compliance with federal regulations by adopting the following required certifications and commitments:

- | | |
|--|--|
| Citizen Participation | certifies its commitment to citizen participation by preparing and adopting a Citizen Participation Plan that includes ways to encourage public input using various methods to reach the public and assures that citizens are provided reasonable notice and timely access to local meetings, per the Open Meetings Act (NMSA 1978, Chapter 10, Article 15) |
| Fair Housing | certifies its commitment to the Fair Housing Act of 1968 to affirmatively further fair housing, which prohibits discrimination in the sale, rental, leasing and financing of housing or land to be used for the construction of housing on the basis of race, color, religion, sex, disability, familial status, or national origin |
| Residential Anti-Displacement & Relocation Assistance | certifies its compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, whose purpose is to provide uniform, fair, and equitable treatment for persons whose real property is acquired or for persons displaced as a result of a CDBG-funded project or activity |
| Section 3 | certifies its commitment to Section 3, a provision of the Housing and Urban Development (HUD) Act of 1968, which requires recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low and very low income residents in connection with projects and activities in their community |
| Procurement | certifies its compliance with federal procurement code (24 CFR Part 85.36) and New Mexico Procurement Code (§13-1-120 NMSA 1978) by adopting a procurement policy annually for CDBG projects |

NOW, THEREFORE, BE IT RESOLVED, that the Lower Rio Grande PWWA adopts the above CDBG certifications and commitments that must be adopted annually.

PASSED, APPROVED, SIGNED, AND ADOPTED at a duly called and convened regular meeting of the governing body of the Lower Rio Grande PWWA this 16th day of January, 2019.

SIGNED: _____
Mike McMullen, Board Chair

ATTEST: _____
Esperanza Holguin, Secretary

**Lower Rio Grande Public Water Works Authority
Resolution Number FY13-15**

A RESOLUTION ADOPTING REGULATIONS REGARDING THE PROCUREMENT PROCESS OF THE AUTHORITY PURSUANT TO THE REQUIREMENTS OF THE PROCUREMENT CODE (BEING SECTIONS 13-1-28 TO 13-1-199 NMSA 1978 AS AMENDED) AND PUBLIC WORKS CONTRACTS (BEING SECTIONS 13-4-1 TO 13-4-43 NMSA 1978 AS AMENDED)

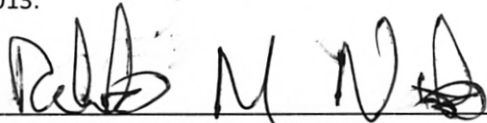
WHEREAS, the purpose of this Resolution is to adopt regulations to translate or define the general and specific requirements of the Procurement Code; and

WHEREAS, the purposes of the Procurement Code are to provide for the fair and equitable treatment of all persons involved in public procurement to maximize the purchasing value of public funds and to provide safeguards for maintaining a procurement system of quality and integrity; and

WHEREAS, the Board of Directors may adopt regulations through resolution to effect the powers and duties granted by NMSA 1978 73-26-1.

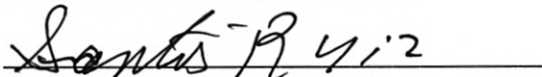
NOW, THEREFORE, BE IT RESOLVED by the Lower Rio Grande Public Water Works Authority that aforementioned regulations have been and are the purchasing processes to be utilized by all officers and employees of the Lower Rio Grande Public Water Works Authority in the procurement of tangible personal property, services, and construction.

Passed by the Lower Rio Grande Public Water Works Authority Board of Directors this 19th day of June, 2013.



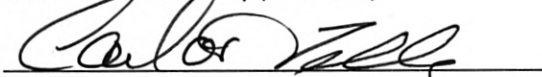
Roberto Nieto, Chairman (District 5)

John Holguin, Vice-Chairman (District 4)

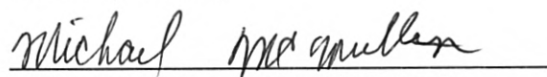


Santos Ruiz, Secretary (District 2)

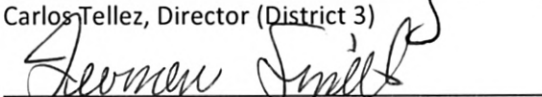
Director (District 1)



Carlos Tellez, Director (District 3)



Michael McMullen, Director (District 6)



Furman Smith, Director (District 7)

SECTION 3 PLAN

The Lower Rio Grande Public Water Works Authority is committed to comply with Section 3 of the Housing and Urban Development Act of 1968. This Act encourages the use of small local businesses and the hiring of low income residents of the community.

