



# Lower Rio Grande Public Water Works Authority

## Sign In Sheet

Date: 1-17-18

Time: 9:30

Places: La Mesa Office

Event: Regular Board meeting

Signature	Print Name, Title, Company or Agency Represented	Contact Information	Email Address
<i>Mike McMullen</i>	MICHAEL MC MULLEN LRGPWWA	970-302-7832	
<i>German Smith</i>	KURMAN SMITH LRGPWWA	382 5982	SAME
<i>[Signature]</i>	SORE EVARD LRGPWWA	575-618-0182	
<i>P Charles</i>	Patricia Charles LRGPWWA	575-233-5742	patricia.charles@lrgauthority.org
<i>[Signature]</i>	Karen Nichols LRGPWWA	915 203 2057	Karen.nichols@lrgauthority.org
<i>MARTIN Lopez</i>	MARTIN Lopez	95-571-3828	MARTIN.LOPEZ
<i>Tiffany Goolsby</i>	SCCOG Tiffany Goolsby	575-740-2926	tigoolsby@sclog-nm.com
<i>Henry Terry</i>	Henry Terry	575-680-0542	henry.terry2@nol
<i>Michael Lopez</i>	LRGPWWA	635-3921	SAME
<i>[Signature]</i>		575 525 7623	SAME
<i>Kathie Jackson</i>	Kathie Jackson Finance Director LRGPWWA	(575) 680-4330	
<i>Espu Holguin</i>	Espu Holguin LRGPWWA Secretary	575 644 8543	SAME

# LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

## Draft Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, January 17, 2018 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—call 575-233-5742 for information

- I. **Call to Order, Roll Call to Establish Quorum:** Chair Mike McMullin called the meeting to order at 9:34 a.m. and called roll. Mr. Raymundo Sanchez representing District #1 was absent, District #2 is vacant, Mr. Joe Evaro representing District #3 was present, Mrs. Esperanza Holguin representing District #4 was present, Mr. Henry Magallanez representing District #5 was present, Mr. Mike McMullen representing District #6 was present, Mr. Furman Smith representing District #7 was present. Staff members present were General Manager Martin Lopez, Projects Manager Karen Nichols, Finance Manager Kathi Jackson, Operations Manager Mike Lopez and Projects Specialist Patricia Charles. Guests present were Tiffany Goolsby from SCCOG, Henry Torres, Jr. Board Secretary for High Valley Mutual Domestic Water Consumers Association.
- II. **Pledge of Allegiance:** Mr. McMullen led the pledge of Allegiance.
- III. **Motion to approve Agenda:** Mr. Smith made the motion to approve the agenda with item VIII A. postponed and items IX. F, G & H to follow V. Mr. Evaro seconded the motion. The motion passed with all in favor.
- IV. **Motion to approve the minutes of the December 13, 2017 Regular Board Meeting:** Mr. Smith made the motion to approve the December 13, 2017 minutes and Mr. Evaro seconded the motion. The motion passed with all in favor.
- V. **Guest Presentations:** Tiffany Goolsby, SCCOG – Presented the results of the Report from the CDBG Public Hearing. Mrs. Goolsby reported that she had a public hearing on January 9, 2018 and had several people attend the hearing. She reported that Mr. Jesus Carrasco, Jr. a fire fighter for 9 years said he recently saw a fire and would like communities to be better prepared with infrastructure, which will help fire fighters fight fires. He wanted to propose an extension to Land Mark Mercantile. Also wanted to propose commercial extension projects in the same area, which would help fire fighters. Mr. Robert Brooks is concerned that sewer lines will be installed around his home but not to his home. Mr. Lopez indicated that the public hearing was for a CDBG project in the works. It is for either 1. Line extension along Stern Drive for fire flow for the existing commercial businesses and for future potential commercial businesses. 2. Install sewer lines extensions to CD Farms and Vado area. Mr. Lopez wants the board to consider planning funds for the Water Master Plan to determine where best to setup wells and tanks. The plan has been 2/3 funded but still lacking about \$100,000.00 to complete. The reason for the increase is because we will be including the East Mesa and Valle Del Rio.
- VI. **Public Input:** None
- VII. **Managers' Reports:**
  - A. **General Manager:** Mr. Lopez provided a written report and stood for questions. HIDTA Semi-Annual certification is pending. State Land Office annual lease for Organ property is pending. Worker's Compensation fee-annual safety inspection on-site visit has been completed, Mr. Gutierrez is working on the self-assessment on all LRGPWWA locations. Two new vehicles (Chevy Tahoe and Silverado) have been picked up the other two trucks are pending. 2017 Staff evaluations are nearly completed only pending one. Mr. Lopez will not attend the Colonia's Day in Santa Fe on January 23, 2018, Mrs. Holguin, Ms. Charles, Ms. Nichols will be attending and possibly Ms. Jackson. Mr. Lopez will not be attending because he has to attend training for recertification. Mr. Lopez is going to research the requirements for possibly entering into a Franchise Agreement with EBID. The purpose would be to possibly pay one annual fee instead of paying for individual permits.
  - B. **Projects:** Ms. Nichols provided a written report and stood for questions. Brazito Sewer Project is almost ready for RD review. We are waiting on one property to be cleared. Brazito Sewer Project 2 – RD is reviewing the application and should hear something soon. Bohannan Huston is finalizing the PER for the Well Project to submit to RD then we will be able to submit an application. Central Office Building, she spoke to Finance Authority they had their internal staff meeting regarding the application. They had some recommendations; the board will not

meet in January 2018. The project will be on NMFA's February 2018 agenda, so Ms. Nichols and Mr. Lopez will have to attend that meeting. Valle De Rio Project, a preconstruction meeting will be held on January 30, 2018. Construction will start the first or second week of February 2018. Waterline Extension Project is substantial completed. Working on the final change order to incorporate some additional work.

- C. **Operations:** Mr. Mike Lopez provided a written report and stood for questions. Mr. Mike Lopez mentioned that the service calls afterhours have been pretty slow, therefore the overtime hours have also been low.
- D. **Finance:** Ms. Jackson provided a written report and stood for questions. Ms. Jackson submitted the November 2017, Income Statement via the Board Member web page. She indicated that some money was put in reserve from Operations. The credit card CD is being released as collateral for company credit card. The funds will be moved to the reserve account, instead of renewing the CD. Purchases have been made a truck for operations and SUV for GM, backhoe repairs and two more trucks for operations. She included the December 2017 Balance Sheet but will not go over it.

VIII. Unfinished Business

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

IX. New Business

- A. **Motion to approve Resolution #FY2018-09 Approving Fund Increase and Extension Amendment for the Drinking Water Loan NO. DW-3394:** Mr. Lopez indicated that the additional funding requested is to complete the Valle Del Rio project. Original loan amount was \$1,197,708.00 but need an additional \$151,500.00. Mrs. Holguin made the motion to approve Resolution #FY2018-09 approving fund increase and extension amendment for the Drinking Water Loan. Mr. Magallanez seconded the motion. The motion passed with all in favor.
- B. **Letter from High Valley MDWCA: Motion to authorize staff to research merger with High Valley MDWCA:** Mr. Lopez mentioned that there was a letter requesting the merger of High Valley MDWCA with LRGPWVA. Mr. Henry Torres is in attendance in case of questions. Mr. Magallanez asked if there would be any changes to the Board member structure. Mr. Lopez indicated that there would be an addition possibly depending on which district they are added to. The redistricting occurs every 2 years. Mr. Magallanez asked if the current board would be able to assign someone from the High Valley board of directors to join LRGPWVA's board of directors, Mr. Lopez said LRGPWVA Board could definitely do that. Mr. Smith made the motion to authorize staff to research a merger with High Valley MDWCA, Mrs. Holguin seconded the motion. The motion passed with all in favor.
- C. **Motion to approve Disposition Committee Recommendation for equipment and vehicle:** Mr. Lopez indicated that the Disposition Committee was supplied with a vehicle and equipment list, listing the items that are no longer in usable condition. The Disposition Committee has approved disposing of Ford Pickup and the equipment. Mr. Smith made the motion to approve the disposition of Ford Pickup and equipment, with the 2000 New Holland Backhoe model# 757E valued by the board of directors at less than \$5,000.00 due to broken boom, Mr. Evaro seconded the motion. The motion passed with all in favor.
- D. **Provide the board with the cost and plans available for Employee Disability Insurance:** Mr. Lopez requested that this item be postponed because all the information was not complete. Mrs. Holguin made the motion to postpone this item, Mr. Evaro seconded the motion. The motion passed with all in favor.
- E. **Motion to approve amendment to the Schedule of Rates & Fees:** Mr. Lopez asked for the modification under Penalty & Other Fees on page 3/5. Change from "after" to "outside of" normal business hours. So, customers that call before normal business hours will not be charged a fee. Ms. Holguin made the motion to approve the amendment to the Schedule of Rates & Fees, Mr. Smith seconded the motion. The motion passed with all in favor.