The Lower Rio Grande Public Water Works Authority has appointed Martin Lopez as the Section 3 Coordinator, to advise and assist key personnel and staff on Section 3, to officially serve as focal point for Section 3 complaints, and as the on-site monitor of prime contractors and sub-contractors to insure the implementation and enforcement of their Section 3 plans. The approval or disapproval of the Section 3 plan is the ultimate responsibility of the . Documentation of efforts will be retained on file for monitoring by the state.

Therefore, the Lower Rio Grande Public Water Works Authority shall:

1. Hiring
 - a. Advertise for all Lower Rio Grande Public Water Works Authority positions in local newspapers
 - b. List all Lower Rio Grande Public Water Works Authority job opportunities with the State Employment Service
 - c. Give preference in hiring to lower income persons residing in the service area of the Lower Rio Grande Public Water Works Authority. This means that if two equally qualified persons apply and one is a resident of the service area of the Lower Rio Grande Public Water Works Authority and one is not, the resident will be hired
 - d. Maintain records of Lower Rio Grande Public Water Works Authority hiring as specified on this form

ANTICIPATED <u>Lower Rio Grande Public Water Works Authority</u> HIRING 2019				
PLANNED			ACTUAL	
Job Classification	# of Positions to be Filled	# of Positions to be Filled by Lower Income Residents of the LRGPWVA Service Area	# of Positions Filled	Positions Filled by Lower Income Residents of the LRGPWVA Service Area
NA	0	0	0	0

- Chart for Section 3 Plan **MUST** be filled out in its entirety.

2. Contracting

- a. The Lower Rio Grande Public Water Works Authority will compile a list of businesses, suppliers and contractors located in the service area of the Lower Rio Grande Public Water Works Authority.
- b. These vendors will be contacted for bid or quotes whenever the Lower Rio Grande Public Water Works Authority requires supplies, services or construction.
- c. Preference will be given to small local businesses. This means if identical bids/quotes are received from a small business located within the service area of the Lower Rio Grande Public Water Works Authority and one from outside the service area of the Lower Rio Grande Public Water Works Authority, the contract will be awarded to the business located within the community.

3. Training

The Lower Rio Grande Public Water Works Authority shall maintain a list of all training programs operated by the Lower Rio Grande Public Water Works Authority and its agencies and will direct them to give preference to Lower Rio Grande Public Water Works Authority residents. The Lower Rio Grande Public Water Works Authority will also direct all CDBG sponsored training to provide preference to residents of service area of the Lower Rio Grande Public Water Works Authority.

4. CDBG Contracts

All CDBG bid proposals and contracts shall include the following Section 3 language.

- a. The work to be performed under this contract is on a project assisted under a program providing direct federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that the greatest extent feasible, opportunities for training and employment be given lower income residents of the project areas, and contracts for work in connection with the project be awarded to business concerns residing in the project area.
- b. The parties to this contract will comply with the provision of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR and all applicable rules and orders of the Department issued there-under prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- c. The contractor will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or workers' representative of his commitments under the Section 3 clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
- d. The contractor will include this Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for, or recipient of federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR 135. The contractor will not subcontract with

any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135, and will not let any subcontract unless the subcontractor has first provided it with the requirements of these regulations.

- e. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR 135, and all applicable rules and orders of the Department, issued thereunder prior to the execution of the contract, shall be a condition of the federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractors, its successors and assigns to those sanctions specified by the grant or loan agreement or contract through which federal assistance is provided, and to such sanctions as are specified by 24 CFR 135.

The Lower Rio Grande Public Water Works Authority shall require each contractor to prepare a written Section 3 plan as a part of their bids on all jobs exceeding \$100,000. All Section 3 plans shall be reviewed and approved by the Lower Rio Grande Public Water Works Authority's Equal Opportunity Section 3 Compliance Officer and retained for monitoring by the state.