- F. Motion to select a project for CDBG Planning Grant Application:** Mr. Lopez informed the board that there were three projects that they needed to select one from. Project 1 -This is a Sewer Project to include Sleepy Farms which is not in LRG's service area. The county has indicated that they have funds for planning a sewer project in that area. Project 2 - Is the line extension to include one commercial client and for future commercial clients. Because this is a construction project, LRG would have to go thru Dona Ana County and would have to compete with their projects and other entity projects. Dona Ana County would then have to pick LRG's project among others and they would become the Fiscal Agent. Project 3 -Completion of the Planning of the Water Master Plan, Staff would like the board to consider this project because it is 2/3 finished but lacks a little over \$100,000 to complete the planning phase. Mr. Magallanez made the motion to select the Master Plan Planning Project for the CDBG grant application. Mrs. Holguin seconded the motion. The motion passed with all in favor.
- G. Motion to adopt Resolution #FY2018-10 Authorization to Apply for CDBG Planning Grant Application:** Mr. Lopez indicated that this resolution is for the Master Plan Project selected by the board members for the CDBG Grant Application. Mrs. Holguin made the motion to adopt Resolution #FY2018-10 authorizing Staff to apply for CDBG funding. Mr. Magallanez seconded the motion. The motion passed with all in favor.
- H. Motion to adopt Resolution #FY2018-12 Adoption of Required CDBG Annual Certifications & Commitments:** Mr. Lopez said that this resolution is one of the requirements for applying for CDBG funding. Mrs. Holguin made the motion to adopt Resolution #FY2018-12 CDBG Annual Certifications & Commitments required for application. Mr. Magallanez seconded the motion. The motion passed with all in favor.
- I. Motion to approve Requests for Capital Outlay:** Mr. Lopez is requesting 2 submittals there is nothing in the packet for either submittal. The first one is for line extension on Stern Drive and for additional hydrants, they have been working with Senators Papan and Cervantes. Mrs. Holguin asked the cost of this project, Mr. Lopez said it would be approximately \$500,000. The second proposal is to extend the lines on Jacquez Road. Because we were unable to get the easement needed from the farmer in the area, 9 homeowners were not able to get connections. Representative Bill Gomez is very interested in help these people get connections to our system. Mrs. Holguin asked what the cost for this project would be, Mr. Lopez said this would be approximately \$80,000. Ms. Nichols was going to work on the numbers and get information to Mrs. Holguin. Mrs. Holguin made the motion to approve the requests for Capital Outlay, Mr. Smith seconded the motion. The motion passed with all in favor.
- J. Motion to Adopt Resolution #FY2018-11 Approving 2<sup>nd</sup> Quarter Budget:** Mr. Lopez, indicated that the Balance Sheet for December 2017 is included in the package and if there are any questions Ms. Jackson in present and available. Mrs. Holguin made the motion to adopt Resolution #FY2018-11 2<sup>nd</sup> Quarter Budget, 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, February 21, 2018 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 any trainings or certificates to turn in.
- B. Audit discussion – Audit is due to be submitted to Office of the State Auditor by December 15th, 2017:** Ms. Jackson indicated that the Audit has been submitted and is waiting for approval.
- C. Colonia's Day 1/23/17**
- XI. Adjourn:** Mrs. Holguin made the motion to adjourn the meeting at 10:50 a.m., Mr. Magallanez seconded the motion. The motion passed with all in favor.

# LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

## Meeting Notice & Agenda—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, January 17, 2018 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 LRGPWVA Office—call 575-233-5742 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, move IX. F, G & H to follow V)
- IV. Motion to approve the minutes of the December 13, 2017 Regular Board Meeting.
- V. Guest Presentations: Tiffany Goolsby, SCCOG – Report results from CDBG Public Hearings
- VI. Public Input—15 minutes are allotted for this item, 3 minutes per person
- VII. Managers' Reports
  - A. General Manager
  - B. Projects
  - C. Operations
  - D. Finance
- VIII. Unfinished Business
  - A. Appointment of Director for District 2 – this item may be postponed
- IX. New Business
  - A. Motion to approve Resolution #FY2018-09 Approving Fund Increase and Extension Amendment for the Drinking Water Loan NO. DW-3394.
  - B. Letter from High Valley MDWCA: Motion to authorize staff to research merger with High Valley MDWCA
  - C. Motion to approve Disposition Committee Recommendation for equipment and vehicle
  - D. Provide the board with the cost and plans available for Employee Disability Insurance
  - E. Motion to approve amendment to the Schedule of Rate & Fees
  - F. Motion to select a project for CDBG Planning Grant Application
  - G. Motion to adopt Resolution #FY2018-10 Authorization to Apply for CDBG Planning Grant Application
  - H. Motion to adopt Resolution #FY2018-12 Adoption of Required CDBG Annual Certifications & Commitments
  - I. Motion to approve Requests for Capital Outlay
  - J. Motion to Adopt Resolution #FY2018-11 Approving 2<sup>nd</sup> Quarter Budget
- X. Other discussion and agenda items for next meeting at 9:30 a.m. Wednesday, February 21, 2018 at the La Mesa Office
  - A. Have any Board Members participated in training? If so, please give us a copy of your certificate
  - B. Audit discussion – Audit is due to be submitted to Office of the State Auditor by December 15th, 2017
  - C. Colonias Day 1/23/17
- XI. Adjourn

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

Si 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 13, 2017 at our Vado Office, 325 Holguin Rd, Vado, NM

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

- I. **Call to Order, Roll Call to Establish Quorum:** Chair Mike McMullin called the meeting to order at 9:30 am and called roll. Mr. Raymundo Sanchez representing District #1 was absent, District #2 is vacant, Mr. Joe Evaro representing District #3 was absent, Mrs. Esperanza Holguin representing District #4 was present, Mr. Henry Magallanez representing District #5 was present, Mr. Michael McMullen representing District #6 was present, Mr. Furman Smith representing District #7 was present. Staff members present were General Manager Martin Lopez, Project Manager Karen Nichols, Finance Manager Kathi Jackson and Project Specialist Patricia Charles. Guests present were members from High Valley Water Users Association, Larz Oberle, Henry Torres and Stanley Hill.
- II. **Pledge of Allegiance:** Mr. McMullen led the pledge of Allegiance.
- III. **Motion to approve the Agenda:** Mr. Smith made the motion to approve the agenda with item VIIIA postponed. Mrs. Holguin seconded the motion. The motion passed with all in favor.
- IV. **Motion to approve the minutes of the November 15, 2017 Regular Board Meeting.** Mr. Magallanez made the motion to approve the November 15, 2017 minutes and Mr. Smith seconded the motion. The motion passed with all in favor.
- V. **Guest Presentations:** Mr. Oberle from High Valley Water Users Association introduced himself and stated that they were looking for the possibility of merging with LRGPWWA. Mr. Lopez said that he and Ms. Nichols had met with this group to outline the procedure for considering the merger. Mr. Lopez informed the board that they are located East of Vado, said their board had to meet and prepare a letter requesting consideration for the merger. The letter was not ready to present to the board for this meeting.
- VI. **Public Input:** None
- VII. **Managers' Reports:**
  - A. **General Manager:** Mr. Lopez provided a written report and stood for questions. Mr. Lopez informed the board that the process for filing liens has started, employee evaluations are underway and customer service forms are being updated. We acquired one of the two pending properties for Mesquite-Brazito Sewer Project. Will start to update the Operations and Maintenance Plan at the beginning of the new year, we will also start the update of the Asset Management Plan, Patty has received some crash course trainings so she can help Kathi with this process. Also at the beginning of the new year we will commence the combine and commingle process of water rights between LRG03338 and LRG05810. Mr. Smith asked if we still get penalized for commingling. Mr. Lopez told him that it is not necessarily a penalty, but we end up with off sets and recover from the return flow credit plan. Because we discharge to the river it is possible to claim water rights back as return flow credits.
  - B. **Projects:** Ms. Nichols provided a written report and stood for questions. Ms. Nichols said that we have one remaining track of land to acquire for the Mesquite-Brazito Sewer Project. It will be a condemnation we are waiting on a court date, once that happens then we can proceed with the closing, we are also waiting on the permits from the County. The application to the Water Trust Board for the South Valley Water Supply & Treatment Project was not put on the list for legislative authorization because of the funding cap. Funding would not be enough to complete the project. The Central Office Building is not on the NMFA Board of Directors agenda. The funding is from EPA so there are many questions regarding LRGPWWA's existing buildings and what will be done with them. Ms. Nichols and Ms. Jackson both have been in communication with them regarding the existing buildings. We are pending awarding the contract tomorrow for Valle Del Rio Project. We are on the agenda at NMFA for some additional funding and Project application. Veterans Road Project is almost finished just waiting on paperwork from the Engineering Firm to finish up the project. Contract negotiations are on the way with Vencor Engineering for the Planning documents for East Mesa Water System Improvements Project. At this point we do not have an approved contract and would like for the board to approve entering into contract with Vencor

Engineering once Ms. Nichols and Mr. Lopez are satisfied and contingent upon approval from NMED. Then we can have Mr. McMullen sign and not have to wait for the next Board Meeting. Ms. Charles and Ms. Nichols attending several trainings this month. Mr. Smith asked if the negotiations were dead with Moon Gate, Mr. Lopez said that there had been some talk but nothing has been done yet.

- C. **Operations:** Mr. Mike Lopez provided a written report but was not able to attend the meeting. Mr. Martin Lopez indicated that Mr. Mike Lopez was not available because he was having problems with wells at the Mountain View System. Mr. Martin Lopez stood for questions. Mr. Martin Lopez indicated that there were 47 new water connections from January 2016 to November 2017. Mrs. Holguin had requested this information at the last meeting. He indicated that the increase in new connections is about 10%.
- D. **Finance:** Ms. Jackson did not provide a written report, but will provide one next week and will be available on the website for board review. Because, the Board Meeting is a week early it was not possible to prepare an updated and current Finance Report. Ms. Jackson stood for questions and said there was going to be an Audit Exit Conference after this meeting, but it was moved to Thursday or Friday this week.

## VIII. Unfinished Business

- A. **Appointment of Director for District 2** – this item was postponed

## IX. New Business

- A. **Set Public Meeting date for USDA RD application:** Ms. Nichols informed the board that a CDBG Public Hearing was held on December 6, 2017. She said that in order to apply for funding for the South Valley Water Supply & Treatment Project, USDA RD requires a Public Meeting. This meeting will be held on January 9, 2018 at 6:15 p.m.
- B. **Motion to approve purchase of additional trucks:** Mr. Lopez requested approval to purchase 2, 1500 Pickup Trucks, cost is estimated at \$46,000.00 for both. These are in addition to the two that are being purchased from the State. He is putting on hold the purchase authorized by the board of the excavator and the back hoe. If the budget allows at the end of the year we may still purchase those items. We will be selling some equipment to help pay for the two new vehicles. Mr. Magallanez made the motion to approve the purchase of two 1500 pickups. Mrs. Holguin seconded the motion. Motion passed with all in favor.
- C. **Discussion of employee benefits and potential for making disability insurance available:** Mr. Lopez indicated that Mr. McMullen had inquired about the possibility of providing disability insurance to LRGPWWA staff. We have one employee that is still out after a medical condition. He has used all his vacation and sick leave and is now using donated vacation and sick leave. Mr. Lopez would like to provide the Board with a list of options that might be available. Mrs. Holguin said that in her experience, disability insurance is very inexpensive and would really be a good thing. She suggested checking with the State and/or becoming members of the Municipal League and be added to their insurance pool. Mr. Lopez said all we were asking at the moment is for authorization to do the research on cost and plans available and then report the findings to the Board. Mrs. Holguin made the motion to authorize Management to do the research on the cost and plans available and report back to the board. Mr. Smith seconded the motion. Motion passed with all in favor.
- D. **Motion to approve \_\_\_% merit pay increases based on employee evaluations:** The board members had a discussion regarding the existing policy and distinction between Management and staff and how to allocate merit increases. Mrs. Holguin motioned to approve up to 5% merit pay increase on employee evaluations. Mr. Magallanez seconded the motion. Motion passed with all in favor.
- E. **Motion to approve entering into engineering agreement with Vencor Engineering for East Mesa Planning Documents Project:** Ms. Nichols said, negotiations are underway on entering into contract with Vencor Engineering for the Planning Documents Project. At this point we do not have an approved contract, so Ms. Nichols would like the motion to approve entering into agreement with Vencor Engineering, once Mr. Lopez and Ms. Nichols are satisfied with the contract and contingent upon approval from NMED. This way we would not need to wait for the next board meeting to get approval. Mrs. Holguin made the motion to approve entering into



contract once Staff is satisfied with final contract and contingent upon approval from NMED. Mr. Smith seconded the motion. Motion passed with 2 in favor and one against.

**X. Other discussion and agenda items for next meeting at 9:30 a.m. Wednesday, January 17, 2018 at the La Mesa Office**

- A. Have any Board Members participated in training? If so, please give us a copy of your certificate:** Ms. Nichols asked the board members if anybody had attended any training. Mr. Magallanez attended a training on December 6, 2017 and is awaiting the certificate.
- B. Audit discussion – Audit is due to be submitted to Office of the State Auditor by December 15th, 2017, exit interview is scheduled to follow this meeting**
- C.** Recommendation to the Disposition Committee regarding old equipment.
- D.** Provide the Board with the Cost and Plans available for Employee Disability Insurance.
- E.** Approval of additional funds for East Mesa Planning Documents once the final contract is ready.
- F.** Approval of additional funds for the Veterans Project, the cap for additional funds was at \$10,000. Due to recent problems with the lines, additional funds might be needed.

**XI. Adjourn:** Mrs. Holguin made the motion to adjourn the regular meeting of the LRGPWWA Board of Directors. Mr. Smith seconded the motion. The motion passed with all in favor. Mr. McMullen declared the meeting adjourned at 10:50 a.m.

**Minutes approved January 17, 2018**

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Michael McMullen, Chairman (District 6)

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Furman Smith, Vice-Chairman (District 7)

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Esperanza Holguin, Secretary (District 4)

ABSENT  
Raymundo Sanchez, Director (District 1)

ABSENT  
Joe Evaro, Director (District 3)

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Henry Magallanez, Director (District 5)

VACANT  
Director (District 2)

**LRGPWWA**  
**Manager's Report**  
**January 17, 2018**

- HIDTA Semi-Annual Certification is pending
- State Land Office annual lease for Organ property is pending
- Worker's Compensation Fee-Annual Safety Inspection on-site visit has been completed; evaluation report to be completed (all facilities)
- 2018 Chevy Tahoe and Silverado have been picked up; other two trucks are pending
- Staff 2017 evaluations are nearly complete (one pending)
- Colonias Day in Santa Fe will be on January 23 (Tuesday)
- I will be researching the requirements/obligations of a possible EBID Franchise Agreement

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY  
PROJECTS REPORT – 1/17/18**

**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, Colonias Grants of \$6,356,474 & \$119,407 – Order of Immediate Possession was issued by the court for one of the two remaining lift station tracts. Attorney is resolving the final tract. Once that is done, we will be able to close on funding and put the project out to bid.

**LRG-17-01 – Mesquite-Brazito Sewer Project 2** – Bohannon Huston, Inc. – Planning Stage – USDA-RD Application \$15,030,780 – PER has been complete and submitted to USDA-RD along with all application documents. RD has it under review.

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

**LRG-11-05 – South Valley Water Supply & Treatment Project WTB #252**– Bohannon Huston - Design stage - \$750,000 WTB – 10% Loan 10% Match: Held a public meeting on 1/9/18 regarding the application for USDA-RD funds. Engineering is finalizing the PER addendum for submission to RD with the application.

**LRG-17-01 – Water Master Plan – WTB #252 – Bohannon Huston:** CDBG Public Hearing was held 1/9/18. Recommend applying for \$100k planning grant for this project and applying for NM Capital Outlay for the line extension project recommended at the meeting.

**LRG-17-02 – Central Office Building:** Kathi and I have provided additional information about the need for the building and projected cost savings to NMFA. Their internal committee meeting is 1/11/18, and the NMFA Board meets on 1/25/18.

**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:** Additional funding was approved by NMFA board and Resolution is on today's agenda. Contract has been awarded to Morrow Construction, and preconstruction meeting and Notice to Proceed are being scheduled. I submitted a Project Interest Form for the Phase II project application and NMED has completed its Capacity Assessment, found us to be compliant with state & federal regs, and recommended that we update our Operation & Maintenance Plan, put in a construction application to NMED-DWB, and join NM WARN. Will begin work on the application with NMFA soon.

**LRG-14-01 – Waterline Extension Project (incl. Veterans Road) – Design/Build - \$882,430 CITF incl. 10% Loan – Parkhill, Smith & Cooper - Monthly Project Update:** Substantial Completion meeting and walk-thru was held 1/10/18. Funding expiration date is 2/6/18. Engineer is working on an amendment to the engineering agreement and a final Change Order to incorporate some additional work to spend the remaining funds.

**LRG-17-03 – Planning Documents for East Mesa Water System Improvements Project – NMFA 3803-PG & 3804-PG – Engineer Selection** – Contracts with Vencor for PER & EID are under review at NMED-CPB.

**Other projects:**

**Infrastructure Capital Improvements Plan 2020-2024:** Next ICIP deadline will be mid-June. Should start the process in March.

**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. Bin has not been sent out for shredding in the past month, but is nearly full.

**Website and Email** – Notices and Board Minutes pages are current. Other updates are ongoing. Board Training information on the Directors Only page is up to date.

**Training** – Nothing in the past month

**Lower Rio Grande Water Users Organization** – nothing new to report

**EBID Surface Water Plant:** - We have provided documentation for their resubmission of NMED permit application. Some issues have arisen with the final construction of this plant.

**As Needed Engineering Services:** Currently we have 1 active Task Orders: 1. Bohannon Huston, Inc. for development of construction cost estimates for replacing the pipeline in the Hwy. 70 crossing in Organ was issued 4/24/17. Vencor is developing a Task Order for the next phase of GIS work to pick up some missed items in La Mesa, add the Veterans Road project and Vado.

**Water Audit:** Data spreadsheet has been set up for calendar 2017. Data entry is in process. Will be starting to coordinate the 2017 audit later this month.

**NM Legislature:** Patty and I will attend Colonias day on 1/23/18. My report on pending legislation is available at the board's website and is being updated regularly. Pre-file period ends 1/12/18, session begins 1/15/18. Recommend applying for Capital Outlay for Stern Drive line extension and fire-hydrants.

# Lower Rio Grande PWWA

## Operators Report

January 17, 2018

### System Problems and Repairs.

- Backflow inspections are Current. (Mesquite District)
- For the month of November, we were issued 470 work and service orders.
- For the month of December, we were issued 373 work and service orders.
- For the month of December, we installed 8 new water services.
- For the month of December, we had 8 service line leaks.
- We had one main line water breaks at Alto De Los Flores.
- We have had a few mainline water breaks between the East Mesa and the South valley.

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

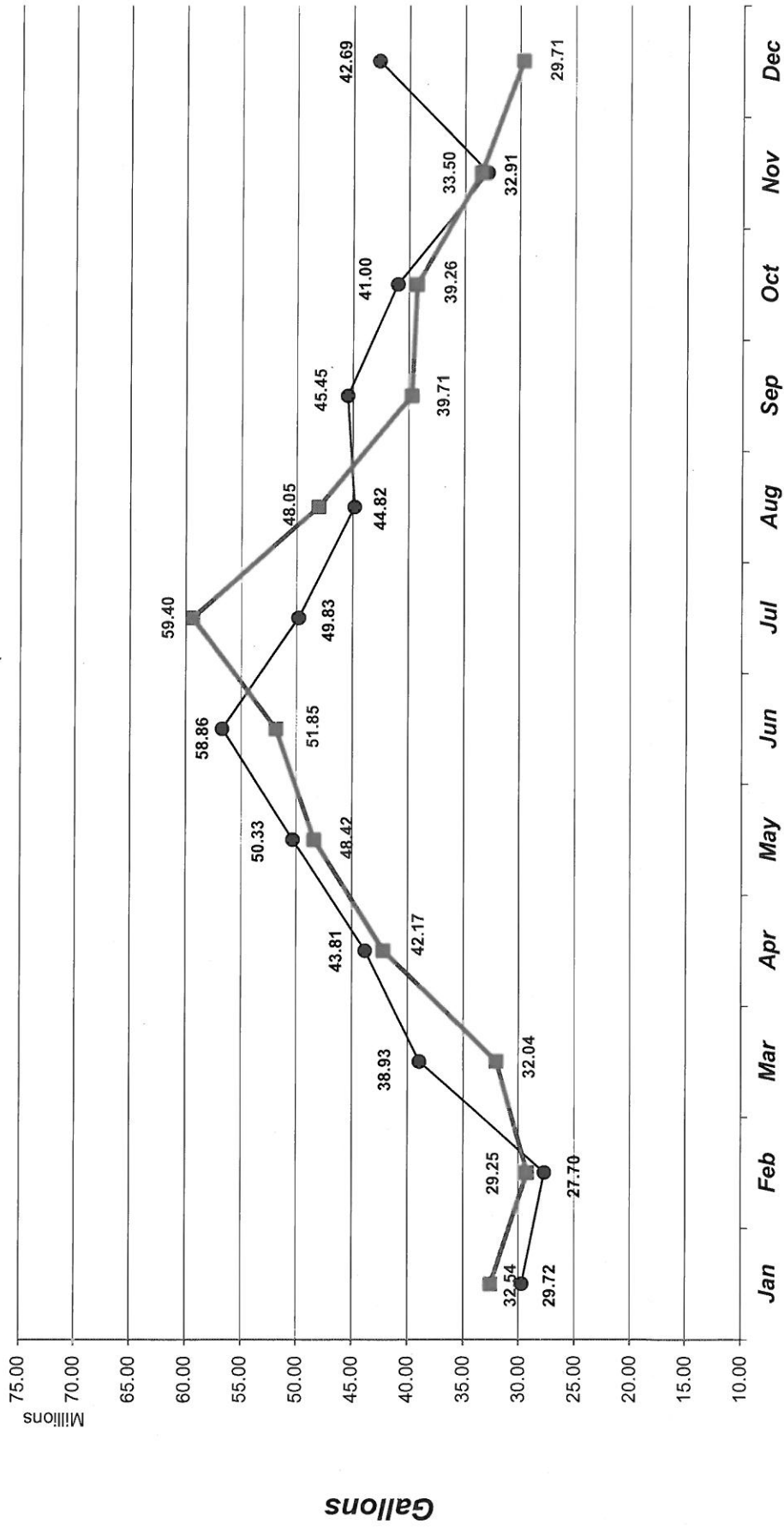
**Mesquite district Wetlands:** Almost Complete, We are waiting for El Paso Electric to remove power lines.