The Lower Rio Grande Public Water Works Authority will maintain all necessary reports and will insure that all contractors and subcontractors submit required reports.

LOWER INCOME CLARIFICATION

A family who resides in service area of the Lower Rio Grande Public Water Works Authority and whose income does not exceed the income limit for the size of family as per the attached Section 8 Income Limit for Doña Ana County. Information contained in our Section 3 Plan reflects the status of the Lower Rio Grande Public Water Works Authority's employees regarding lower income considerations based on their salary paid by the Lower Rio Grande Public Water Works Authority.

Chief Executive Officer: Mike McMullen, Board Chair

January 16, 2019

Date

FAIR HOUSING REQUIRED ELEMENTS

A resolution of the Board of Directors of the LRGPWWA of Dona Ana County, adopting a fair housing policy, making known its commitment to the principle of fair housing, and describing actions it shall undertake to affirmatively further fair housing.

WHEREAS; the Housing and Community Development act of 1974 as amended requires that all applicant for Community Development Block Grants funds certify that they shall affirmatively further fair housing; and

WHEREAS; the Civil Rights Act of 1968 (commonly known as the Federal Fair Housing Act) and the Fair Housing Amendments Act of 1988 declare a national policy to prohibit discrimination in the sale, rental, leasing and financing of housing or land to be used for the construction of housing or in the provision of brokerage services, on the basis of race, color, religion, sex, disability, familial status or national origin; and

WHEREAS; fairness is the foundation of the American system and reflects traditional American values; and

WHEREAS; discriminatory housing practices undermine the strength and vitality of America and its people;

NOW, THEREFORE, BE RESOLVED THAT the Board of Directors of the LRGPWWA of Dona Ana County hereby wish all persons living, working, doing business in or traveling through this LRGPWWA to know that: discrimination in the sale, rental, leasing, and financing of housing or land to be used for construction of housing, or in the provision of brokerage services on the basis of race, color, religion, sex, handicap, familial status or national origin is prohibited by Title VIII of the Fair Housing Act Amendments of 1988; and that it is the policy of the LRGPWWA of Dona Ana County to implement programs, within the constraints of its resources, to ensure equal opportunity in housing for all persons regardless of race, color, religion, sex, handicap, familial status or national origin; and within available resources the LRGPWWA of Dona Ana County will assist all persons who feel they have been discriminated against in housing issues on the basis of race, color, religion, sex, handicap, familial status or national origin to seek equality under existing federal and state laws to file a complaint with the New Mexico Attorney General's Office or the U.S. Department of Housing and Urban Development; and that the LRGPWWA of Dona Ana County shall publicize this Resolution and thereby encouraging owners of rental properties, developers, builders and others involved with housing to become aware of their respective responsibilities and rights under the Fair Housing Amendments Act of 1988 and any applicable state or local laws or ordinances; and that the LRGPWWA of Dona Ana County shall undertake the following actions to affirmatively further fair housing:

(List all such actions to include: mailing copies of this resolution to the real estate community, banks, developers, community organizations and local media; posting copies of this resolution at identified locations; distributing flyers; sponsoring schools)

Posting copies at Lower Rio Grande Public Water Works Authority office locations in Mesquite, Berino, La Mesa and East Mesa

RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

I. Background/Introduction

Section 104(d) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5304(d)(4)), Section 105(b)(16) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)(16)), and implementing regulations at 24 CFR Part 42, specify that a grantee under the Community Development Block Grant (CDBG) must certify that it has in effect and is following a “residential Anti-displacement and relocation assistance plan” (Plan). As a CDBG grantee, **the Lower Rio Grande Public Water Works Authority** must certify to State of New Mexico Department of Finance and Administration Local Government Division that it has and is following such a Plan.

The Plan must include three components: 1) one-for-one replacement requirements for lower-income housing units, 2) relocation assistance, and 3) a description of the steps **the Lower Rio Grande Public Water Works Authority** will take to minimize displacement.

II. Activities Covered by the Plan

All activities involving the use of CDBG funds that cause displacement as a direct result of demolition or conversion of a lower-income dwelling are subject to the requirements specified in the Plan. Activities for which funds are first obligated on or after September 30, 1988 are subject to the requirements specified in the Plan, without regard to the source year of the funds.