**Mesquite and Organ Sewer Reports.** The Organ Wastewater and the Mesquite wastewater reports are due in February 2018.

**Chlorine:** No problems.

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

# Lower Rio Grande PWWA Water Production Report



2017 Production    
  2016 Production





## LRGPWWA

### Financial Activity for the Quarter Ending 12/31/17

- Revenue has exceeded the expected amount and expenses have been less than the budgeted amount.
- \$60K has been transferred to Reserves from Operating
- \$60K has been transferred to Debt Service from Operating
- The Credit Card CD is being released as collateral for our company credit card. The funds will be moved to the Reserve account on January 10, 2018 instead of renewing the CD.
- Debt retired in August 2017 \$46,518, we will be paying off Lower Rio 5 in January \$58,000
- New Debt pending \$357,000 for Brazito Sewer Project and \$3.5 Million for Central Office Building

Cash Summary at 12/31/17	
Operating	\$ 271,972.18
Reserves	\$ 470,446.40
Debt Service	\$ 302,879.32
Credit Card CD	\$ 11,538.64
Deposits In Transit	\$ 11,303.15
Outstanding Checks	\$ (240,315.88)
<b>Total Cash</b>	<b>\$ 827,823.81</b>

Budget Update				
GL# 001-60-65330	Original Budget	Revised Budget	Purchased	Pending
Truck for Operations	\$ 30,000.00	\$ 30,000.00	\$ 36,284.00	
SUV for GM	\$ 30,000.00	\$ 30,000.00	\$ 38,359.00	
Well 8 Back up Pump & Motor	\$ 40,000.00	\$ 40,000.00	\$ 14,994.59	
New Backhoe	\$ 75,000.00	\$ -		
New Mini Excavator	\$ 50,000.00	\$ -		
Dump Truck	\$ 50,000.00	\$ -		
Backhoe Repairs	\$ -	\$ 20,000.00	\$ 12,459.72	
Trailer to haul backhoes	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00
2 Trucks for Operations	\$ -	\$ 50,000.00	\$ 48,496.00	
Hwy 70 Bore	\$ -	\$ 70,000.00	\$ 15,280.62	
Gas Chlorine for Wells	\$ 72,000.00	\$ 72,000.00		\$ 72,000.00
<b>Subtotal:</b>	<b>\$ 347,000.00</b>	<b>\$ 322,000.00</b>	<b>\$ 165,873.93</b>	<b>\$ 82,000.00</b>
<b>Original Budget</b>	\$ 347,000.00			
Less: Purchases	\$ 165,873.93			
<b>Subtotal:</b>	<b>\$ 181,126.07</b>			
Pending Expenditures	\$ 82,000.00			
<b>Available Budget</b>	<b>\$ 99,126.07</b>			



# LOWER RIO GRANDE

## Public Water Works Authority

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

### Income Statement

For Fiscal: FYE2018 Period Ending: 11/30/17

	Current Budget	MTD Activity	YTD Activity	Budget Remaining
<b>Revenue</b>				
40000 - Operating Revenue	\$ 2,961,000	\$ 257,138	\$ 1,398,338	\$ 1,562,662
40002 - Installation Fees	\$ 25,000	\$ 6,902	\$ 26,402	\$ (1,402)
40003 - Activation & Connection Fees-Water	\$ 3,600	\$ 400	\$ 1,750	\$ 1,850
40004 - Meter Relocation	\$ 1,500	\$ -	\$ -	\$ 1,500
40005 - Backflow Testing	\$ 3,500	\$ 375	\$ 4,033	\$ (533)
40006 - Tampering Fee/Line Breaks	\$ 1,500	\$ 1,066	\$ 2,386	\$ (886)
40007 - Delinquency Fee	\$ 20,000	\$ 9,150	\$ 40,950	\$ (20,950)
40008 - Penalties-Water	\$ 50,000	\$ 12,169	\$ 49,181	\$ 819
40009 - Membership Fees	\$ 3,000	\$ 347	\$ 3,697	\$ (697)
40010 - Impact Fees	\$ 50,000	\$ 4,115	\$ 28,066	\$ 21,934
40011 - Returned Check Fees	\$ 1,500	\$ 35	\$ 385	\$ 1,115
40012 - Credit Card Fees	\$ 6,000	\$ 936	\$ 4,698	\$ 1,302
40013 - Miscellaneous Revenue	\$ 500	\$ 30	\$ 235	\$ 265
40015 - Penalties-Sewer	\$ 7,000	\$ 635	\$ 2,778	\$ 4,222
40016 - Meter Test Fee	\$ 500	\$ -	\$ -	\$ 500
40017 - Hydrant Meter Rental Fee	\$ 2,000	\$ -	\$ 1,000	\$ 1,000
40019 - DAC Trash Coupons	\$ 900	\$ 48	\$ 318	\$ 582
40020 - Miscellaneous Revenue-Sewer	\$ 1,500	\$ -	\$ 1,329	\$ 171
45000 - Tower Rent	\$ 15,000	\$ 250	\$ 1,250	\$ 13,750
45001 - Billing Adjustments-Water	\$ -	\$ (3,935)	\$ (20,555)	\$ 20,555
45005 - Fiscal Agent Fees	\$ 35,000	\$ 3,852	\$ 23,439	\$ 11,561
45010 - Interest	\$ 600	\$ 44	\$ 197	\$ 403
45015 - Copy/Fax	\$ 400	\$ 11	\$ 164	\$ 236
45020 - Other Income	\$ 10,000	\$ 561	\$ 609	\$ 9,391
45025 - Contract Services	\$ 50,000	\$ 3,113	\$ 18,406	\$ 31,594
45030 - Transfers In	\$ 400,000	\$ -	\$ -	\$ 400,000
<b>Total Revenue</b>	<b>\$ 3,650,000</b>	<b>\$ 297,243</b>	<b>\$ 1,589,057</b>	<b>\$ 2,060,943</b>

Expense	Current	MTD Activity	YTD Activity	Budget
60005 - Accounting Fees	\$ 5,000	\$ -	\$ 9,367	\$ (4,367)
60010 - Audit	\$ 13,500	\$ -	\$ 8,410	\$ 5,090
60016 - Adjustments	\$ -	\$ (950)	\$ (4,588)	\$ 4,588
60020 - Bank Service Charges	\$ 15,000	\$ 1,020	\$ 5,747	\$ 9,253
60025 - Cash Short/Over	\$ 300	\$ 8	\$ (15)	\$ 315
60030 - Dues and Subscriptions	\$ 5,000	\$ -	\$ 197	\$ 4,803
60035 - Engineering Fees	\$ 80,000	\$ -	\$ -	\$ 80,000
60045 - Late Fees	\$ 1,000	\$ -	\$ -	\$ 1,000
60050 - Legal Fees	\$ 10,000	\$ 492	\$ 2,788	\$ 7,212
60055 - Legal Notices	\$ 6,000	\$ -	\$ 147	\$ 5,853
60060 - Licenses & Fees	\$ 8,000	\$ 637	\$ 2,162	\$ 5,838
60065 - Meals	\$ 2,500	\$ 241	\$ 645	\$ 1,855
60070 - Organizational Cost	\$ 20,000	\$ -	\$ -	\$ 20,000
60075 - Permit Fees	\$ 6,500	\$ -	\$ -	\$ 6,500
60080 - Postage	\$ 45,000	\$ 2,373	\$ 12,674	\$ 32,326
60090 - Professional Fees-Other	\$ 10,000	\$ -	\$ -	\$ 10,000
60100 - Project Development	\$ 200,000	\$ -	\$ -	\$ 200,000
60120 - Retirement Account Fees	\$ 2,500	\$ 419	\$ 844	\$ 1,656
60125 - Easements & Leases	\$ 5,000	\$ -	\$ -	\$ 5,000
60130 - Training	\$ 10,000	\$ 350	\$ 3,450	\$ 6,550
60150 - Travel:Lodging Per Diem	\$ 5,000	\$ 1,690	\$ 2,429	\$ 2,571
60155 - Travel:Meals Per Diem	\$ 5,000	\$ 230	\$ 500	\$ 4,500
60160 - Travel:Mileage/Parking Per Diem	\$ -	\$ 211	\$ 484	\$ (484)
60175 - Fixed Asset Disposal Fees	\$ 1,500	\$ -	\$ -	\$ 1,500
60600 - Debit Service	\$ 146,360	\$ 7,074	\$ 91,993	\$ 54,367
60650 - Interest paid to NMFA	\$ 37,091	\$ 3,820	\$ 11,515	\$ 25,576

<b>Expense (Continued)</b>	<b>Current</b>	<b>MTD Activity</b>	<b>YTD Activity</b>	<b>Budget</b>
60675 - Interest paid to USDA	\$ 130,508	\$ 10,629	\$ 53,147	\$ 77,361
63000 - Regular Pay	\$ 825,000	\$ 66,129	\$ 361,163	\$ 463,837
63001 - Overtime	\$ 21,000	\$ 1,400	\$ 10,914	\$ 10,086
63006 - Holiday Pay	\$ 55,000	\$ 4,002	\$ 15,330	\$ 39,670
63007 - Sick Pay	\$ 60,000	\$ 3,616	\$ 19,646	\$ 40,354
63008 - Annual Leave Pay	\$ 80,000	\$ 5,468	\$ 26,516	\$ 53,484
63010 - 401K 10% Company Contribution	\$ 99,000	\$ -	\$ -	\$ 99,000
63030 - Accrued Leave	\$ 75,000	\$ -	\$ -	\$ 75,000
63060 - Contract Labor	\$ 10,000	\$ -	\$ -	\$ 10,000
63070 - Employee Benefits-401K Contrib	\$ 40,000	\$ 2,368	\$ 12,868	\$ 27,132
63090 - HISC-Blue Medicare Rx.	\$ 500	\$ 45	\$ 225	\$ 276
63100 - Insurance-Dental	\$ 15,000	\$ 1,017	\$ 4,805	\$ 10,195
63110 - Insurance-Health	\$ 170,000	\$ 20,168	\$ 97,350	\$ 72,650
63115 - Salaries: Insurance - Work Comp	\$ 20,000	\$ 2,098	\$ 8,701	\$ 11,299
63130 - Mileage	\$ 1,500	\$ 18	\$ 106	\$ 1,394
63135 - Drug Testing	\$ 1,500	\$ -	\$ 90	\$ 1,410
63160 - Payroll Taxes-Medicare	\$ 18,000	\$ 1,169	\$ 6,287	\$ 11,713
63170 - Payroll Taxes-Social Security	\$ 71,000	\$ 4,998	\$ 26,881	\$ 44,119
63195 - Taxes, Liability, Insurance: Cobra Fee	\$ 1,000	\$ -	\$ -	\$ 1,000
63200 - Vision Insurance	\$ 5,000	\$ 264	\$ 1,473	\$ 3,527
64100 - Sewer:DAC Waste Water Flow Charge	\$ 50,000	\$ 2,245	\$ 14,911	\$ 35,089
64200 - Sewer:Electricity-Sewer	\$ 9,000	\$ 690	\$ 4,785	\$ 4,215
64300 - Sewer:Lab & Chemicals-Sewer	\$ 10,000	\$ 318	\$ 1,626	\$ 8,374
65010 - Automobile Repairs & Maint.	\$ 36,000	\$ 4,632	\$ 29,179	\$ 6,821
65230 - Computer Maintenance	\$ 65,000	\$ 2,495	\$ 33,975	\$ 31,025
65240 - Equipment Rental	\$ 2,500	\$ 322	\$ 730	\$ 1,770
65250 - Fuel	\$ 65,000	\$ 4,358	\$ 22,000	\$ 43,000
65260 - Kitchen & Cleaning Supplies	\$ 5,000	\$ -	\$ -	\$ 5,000
65270 - Lab Chemicals-Water	\$ 15,000	\$ 15	\$ 355	\$ 14,645
65280 - Lab Chemicals-Water:Chemicals	\$ 40,000	\$ 1,687	\$ 14,575	\$ 25,425
65300 - Locates	\$ 7,000	\$ -	\$ 776	\$ 6,224
65310 - Maint. & Repairs-Infrastructure	\$ 199,741	\$ 11,634	\$ 36,630	\$ 163,111
65320 - Maint. & Repairs-Office	\$ 10,000	\$ 186	\$ 5,928	\$ 4,072
65330 - Maintenance & Repairs-Other	\$ 169,000	\$ 676	\$ 12,129	\$ 156,871
65340 - Materials & Supplies	\$ 50,000	\$ 5,457	\$ 33,502	\$ 16,498
65345 - Non Inventory-Consumables	\$ 111,000	\$ 3,187	\$ 21,041	\$ 89,959
65350 - Office Supplies	\$ 15,000	\$ 549	\$ 4,236	\$ 10,764
65360 - Printing and Copying	\$ 20,000	\$ 1,419	\$ 5,780	\$ 14,220
65370 - Tool Furniture	\$ 5,000	\$ 1,659	\$ 8,955	\$ (3,955)
65390 - Uniforms-Employee	\$ 15,000	\$ 2,818	\$ 5,613	\$ 9,387
65490 - Cell Phone	\$ 20,000	\$ 1,461	\$ 7,665	\$ 12,335
65500 - Electricity-Lighting	\$ 10,000	\$ 547	\$ 2,691	\$ 7,309
65510 - Electricity-Offices	\$ 17,000	\$ 981	\$ 7,255	\$ 9,745
65520 - Electricity-Wells	\$ 225,000	\$ 14,526	\$ 93,739	\$ 131,261
65530 - Garbage Service	\$ 2,500	\$ 161	\$ 1,043	\$ 1,457
65540 - Natural Gas	\$ 3,000	\$ 99	\$ 587	\$ 2,413
65550 - Security/Alarm	\$ 10,000	\$ 122	\$ 2,675	\$ 7,325
65560 - Telephone	\$ 20,000	\$ 2,069	\$ 11,394	\$ 8,606
65570 - Wastewater	\$ 1,500	\$ 176	\$ 794	\$ 706
66100 - Government Penalties & Interest	\$ 2,500	\$ -	\$ -	\$ 2,500
66200 - Insurance-General Liability	\$ 80,000	\$ 3,266	\$ 36,159	\$ 43,841
66700 - Water Conservation Fee	\$ 20,000	\$ 1,230	\$ 7,135	\$ 12,865
<b>Total Expenses</b>	<b>\$ 3,650,000</b>	<b>\$ 209,986</b>	<b>\$ 1,222,112</b>	<b>\$ 2,427,888</b>
<b>Total Revenue:</b>	<b>\$ 3,650,000</b>	<b>\$ 297,243</b>	<b>\$ 1,589,057</b>	<b>\$ 2,060,943</b>
<b>Total Expenses:</b>	<b>\$ 3,650,000</b>	<b>\$ 209,986</b>	<b>\$ 1,222,112</b>	<b>\$ 2,427,888</b>
<b>Total Surplus (Deficit):</b>	<b>\$ -</b>	<b>\$ 87,257</b>	<b>\$ 366,945</b>	<b>\$ (366,945)</b>

Prepared by: Kathi Jackson, Finance Manager

Approved by: Martin Lopez, General Manager



www.LRGauthority.org

# LOWER RIO GRANDE

## Public Water Works Authority

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

### Balance Sheet As of 12/31/2017

		Prior Year FY2017	Current Year FY2018
<b>Assets</b>			
10003	Brazito Sewer Extension Phase I	\$ 643,316	\$ 1,101,700
10004	Brazito Water Project	\$ 726,696	\$ -
10008	Surface Water Treatment/Berino Water Supply	\$ 578,161	\$ 591,164
10010	Valle Del Rio Water System Eval	\$ 843,852	\$ 111,788
10011	Water Line Extensions-Veterans	\$ 332,867	\$ 941,177
10012	In House Project:Sewer System Upgrades	\$ 7,031	\$ -
10013	In House Project:Telephone System	\$ 34,784	\$ 34,784
10014	In House Project:Well Rehabs	\$ 136,051	\$ -
10015	SCADA Project	\$ 29,185	\$ 304,086
10016	Berino Water Supply Project	\$ 96,721	\$ 99,832
10017	In House Project-Hwy 70 Bore Repair	\$ 1,200	\$ 6,616
10018	Emergency Repairs Wells & Boosters	\$ -	\$ 37,089
10019	Info-Tech Equipment	\$ -	\$ 34,513
10020	Organ WasteWater Discharge Permit	\$ -	\$ 3,770
10021	Tank Inspection/Maintenance/Rehab	\$ -	\$ 31,058
10022	Engineering Design Standards/GIS Mapping	\$ -	\$ 79,670
10023	Water Master Plan	\$ -	\$ 126,022
10024	Brazito Sewer Extension Phase 2	\$ -	\$ 15,726
10026	East Mesa Water Project	\$ -	\$ 43
45450	Reimbursable Expenses Paid	\$ 2,300	\$ -
<b>Total Construction In Progress:</b>		<b>\$ 3,432,162</b>	<b>\$ 3,519,036</b>
10101	Operating Account	\$ 273,083	\$ 39,750
10520	RESERVE ACCOUNT	\$ 701,555	\$ 470,674
10920	DEBT SERVICE PAYOFF ACCOUNT	\$ 319,259	\$ 302,879
11403	BRAZITO SEWER PROJECT BANK ACCOUNT	\$ (76,860)	\$ 795
20030	Sewer Project Connection Fees	\$ -	\$ (58,078)
11500	INVENTORY	\$ 55,949	\$ 90,731
11701	ORGAN WATER & SEWER ACCOUNT	\$ 74	\$ 74
11900	Petty Cash	\$ 60	\$ 395
12000	A/R General	\$ 113,199	\$ 126,284
12002	A/R- O&M CONTRACTS	\$ 150	\$ 43
12003	A/R Fiscal Agent Fees	\$ 1,592	\$ 8,872
12501	Credit Card Charge Backs	\$ 831	\$ 653
13055	Returned Checks	\$ 737	\$ 737
13060	CREDIT CARD SECURITY CD	\$ 11,504	\$ 11,539
13065	LowerRio2-Loan Reserve Acct	\$ 44,303	\$ 44,303
13120	Pre Paid Tank Site Lease	\$ 13,633	\$ 15,381
40101	Credit Card Transactions In Transit	\$ -	\$ 173
<b>Current Assets:</b>		<b>\$ 1,459,068</b>	<b>\$ 1,055,205</b>
15000	FA:Accumulated Depreciation	\$ (14,957,173)	\$ (14,730,645)
15001	FA:Land	\$ 759,161	\$ 736,876
15025	FA:Land Improvements	\$ 33,633	\$ 360,153
15050	FA:Building	\$ 1,249,409	\$ 1,667,518
15051	FA:Building:La Mesa Office Building	\$ 644,739	\$ 612,850
15150	FA:Furniture & Equipment	\$ 400,831	\$ 81,079
15200	FA:Computers/IT/Software	\$ 194,456	\$ 194,456
15250	FA:Machinery and Equipment	\$ 171,024	\$ 230,701
15300	FA:Vehicles	\$ 1,068,940	\$ 1,016,147
15350	FA:Water System	\$ 21,801,311	\$ 19,914,160
15351	FA:Water System:BMDC Water Project	\$ 10,618,130	\$ 10,618,130
15352	FA:Water System:Brazito Water Project	\$ -	\$ 740,676