III. Uniform Relocation Act

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) governs displacement that directly results from acquisition, rehabilitation, or demolition of real property when federal funds are used. **The Lower Rio Grande Public Water Works Authority** Residential Anti-displacement and Relocation Assistance Plan is in no way intended to supersede the URA. CDBG assisted activities may still be subject to the requirements of the URA.

IV. One-for-One Replacement Units

All occupied and vacant occupiable lower-income dwelling units that are demolished or converted to a use other than as lower-income dwelling units in connection with an assisted activity must be replaced with comparable lower-income units. Replacement lower-income dwelling units may be provided by any governmental agency or private developer and must meet the following requirements:

- A. The units must be located within **service area of the Lower Rio Grande Public Water Works Authority** to the extent feasible, the units shall be located within the same neighborhood as the units replaced
- B. The units must be sufficient in number and size to house no fewer than the number of occupants who could have been housed in the units that are demolished or converted. The number of occupants who could have been housed in the units shall be in accordance with applicable local housing occupancy codes. The units may not be replaced with smaller units (e.g., a 2-bedroom unit with two 1-bedroom units), unless the **Lower Rio Grande Public Water Works Authority** has provided information demonstrating that such a proposed replacement is consistent with the needs assessment contained State of New Mexico Department of Finance and Administration Local Government Division HUD-approved Consolidated Plan.
- C. The units must be in standard condition and must at a minimum meet Section 8 Program Housing Quality Standards. Replacement lower-income units may include units brought from a substandard condition to standard condition if: 1) no person was displaced from the unit; and 2) the unit was vacant for at least 3 months before execution of the agreement between the **Lower Rio Grande Public Water Works Authority** and the property owner.
- D. The units must initially be made available for occupancy at any time during the period beginning 1 year before the recipient makes public the information required under Section F below and ending 3 years after the commencement of the demolition or rehabilitation related to the conversion.
- E. The units must be designed to remain lower-income dwelling units for at least 10 years from the date of initial occupancy. Replacement lower-income dwelling units may include, but are not limited to, public housing or existing housing receiving Section 8 project-based assistance
- F. Before the **Lower Rio Grande Public Water Works Authority** enters into a contract committing it to provide CDBG funds for any activity that will directly result in the demolition of lower-income dwelling units or the conversion of lower-income dwelling units to another use, the **Lower Rio Grande Public Water Works Authority** must make public and submit in writing to State of New Mexico Department of Finance and Administration Local Government Division the following information:
- 1 A description of the proposed assisted activity;
 - 2 The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than for lower-income dwelling units as a direct result of the assisted activity;
 - 3 A time schedule for the commencement and completion of the demolition or conversion;
 - 4 The location on a map and the number of dwelling units by size (number of bedrooms) that will be provided as replacement

- dwelling units. If such data is not available at the time of the submission to State of New Mexico Department of Finance and Administration Local Government Division, the submission shall identify the general location on an area map and the approximate number of dwelling units by size, and information identifying the specific location and number of dwellings units by size shall be submitted and disclosed to the public as soon as it is available;
- 5 The source of funding and time schedule for the provision of replacement dwelling units;
 - 6 The basis for concluding that each replacement unit will remain a lower-income dwelling unit for at least 10 years from the date of initial occupancy; and
 - 7 Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units is consistent with the needs assessment contained in the State of New Mexico Department of Finance and Administration Local Government Division Consolidated Plan.

G. The one-for-one replacement requirements may not apply if HUD determines, based on objective data, that there is an adequate supply of vacant lower-income dwelling units in standard condition available on a non-discriminatory basis within **the service area of the Lower Rio Grande Public Water Works Authority**. In making such a determination, State of New Mexico Department of Finance and Administration Local Government Division will consider such factors as vacancy rates, numbers of lower-income units in the **service area of the Lower Rio Grande Public Water Works Authority** and the number of eligible families on the Section 8 waiting list

V. Relocation Assistance

Each lower-income person who is displaced as a direct result of CDBG assisted demolition or conversion of a lower-income dwelling shall be provided with relocation assistance.