15400	FA:Water System:Brazito-Mesquite Interconnect	\$	452,734	\$	452,734
15450	FA:Water System:Castillo Road Interconnect	\$	10,607,904	\$	9,506,291
15500	FA:Water System:Alto de Las Flores Interconnect	\$	71,963	\$	71,963
15550	FA:Water System:La Mesa Well Project	\$	2,584,231	\$	2,021,028
15600	FA:Water System:Radio Read Meters	\$	601,504	\$	601,504
15650	FA:Water System: Organ Water Improvement	\$	3,091,611	\$	3,091,611
15900	FA:Water System: Engineering-LRGPWWA PER	\$	112,563	\$	112,563
19900	FA:Intangible Assets & Water Rights	\$	17,352,151	\$	17,353,252
	<b>Total Fixed Assets:</b>	\$	<b>56,859,123</b>	\$	<b>54,653,046</b>
	<b>Total Assets:</b>	\$	<b>61,750,352</b>	\$	<b>59,227,288</b>
	<b>Liabilities</b>				
11905	DAC Trash Coupons	\$	(463)	\$	(511)
20005	Accounts Payable-Finance	\$	511	\$	511
20025	Accrued Leave Liability	\$	46,302	\$	73,654
20040	Customer Deposits:Renter Deposits	\$	42,792	\$	49,792
20045	Sewer Project ConnectionFees	\$	1,143	\$	-
20050	Gross Receipts Tax	\$	8,866	\$	9,822
20100	A/P Pending	\$	(4,555)	\$	(418)
20500	Unclaimed Funds	\$	844	\$	2,045
	<b>Total Current Liabilities</b>	\$	<b>95,439</b>	\$	<b>134,894</b>
20211	Payroll	\$	(21,605)	\$	(0)
21010	Plan F Reimbursement	\$	(1,183)	\$	(3,553)
22002	Blue Cross Dental	\$	2,941	\$	2,941
22003	Blue Cross Health Payable	\$	4,572	\$	4,572
22004	Disability Insurance (AFLAC)	\$	(95)	\$	(95)
22010	Garnishments	\$	102	\$	102
22012	Plan F BCBS NM	\$	(1,684)	\$	(1,964)
22015	Retirement:401K Loan Payment	\$	1,092	\$	(550)
22016	401K Employee Contribution & Co. Match	\$	625	\$	625
22019	State:Income Tax Withholding	\$	1,871	\$	1,871
22020	VSP Vision Insurance	\$	238	\$	125
	<b>Total Payroll Liabilities</b>	\$	<b>(13,127)</b>	\$	<b>4,073</b>
	<b>Long Term Liabilities</b>				
25001	NMFA-LowerRio 02 (Refinance)	\$	684,364	\$	664,366
25002	NMFA-LowerRio 03 BerinoDelCerro	\$	351,468	\$	329,910
25003	NMFA-LowerRio 04-Radio Read Mtr	\$	130,401	\$	123,045
25004	NMFA-LowerRio 05 Surface Water	\$	61,712	\$	57,855
25005	NMFA-LowerRio 06 GravityCollect	\$	141,969	\$	133,617
25007	NMFA-LowerRio10 Veterans Road	\$	96,391	\$	91,036
25008	NMFA-LowerRio11 Brazito Sewer	\$	50,368	\$	47,569
25009	NMFA CIF (Brazito Main Lines)	\$	49,426	\$	-
25010	NMFA-LowerRio13 Valle del Rio	\$	299,427	\$	299,427
	<b>Total NMFA Liabilities</b>	\$	<b>1,865,526</b>	\$	<b>1,746,825</b>
25013	USDA 91-30 Brazito Water	\$	198,769	\$	195,479
25014	USDA 91-31 Brazito Water	\$	159,739	\$	157,124
25015	USDA 91-28 (Butterfield Park)	\$	197,390	\$	193,036
25016	USDA 91-02 * (Berino/Mesquite/Del Cero)	\$	2,186,687	\$	2,160,061
25017	USDA 91-04 (LaMesa Water Proj)	\$	439,386	\$	432,246
25018	USDA 97-25 (Trucks)	\$	183,693	\$	92,406
25019	USDA Loans:USDA 92-19 (Mesquite Sewer)	\$	556,618	\$	545,973
25020	USDA 93-27 (Organ Water)	\$	94,517	\$	92,993
	<b>Total USDA Liabilities</b>	\$	<b>4,016,800</b>	\$	<b>3,869,317</b>
	<b>Total Liabilities</b>	\$	<b>5,964,637</b>	\$	<b>5,755,108</b>
	<b>Equity</b>				
30000	Contributed Equity	\$	<b>55,785,715</b>	\$	<b>53,472,180</b>
	<b>Total Liabilities &amp; Equity</b>	\$	<b>61,750,352</b>	\$	<b>59,227,288</b>

LRGPWWA Letterhead

**RESOLUTION NO. XX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (PWWA), NEW MEXICO, AUTHORIZING THE SUBMISSION OF A NEW MEXICO COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM APPLICATION TO THE DEPARTMENT OF FINANCE AND ADMINISTRATION/LOCAL GOVERNMENT DIVISION; AND AUTHORIZING THE BOARD PRESIDENT TO ACT AS THE LOWER RIO GRANDE PWWA'S CHIEF EXECUTIVE OFFICER AND AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE LOWER RIO GRANDE PWWA'S PARTICIPATION IN THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.**

**WHEREAS,** the need exists within the service area of the Lower Rio Grande PWWA for neighborhood improvement projects in several low and moderate income neighborhoods, and the Lower Rio Grande PWWA desires to apply to the Housing and Urban Development's Community Development Block Grant Program to obtain funding for neighborhood improvement projects; and

**WHEREAS,** the Board of Directors has held 2 public hearings for public input and comment during the 2018 application process; and

**WHEREAS,** the Board of Directors finds that there is a significant need to undertake \_\_\_\_\_  
to provide adequate services to the community; and

**WHEREAS,** The Board of Directors determines that the \_\_\_\_\_ meets the requirements of the Community Development Block Grant Program.

**NOW, THEREFORE BE IT RESOLVED BY THE GOVERNING BODY OF THE LOWER RIO GRANDE PWWA, NEW MEXICO, that**

1. The Lower Rio Grande PWWA is hereby authorized to prepare and submit a Community Development Block Grant application to the New Mexico Department of Finance and Administration/Local Government Division for

\_\_\_\_\_;

2. That the Board of Directors directs and designates the Board President as the Lower Rio Grande PWWA's Chief Executive Officer and Authorized Representative to act in all matters in connection with this application and the Lower Rio Grande PWWA's participation in the New Mexico Community Development Block Grant Program.

3. The Lower Rio Grande PWWA officials and staff are directed to do any and all acts necessary to carry out the intent of this Resolution.
4. That the application be for \$\_\_\_\_\_ of grant funds to carry out \_\_\_\_\_;
5. That it further be stated that the Lower Rio Grande PWWA is committing \$\_\_\_\_\_ as matching and leveraged funds toward the activities of \_\_\_\_\_.

**PASSED, ADOPTED, AND APPROVED** this 17<sup>th</sup> day of January, 2018.

Signature Lines

RECORD OF PROCEEDINGS RELATING TO THE ADOPTION OF  
RESOLUTION NO. FY2018-09 OF THE BOARD OF DIRECTORS  
OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,  
DONA ANA COUNTY, NEW MEXICO  
JANUARY 17, 2018

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 ~~325 Holguin Road, Vado~~ 521 St. Valentine, La Mesa, New Mexico, being the meeting place of the Governing Body for the meeting held on the 17th day of January, 2018, 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. FY2018-09

AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LOAN AND SUBSIDY AGREEMENT (“AMENDED 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 AMENDING THE LOAN AGREEMENT DATED FEBRUARY 26, 2016 (“ORIGINAL LOAN AGREEMENT”) TO ADD LOAN PROCEEDS IN THE PRINCIPAL AMOUNT OF \$151,500, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF \$450,927, TOGETHER WITH INTEREST, COSTS OF ISSUANCE AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A LOAN SUBSIDY OF NO MORE THAN \$898,281, FOR THE PURPOSE OF FINANCING THE COSTS OF PURCHASING THE VALLE DEL RIO WATER SYSTEM, MAKING UPGRADES AND IMPROVEMENTS TO THE WATER SYSTEM, AND COMPLETING THE CONSTRUCTION PHASE OF THE PROJECT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE PRINCIPAL OF, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE AMENDED LOAN AGREEMENT SOLELY FROM THE NET REVENUES OF THE WATER SYSTEM OF THE GOVERNMENTAL UNIT; SETTING AN INTEREST RATE FOR THE LOAN; EXTENDING THE CONSTRUCTION PERIOD FOR THE EXPENDITURE OF FUNDS; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE AMENDED LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; EVIDENCING A MODIFICATION OF THE ORIGINAL LOAN AGREEMENT AND NOT A NOVATION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE AMENDED 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 Governmental Unit executed a Drinking Water State Revolving Loan Fund Loan and Subsidy Agreement dated February 26, 2016, with the Finance Authority in the aggregate principal amount of \$1,197,708 (the “Original Loan Agreement”) for the purpose of

financing the costs of the purchase of the Valle Del Rio water system and upgrades and improvements to the water system for the Governmental Unit (the “Original Project”); and