Relocation assistance includes advisory services and reimbursement for moving expenses, security deposits, credit checks, other moving expenses, including certain interim living costs, and certain replacement housing assistance.

Displaced persons have the right to elect, as an alternative to the benefits described in this Plan, to receive benefits under the URA, if they determine that it is in their best interest to do so. The following relocation assistance shall be available to lower-income displacement persons:

- A. Displaced lower-income persons will receive the relocation assistance required under 49 CFR 24, Subpart C (General Relocation Requirements) and Subpart D (Payment for Moving and Related Expenses) whether the person elects to receive assistance under the URA or the assistance required by CDBG regulations. Relocation notices must be distributed to the affected persons in accordance with 49 CFR 24.203 of the URA;

- B. The reasonable and necessary cost of any security deposit required to rent the replacement dwelling unit and for credit checks required to rent or purchase the replacement dwelling unit;
- C. Actual reasonable out-of-pocket costs incurred in connection with temporary relocation, including moving expenses and increased housing costs, if:
 - 1. The person must relocate temporarily because continued occupancy of the dwelling unit constitutes a substantial danger to the health or safety of the person or the public; or
 - 2. The person is displaced from a lower-income dwelling unit, none of the comparable replacement units to which the person has been referred qualifies as a lower-income dwelling unit, and a suitable lower-income dwelling unit is scheduled to become available through one-for-one replacement requirements
- D. Replacement Housing Assistance. Displaced persons are eligible to receive one of the following two forms of replacement housing assistance:
 - 1. Each person shall be offered rental assistance equal to 60 times the amount necessary to reduce the monthly rent and estimated average monthly cost of utilities for a replacement dwelling to the “Total Tenant Payment”, as determined under 24 CFR 813.107. All or a portion of this assistance may be offered through a certificate or housing voucher for rental assistance under the Section 8 program. Where Section 8 assistance is provided to the displaced person, the **Lower Rio Grande Public Water Works Authority** must provide the person with referrals to comparable units whose owners are willing to participate in Section 8 program to the extent that cash assistance is provided, it will be provided in installments.
 - 2. In lieu of the housing voucher, certificate or cash assistance described above, the person may elect to receive a lump sum payment allowing them to secure participation in a housing cooperative or mutual housing association. This lump sum payment shall be equal to the capitalized value of 60 monthly installments of the amount that is obtained by subtracting the “Total Tenant Payment”, as determined under 24 CFR 813.107, from the monthly cost of rent and average monthly cost of utilities at a comparable replacement dwelling unit. To compute the capitalized value, the installments shall be discounted at the rate of interest paid on passbook savings in a federally insured financial institution conducting business within **the service area of the Lower Rio Grande Public Water Works Authority**.

Displaced lower-income tenants shall be advised of their right to elect relocation assistance pursuant to the URA and the regulations at 49 CFR 24 as an alternative to the relocation assistance available under CDBG regulations.

VI. Eligibility for Relocation Assistance

A lower-income person is eligible for relocation assistance if they are considered to be a “displaced person” as defined in 24 CFR 42.305. A displaced person means a lower-income person who, in connection with an activity assisted under the CDBG program, permanently moves from real property or permanently moves personal property from real property as a direct result of demolition or conversion of a lower-income dwelling. For purposes of this definition, a permanent move includes a move made permanently and:

- A. After notice by the owner to move from the property, if the move occurs on or after the date of the submission of a request to the **Lower Rio Grande Public Water Works Authority** for CDBG assistance that is later approved for the requested activity; or
- B. After notice by the owner to move from the property, if the move occurs on or after the date of the initial official submission to HUD of the consolidated plan under 24 CFR Part 91 describing the assisted activity; or
- C. Before the dates described in A & B above, if the **Lower Rio Grande Public Water Works Authority** or State of New Mexico Department of Finance and Administration Local Government Division determines that the displacement was a direct result of conversion or demolition in connection with a CDBG assisted activity; or
- D. By a tenant-occupant of a dwelling unit, if any one of the following three situations occurs:
 1. The tenant moves after execution of the CDBG agreement covering the acquisition, rehabilitation or demolition and the move occurs before the tenant is provided written notice offering the tenant the opportunity to lease and occupy a suitable, decent, safe and sanitary dwelling in the same building/complex upon completion of the project under reasonable terms and conditions, including a monthly rent and estimated average monthly utility costs that do not exceed the greater of the tenant’s monthly rent before such agreement, or the total tenant payment as determined under 24 CFR 813.107 if the tenant is lower-income, or 30 percent of gross household income if the tenant is not lower-income.
 2. The tenant is required to relocate temporarily, does not return to the building/complex, and either is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, or other conditions of the temporary relocation are not reasonable.
 3. The tenant is required to move to another dwelling unit in the same building/complex but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move, or other conditions of the move are not reasonable.

If the displacement occurs on or after the appropriate date described in A & B above, the lower-income person is not eligible for relocation assistance if:

- A. The person is evicted for cause based upon a serious or repeated violation of the terms and conditions of the lease or occupancy agreement, violation of applicable federal, State or local law, or other good cause, and the **Lower Rio Grande Public Water Works Authority** determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance;
- B. The person moved into the property on or after the date described in A & B above after receiving written notice of the expected displacement; or
- C. The **Lower Rio Grande Public Water Works Authority** determines that the displacement was not a direct result of the CDBG assisted activity and the State of New Mexico Department of Finance and Administration Local Government Division concurs with this determination.

VII. Minimizing Displacement

The CDBG regulations regarding the demolition or conversion of lower-income dwelling units are designed to ensure that lower-income persons are provided with adequate, affordable replacement housing. Naturally, involuntary displacement should be discouraged whenever a reasonable alternative exists. Involuntary displacement is extremely disruptive and disturbing, especially to lower-income persons who do not have the means to locate alternative housing.

There are various ways that displacement can be minimized. The following are steps that will be taken to minimize the involuntary displacement of lower-income persons when CDBG funds are involved:

- A. **Screening of Applications** All CDBG applications will be reviewed to determine whether involuntary displacement is likely to occur. Those applications involving displacement will receive a lower priority recommendation for funding unless it can be shown that alternatives are not available.
- B. **Acquisition of Property** Applicants who apply for CDBG funds to acquire property for the development of lower-income housing will be encouraged to purchase vacant land. In the case of in-fill and other projects where this is not feasible and the project involves potential displacement, the applicant shall agree to allow the displaced lower-income person(s) to occupy the new housing at an affordable rent.

Applicants who utilize CDBG funds to rehabilitate or convert a lower-income unit to a non-residential use will be required to supply replacement housing consistent with paragraph IV, as well as relocation assistance.

- C. Cost of Relocation Assistance The cost of any required relocation assistance and the provision of replacement housing will be borne by the applicant and may be paid for out of CDBG funds awarded to the project.

VIII. Definitions

- A. “Comparable replacement dwelling unit” means a dwelling unit that:
 - 1 Meets the criteria of 49 CFR 24.2(d)(1) through (6); and
 - 2 Is available at a monthly cost for rent plus estimated average monthly utility costs that does not exceed the “Total Tenant Payment” determined under 24 CFR 813.107 after taking into account any rental assistance the household would receive.
- B. “Lower-income dwelling unit” means a dwelling unit with a market rental (including utility costs) that does not exceed the applicable Fair Market Rent (FMR) for existing housing and moderate rehabilitation established under 24 CFR Part 888.
- C. “Standard condition” means units that at a minimum meet the Existing Housing Quality Standards of the Section 8 rental subsidy program.
- D. “Substandard condition suitable for rehabilitation” means units with code violations that can be brought to Section 8 Housing Quality Standards within reasonable monetary amounts.
- E. “Vacant occupiable dwelling unit” means a dwelling unit that is in a standard condition; a vacant dwelling unit that is in substandard condition, but is suitable for rehabilitation; or a dwelling unit in any condition that has been occupied (except by a squatter) at any time within the period beginning 3 months before the date of execution of the agreement by the **Lower Rio Grande Public Water Works Authority** covering the rehabilitation or demolition.

IX. Grievances

The **Lower Rio Grande Public Water Works Authority** will provide timely written answers to written complaints and grievances within 15 working days where practical. Action items:

- A. Adopt complaint handling procedures or policies to insure that complaints or grievances are responded to within 15 days, if possible.
- B. Allow for appeal of a decision to a neutral authority.
- C. File a detailed record of all complaints or grievances and responses in one central location with easy public access.