WHEREAS, escalating construction material costs and the need for a new tank to meet current code have caused bids for the Original Project to come in over budget; and

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Governmental Unit and the public it serves that the Original Loan Agreement be amended by the Amended Loan Agreement to provide additional proceeds in the amount of \$151,500 raising the Maximum Repayable Principal Amount of the Original Loan Agreement from \$299,427 to \$450,927, to provide funding for the completion of the construction phase of the Original Project (the “Amendment Project” and together with the Original Project, the “Project”) and to extend the two (2) year time period for the construction phase of expenditure of proceeds of the Original Loan Agreement to three (3) years; and

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

WHEREAS, other than as described in Exhibit “A” to the Amended Loan Agreement, 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 Amended Loan Agreement; and

WHEREAS, the Governing Body hereby determines that the Project to be financed by the Amended 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 Amended Loan Agreement, (ii) the use of the proceeds of the Amended Loan Agreement to finance the Project, and (iii) the authorization, execution and delivery of the Amended 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 Amended Loan Agreement Principal Amount then outstanding as a part of each Loan Agreement Payment for the costs of originating and servicing the Loan, as shown in the Final Loan Agreement Payment Schedule.

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

“Aggregate Forgiven Disbursements” means the amount of Subsidy provided in the form of principal forgiveness, and shall at any time after the Closing Date be equal to the product of the Subsidy times the Aggregate Disbursements, up to the Maximum Forgiven Principal.

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

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

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

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

“Closing Date” means the date of execution, delivery and funding of the Amended 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 Amended 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, § 73-26-1, as amended; and enactments of the Governing Body relating to this Resolution including the Amended Loan Agreement.

“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.

“Expenses” means the Finance Authority’s costs of issuance of the Amended Loan Agreement and the Bonds, if any, and periodic and regular fees and expenses incurred by the Finance Authority in administering the Amended Loan Agreement, including legal fees.

“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 Amended Loan Agreement.

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

“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 Amended 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 Amended Loan Agreement, up to the Maximum Principal Amount.

“Loan Agreement” means the loan and subsidy agreement and any amendments or supplements thereto, including the exhibits attached to the Amended 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 Amended Loan Agreement, as shown on Exhibit “B” thereto.

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

“Maximum Forgiven Principal” means the maximum amount of loan subsidy available in the form of principal forgiveness, which is equal to seventy-five percent (75%) of the Maximum Principal Amount of the Original Loan Agreement. The Maximum Forgiven Principal is \$898,281.

“Maximum Repayable Principal” means the maximum amount of Aggregate Repayable Disbursements repayable by the Governmental Unit pursuant to the Amended Loan Agreement, and is equal to the Maximum Principal Amount less the Maximum Forgiven Principal. The Maximum Repayable Principal is \$450,927.

“Maximum Principal Amount” means \$1,349,208.

“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.

“Original Loan Agreement” means the loan agreement dated February 26, 2016 between the Finance Authority and the Governmental Unit which provided for the financing of the Original Project.

“Parity Obligations” means any obligations of the Governmental Unit under the Amended 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 Amended 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 Amended Loan Agreement Payments pursuant to this Resolution and described in Exhibit “A” to the Amended Loan Agreement.

“Project” means the Original Project and the Amendment Project as described in the Term Sheet.

“Resolution” means this Resolution No. FY2018-09 adopted by the Governing Body of the Governmental Unit on January 17, 2018, approving the Amended Loan Agreement and pledging the Pledged Revenues to the payment of the Amended 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 Amended 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 Amended 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.

“Subsidy” means any subsidy in the form of principal forgiveness for the Governmental Unit on the \$1,197,708 aggregate principal amount to the Original Loan Agreement, to be applied proportionally at the time of each Disbursement to the Governmental Unit, being seventy-five percent (75%) of such Disbursement up to the \$1,197,708 aggregate principal amount to the Original Loan Agreement.

“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 Amended Loan Agreement.

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

Section 2. Ratification. All other 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 Amended Loan Agreement shall be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of the Project and the Amended Loan Agreement. The acquisition and completion of the Project and the method of financing the Project through execution and delivery of the Amended 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 Amended 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 Amended 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 Amended Loan Agreement.

D. The Project and the execution and delivery of the Amended 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 in Exhibit "A" to the Amended Loan Agreement, the Governmental Unit does not have any outstanding obligations payable from Pledged Revenues which it has incurred or will incur prior to the initial execution and delivery of the Amended Loan Agreement.

G. The net effective interest rate on the Maximum Repayable Amount does not exceed the current market rate, which is the maximum rate permitted by federal law.

Section 5. Amended Loan Agreement - Authorization and Detail.

A. Authorization. This Resolution has been adopted by the affirmative vote of at least a majority of all the members of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the public 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 Amended Loan Agreement evidencing a special limited obligation of the Governmental Unit to pay a principal amount of \$450,927 and interest thereon, and to accept a loan subsidy in the amount of \$898,281 and the execution and delivery of the Amended Loan Agreement is hereby authorized. The Governmental Unit shall use the proceeds of the Loan and Subsidy (i) to finance the acquisition and completion of the Project and (ii) to pay the Administrative Fee and Expenses of the Amended Loan Agreement and the costs of issuance of the Bonds, if any. The Project will be owned by the Governmental Unit.

B. Detail. The Amended Loan Agreement shall be in substantially the form of the Amended 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 \$1,349,208. The Amended 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 rates designated in the Amended Loan Agreement, including Exhibit "A" thereto, which rates include the Administrative Fee.

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

Section 7. Special Limited Obligation. The Amended Loan Agreement shall be secured by the pledge of the Pledged Revenues as set forth in the Amended Loan Agreement and shall be payable solely from the Pledged Revenues. The Amended 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 Amended Loan Agreement shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended Loan Agreement.

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

Until the acquisition and completion of the Project or the date of the Final Requisition, the money disbursed pursuant to the Amended 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 Amended 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 Amended 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, Expenses and other amounts due under the Amended Loan Agreement, as provided in Section 5.2 of the Amended 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 Amended 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 Amended 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 Amended 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 Amended Loan Agreement, subject to the uses thereof permitted by and the priorities set forth in this Resolution. The Amended 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 Amended 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 Amended 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 Amended Loan Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the Amended 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 Amended 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 ordinance 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. Not a Novation of Original Loan Agreement. The Governing Body and the Governmental Unit expressly intend that the Amended Loan Agreement evidences a modification only of the Original Loan Agreement and is not a novation.

Section 14. Resolution Irrepealable. After the Closing Date, this Resolution shall be and remain irrepealable until all obligations due under the Amended Loan Agreement shall be fully paid, canceled and discharged, as herein provided.

Section 15. 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 16. 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 17. 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 18 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 18. 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. FY2018-09, 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 17, 2018. 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. FY2018-09

AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LOAN AND SUBSIDY AGREEMENT ("AMENDED 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 AMENDING THE LOAN AGREEMENT DATED FEBRUARY 26, 2016 ("ORIGINAL LOAN AGREEMENT") TO ADD LOAN PROCEEDS IN THE PRINCIPAL AMOUNT OF \$151,500, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF \$450,927, TOGETHER WITH INTEREST, COSTS OF ISSUANCE AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A LOAN SUBSIDY OF NO MORE THAN \$898,281, FOR THE PURPOSE OF FINANCING THE COSTS OF PURCHASING THE VALLE DEL RIO WATER SYSTEM, MAKING UPGRADES AND IMPROVEMENTS TO THE WATER SYSTEM, AND COMPLETING THE CONSTRUCTION PHASE OF THE PROJECT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE PRINCIPAL OF, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE AMENDED LOAN AGREEMENT SOLELY FROM THE NET REVENUES OF THE WATER SYSTEM OF THE GOVERNMENTAL UNIT; SETTING AN INTEREST RATE FOR THE LOAN; EXTENDING THE CONSTRUCTION PERIOD FOR THE EXPENDITURE OF FUNDS; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE AMENDED LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; EVIDENCING A MODIFICATION OF THE ORIGINAL LOAN AGREEMENT AND NOT A NOVATION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN

CONNECTION WITH THE EXECUTION AND DELIVERY OF THE  
AMENDED 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 19. 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 Amended Loan Agreement and this Resolution.

PASSED, APPROVED AND ADOPTED THIS 17TH DAY OF JANUARY, 2018.