IX. Certification

The **Lower Rio Grande Public Water Works Authority** herewith certifies to follow the Anti-displacement relocation plan described above and adopt the plan by resolution annually.

Plan Adoption Date: January 16, 2019

Adoption Instrument: Resolution FY2019-24

Certified By: _____
Mike McMullen, Board Chair

January 16, 2019
Date

Copy to Local Government Division with attachments

CITIZEN PARTICIPATION PLAN

Introduction

In accordance with the 1987 revisions to the Housing and Community Development Act and in an effort to further encourage citizen participation, the Lower Rio Grande Public Water Works Authority has prepared and adopted this Citizen Participation Plan.

Objective A

The Lower Rio Grande Public Water Works Authority will provide for and encourage citizen participation within its area of jurisdiction, with particular emphasis on participation by persons of low and moderate income. *Action items:*

1. *Adopt and circulate an Open Meetings Resolution which provides citizens with reasonable notice of City/County upcoming meetings, actions and functions.*
2. *Develop press releases on Lower Rio Grande Public Water Works Authority meetings, actions and hearings and circulate to newspapers, radio and television media.*
3. *Develop and maintain listing of groups and representative of low and moderate income persons, and include on mailing lists of announcements, notices, press releases, etc.*

Objective B

The Lower Rio Grande Public Water Works Authority will provide citizens with reasonable and timely access to local meetings, information and records relating to the proposed and actual use of CDBG funds. *Action items:*

1. *Public notices, press releases, etc., should allow for a maximum length of notice to citizens.*
2. *Appropriate information and records relating to the proposed and actual use of CDBG funds must be available upon request to all citizens. Personnel and income records may be exempted from these requirements.*
3. *Meetings, hearing, etc., should be conducted at times and locations conducive to public attendance, e.g., evenings, Saturdays.*

Objective C

The Lower Rio Grande Public Water Works Authority will provide technical assistance to groups and representatives of low and moderate income persons that request assistance in developing proposals. *Note: the level and type of assistance is to be determined by the Lower Rio Grande Public Water Works Authority. Action items:*

1. *Low and moderate income groups should be advised that technical assistance, particularly in the area of community development, is available from the Lower Rio Grande Public Water Works Authority upon request.*
2. *Document technical assistance provided to such groups and has documentation available for review.*

Objective D

The Lower Rio Grande Public Water Works Authority will provide a minimum of two public hearings to obtain citizen participation and respond to proposals and questions at all stages of the Community Development Block Grant Program. *Action items:*

1. *Advise citizens of the CDBG program objectives, range of activities that can be applied for and other pertinent information.*
2. *Conduct a minimum of two public hearings:*
 - a. *One public hearing will be held to advise citizens of the program objectives and range of activities that can be applied for, and to obtain the citizen's views on community development and housing needs, to include the needs of low and moderate income people. This hearing will take place prior to the selection of the project to be submitted to the state for CDBG funding assistance.*
 - b. *A second public hearing will be held to review program performances, past use of funds and make available to the public its community development and housing needs, including the needs of low and moderate income families, and the activities to be undertaken to meet such needs.*
3. *Publish public hearing notices in the non-legal section of newspapers or in other local media or post notices in prominent places within the community. Evidence of compliance with these regulations will be provided with each CDBG application, i.e., hearing notice minutes of public meetings, list of needs and activities to be undertaken, etc. Amendments to goals, objectives and applications are also subject to public participation.*

Objective E

The Lower Rio Grande Public Water Works Authority will provide timely written answers to written complaints and grievances within 15 working days where practical. *Action items:*

1. *Adopt complaint handling procedures or policies to insure that complaints or grievances are responded to within 15 days, if possible.*
2. *Allow for appeal of a decision to a neutral authority.*

3. *File a detailed record of all complaints or grievances and responses in one central location with easy public access.*

Objective F

The *Lower Rio Grande Public Water Works Authority* will identify how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of residents can be reasonably expected to participate. *Action items:*

1. *Identify areas where large majorities of non-English speaking persons reside and make appropriate provisions when issues affecting these areas are to be discussed at public meetings, hearings, etc. Appropriate provisions will include having interpreters available at the meeting and having briefing material available in the appropriate language.*
1. *Maintain records/rosters of public hearing attendees and proceedings to verify compliance with this objective.*

LRGPWWA Termination of Membership List for Board Approval

January 16, 2019

	Customer Account	Customer Name	Address	City & Zip Code	Current Balance
1	02-20012-03	Esther Aguilera	12624 Highway 478	Mesquite, NM 88048	\$ 598.14
2	11-09670-00	Martin Corral	16 Soldado Court	Berino, NM 88024	\$ 1,108.59
3	04-06862-00	Jose J. Cruz Dominguez	50-2 Flower Road	Vado, NM 88072	\$ 747.57
4	06-07895-00	Ella Mae Fuller	8628-A Highway 478	Vado, NM 88072	\$ 676.69
5	14-05633-00	Carol A. Harrison	9450-2 Bataan Memorial SP2	Las Cruces, NM 88011	\$ 1,252.98
6	14-05634-00	Carol A. Harrison	9450-3 Bataan Memorial SP3	Las Cruces, NM 88011	\$ 934.34
7	01-00177-00	Lorenzo Nino	195 La Fe	Mesquite, NM 88048	\$ 687.58
8	05-06633-00	Richard Padilla	122 Ivy Place	Mesquite, NM 88048	\$ 1,379.94
9	14-05682-00	Maria R. Pena	9110 Berry Patch Lane	Las Cruces, NM 88011	\$ 999.57
10	12-10395-00	Karin Puett	621 Bar X Road	Mesquite, NM 88048	\$ 582.25
11	04-20045-00	Roman Ramos	201-2 Wannabe Road	Mesquite, NM 88048	\$ 1,813.85
12	13-05143-00	Jose Romero Sr.	6570 Hawk Road	Las Cruces, NM 88012	\$ 1,368.64
13	13-09720-00	Sarah Sorrell	5820 First Street	Organ, NM 88052	\$ 1,642.57

Absences governed by applicable state and/or federal laws such as military or National Guard service.

Former employees who are re-hired may have some or all of their previous service continued depending on the employee's status at separation, reason for separation and length of separation.

2.05 Employee Status

Neptotism:

It is the policy of the Authority that no employees may be hired, promoted or directly supervised by a person who is related by blood or marriage within the third degree to the employee. "Relation by blood or marriage within the third degree" includes spouse, domestic partner, parent, mother-in-law, father-in-law, step-parent, children, domestic partner children, son-in-law, daughter-in-law, step-child, brother, brother-in-law, step-brother, sister, sister-in-law, step-sister, grandparent, grandchild, uncle, aunt, nephew, niece, great-grand-child and great-grand-parent.

Classifications:

All employees are classified as **probationary** for a minimum period of six (6) months from the date of hire. The probationary period may be extend up to a maximum period of twelve (12) months.

Exempt employees are those who are not required by law to be paid overtime.

Non-exempt employees must, by law, receive overtime pay. Employees are further classified as **regular** or **temporary** and **part-time** or **full-time**. Regular employees are those who have been hired to fill a permanent position. Temporary employees are those who have been hired to a position for a pre-determined period of time. Part-time employees are those who normally work less than forty (40) hours per week. Full-time employees are those who normally work forty (40) or more hours per week.

3. Compensation

This section only applies to non-exempt employees:

3.01 Hours of Work & Overtime:

A workweek is defined to consist of seven (7) consecutive calendar days out of which there are five (5) eight (8) hour workdays.

Overtime is defined as time worked by non-exempt employees in excess of 40 hours in a workweek. Leave time does not count toward hours worked for calculating overtime pay except for hours worked on a designated holiday when it falls within that workweek. Designated holidays (Section #4.04) count eight (8) hours toward the forty (40) in a work week required before overtime is paid, and hours worked on a designated holiday are paid in addition to the eight (8) hours of holiday pay.

Overtime will be compensated at a rate of one and one-half times the employee's current hourly rate. Documentation supporting the need for overtime must be submitted to the employee's supervisor. Acceptable documentation includes work orders or written explanation of the need for overtime signed by the supervisor.