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

By \_\_\_\_\_  
~~Roberto Nieto~~ Mike McMullen, Chairman

[SEAL]

ATTEST:

By \_\_\_\_\_  
~~Alma Boothe~~ 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 \_\_\_\_\_  
~~Roberto Nieto~~ Mike McMullen, Chairman

[SEAL]

ATTEST:

By \_\_\_\_\_  
~~Alma Boothe~~ Esperanza Holguin, Secretary

*[Remainder of page intentionally left blank.]*



EXHIBIT "A"

Notice of Meeting, Agenda

\$1,349,208

AMENDED AND RESTATED  
DRINKING WATER STATE REVOLVING LOAN FUND  
LOAN AND SUBSIDY AGREEMENT

dated

February 23, 2018

Amending the Drinking Water State Revolving Loan Fund  
Loan and Subsidy Agreement dated February 26, 2016  
In the Maximum Principal Amount of \$1,197,708

by and between the

NEW MEXICO FINANCE AUTHORITY

and the

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

AMENDED AND RESTATED DRINKING WATER STATE REVOLVING LOAN FUND  
LOAN AND SUBSIDY AGREEMENT

This AMENDED AND RESTATED LOAN AND SUBSIDY AGREEMENT (the “Amended Loan Agreement”), dated as of February 23, 2018 Amending the Drinking Water State Revolving Loan Fund Loan and Subsidy Agreement dated February 26, 2016 in the Maximum Principal Amount of \$1,197,708 (the “Original Loan Agreement”), 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 Amended 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 Amended 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, a portion of the Loan funds made available under this Amended Loan Agreement pursuant to the DWSRLF Act and the Safe Drinking Water Act may be forgiven and, if forgiven, will not be required to be repaid; and

WHEREAS, the Governing Body had determined that the Project would be financed with amounts borrowed under the Original Loan Agreement in the maximum principal amount of \$1,197,708 for the purpose of financing the costs of the purchase of the Valle Del Rio water system and upgrades and improvements to the water system for the Governmental Unit (the “Original Project”); and

WHEREAS, escalating construction material costs and the need for a new tank to meet current code have caused bids for the Original Project to come in over budget; and

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Governmental Unit and the public it serves that the Original Loan Agreement be amended by this Amended Loan Agreement to provide additional proceeds in the amount of \$151,500 raising the Maximum Repayable Principal Amount of the Original Loan Agreement from \$299,427 to \$450,927, to provide funding for the completion of the construction phase of the Original Project (the “Amendment Project” and together with the Original Project,

the “Project”) and to extend the two (2) year time period for the construction phase of expenditure of proceeds of the Loan Agreement to three (3) years; 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 Amended Loan Agreement with the Finance Authority and accept a loan and subsidy 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 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, 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, for the Lower Rio Grande Public Water Works Authority Water System Improvement Project Located in Dona Ana County, New Mexico, issued by the Finance Authority on November 16, 2015, 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 at the time of the Original Loan Agreement that the Governmental Unit was a severely disadvantaged community under the Intended Use Plan in that its median annual household income was \$27,373, which was less than 90% of the State median annual household income of \$42,097, 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; and

WHEREAS, the execution, performance and delivery of this Amended Loan Agreement have been authorized, approved and directed by all necessary and appropriate action of the Governing Body pursuant to the Resolution; and

WHEREAS, the execution and performance of this Amended Loan Agreement have been authorized, approved and directed by all necessary and appropriate action of the Finance Authority.

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 Amended 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 Amended 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 Forgiven Disbursements” means the amount of Subsidy provided in the form of principal forgiveness, and shall at any time after the Closing Date be equal to the product of the Subsidy times the Aggregate Disbursements, up to the Maximum Forgiven Principal.

“Aggregate Program Amount” means, with respect to this Amended Loan Agreement, the sum of \$1,335,849 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 less the Aggregate Forgiven Disbursements.

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

“Approved Requisition” means a requisition in the form of Exhibit “C” to this Amended 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 Amended 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 Amended Loan Agreement and the Loan Agreement Payments.

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

“Closing Date of Original Loan Agreement” means February 26, 2016.

“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 Amended 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, including the Expense Fund Component 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 Amended 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 Amended Loan Agreement.

“Expense Fund” means the expense fund hereby created to be held and administered by the Finance Authority to pay Expenses.

“Expense Fund Component” means an amount equal to one percent (1%) of each disbursement for the Project, minus any amount forgiven under this Amended Loan Agreement, simultaneously withdrawn and deposited in the Expense Fund to pay Expenses.

“Expenses” means the Finance Authority’s costs of issuance of this Amended Loan Agreement and the Bonds, if any, and periodic and regular fees and expenses incurred by the Finance Authority in administering this Amended Loan Agreement, including legal fees.

“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(c) of this Amended Loan Agreement.

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

“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 Amended 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 Amended Loan Agreement as shown on the Term Sheet.

“Interim Period” means the period set forth in the Original Loan Agreement of no greater than twenty seven (27) months, extended twelve months to thirty-nine (39) months in this Amended Loan Agreement, or a longer period as may be approved by the Finance Authority as provided in Section 4.1(c) of the Agreement, beginning on the Closing Date of the Original Loan Agreement, 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(c) of this Amended Loan Agreement.

“Interim Loan Agreement Payment Schedule” means the anticipated schedule of Loan Agreement Payments due on this Amended Loan Agreement following the Final Requisition, assuming disbursement of the entire Aggregate Program Amount within thirty-nine (39) months

of the Closing Date of the Original Loan Agreement. 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 Amended Loan Agreement, up to the Maximum Principal Amount.

“Loan Agreement” means this loan and subsidy agreement and any amendments or supplements hereto, including the exhibits attached to this Amended 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 Amended Loan Agreement, as shown on Exhibit “B” hereto.

“Loan Agreement Payment Date” means each date a payment is due on this Amended 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 Amended Loan Agreement as provided under Article III of this Amended Loan Agreement.

“Maximum Forgiven Principal” means the maximum amount of loan subsidy available in the form of principal forgiveness, which is equal to seventy-five percent (75%) of the Maximum Principal Amount of the Original Loan Agreement. The Maximum Forgiven Principal is \$898,281.

“Maximum Repayable Principal” means the maximum amount of Aggregate Repayable Disbursements repayable by the Governmental Unit pursuant to this Amended Loan Agreement, and is equal to the Maximum Principal Amount less the Maximum Forgiven Principal. The Maximum Repayable Principal is \$450,927.

“Maximum Principal Amount” means \$1,349,208.

“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.

“Original Loan Agreement” means the loan and subsidy agreement dated February 26, 2016 in the maximum principal amount of \$1,197,708 between the Finance Authority and the Governmental Unit which provided for the financing of the Original Project.

“Parity Obligations” means any obligations of the Governmental Unit under this Amended 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 Amended 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 Standard & Poor’s Ratings Services; 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 Amended Loan Agreement and described in the Term Sheet.

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

“Project” means the Original Project and the Amendment Project as described on the Term Sheet.

“Resolution” means Resolution No. FY2018-09 adopted by the Governing Body of the Governmental Unit on January 17, 2018, approving this Amended 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 Amended 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 Amended 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.

“Subsidy” means any subsidy in the form of principal forgiveness for the Governmental Unit on the \$1,197,708 aggregate principal amount to the Original Loan Agreement, to be applied proportionally at the time of each Disbursement to the Governmental Unit, being seventy-five percent (75%) of such Disbursement up to the \$1,197,708 aggregate principal amount to the Original Loan Agreement.

“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 this Amended Loan Agreement.

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

“Utility Revenue Bonds” means any bonds and other similar indebtedness payable solely or primarily from the Pledged Revenues, including this Amended 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 Amended 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 Amended Loan Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the Governmental Unit by the provisions of this Amended 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 Amended Loan Agreement and Readiness to Proceed.

The Governmental Unit is a water and sanitation district, a political subdivision of the State, 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 Amended 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 Amended 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 Amended Loan Agreement.

(c) Use of Amended Loan Agreement Proceeds.

The Governmental Unit shall proceed without delay in applying the Aggregate Program Amount, pursuant to Section 6.1 of this Amended 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 three (3) years after the Closing Date of the Original Loan Agreement, have completed the acquisition of the Project, and shall within thirty-nine (39) 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(c) of this Amended 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 Amended 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 Amended 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 Amended Loan Agreement. This Amended 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 Amended Loan Agreement nor the fulfillment of or compliance with the terms and conditions in this Amended 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 Amended 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 Amended Loan Agreement shall be irrevocable until this Amended 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 Amended 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 Amended 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 Amended Loan Agreement or to comply with its obligations under this Amended Loan Agreement. Neither the execution and delivery of this Amended Loan Agreement by the

Governmental Unit nor compliance by the Governmental Unit with the obligations under this Amended Loan Agreement requires the approval of any regulatory body, or any other entity, which approval has not been obtained or which is not reasonably expected to be obtained.

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

(f) Billing Procedure. Bills for water service 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 service shall be discontinued as required by Governmental Unit rules and regulations, 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 Amended 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 Amended 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 and resolutions of the Governmental Unit relating to the System and this Amended 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 Amended 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 Amended 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 Amended 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 Amended Loan Agreement and has duly authorized the execution and delivery of this Amended Loan Agreement.

(b) No Breach or Default Caused by Amended Loan Agreement. Neither the execution and delivery of this Amended Loan Agreement, nor the fulfillment of or compliance with the terms and conditions of this Amended Loan Agreement, nor the consummation of the

transactions contemplated in this Amended 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 Amended Loan Agreement or to comply with its obligations under this Amended Loan Agreement. To the knowledge of the Finance Authority, neither the execution and delivery of this Amended Loan Agreement by the Finance Authority, nor compliance by the Finance Authority with its obligations under this Amended 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 Amended 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 Amended Loan Agreement have been paid in full or provision for payment of this Amended 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 Amended 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 thirty-nine (39) months following the Closing Date of the Original Loan Agreement, 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 Amended 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.

Section 4.3 Expense Fund Deposit. The Finance Authority shall determine the amount of the Expense Fund Component at the time of each payment to the Governmental Unit pursuant to Section 6.2 of this Amended Loan Agreement and deposit such amount to the Expense 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 Amended 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 Amended Loan Agreement, or shall provide as permitted by Article VIII of this Amended Loan Agreement for the payment thereof, and shall pay all other amounts due or to become due under this Amended Loan Agreement in accordance with its terms and provisions then, upon such final payment, this Amended Loan Agreement and the rights created thereby shall terminate; otherwise, this Amended 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 Amended 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 thirty-nine (39) months after the Closing Date of the Original Loan Agreement, identified as the Interim Loan Agreement Payment Schedule, is attached to this Amended 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 Amended Loan Agreement shall constitute a special, limited obligation of the Governmental Unit. No provision of this Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended Loan Agreement.

(b) No default shall exist in connection with any of the covenants or requirements of the Resolution or this Amended 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 Amended 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 Amended Loan Agreement nor to prevent the issuance of bonds or other obligations refunding all or part of this Amended 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 Amended 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 Amended 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 Amended Loan Agreement, such bonds or other obligations, or any part thereof, may be refunded (but the holders of this Amended Loan Agreement or bonds to be refunded may not be compelled to surrender this Amended Loan Agreement or their bonds, unless this Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended Loan Agreement or the bonds or other obligations of this same issue refunded thereby. If only a part of this Amended 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 Amended 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 Amended 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 Amended Loan Agreement.

Section 6.2 Disbursements. So long as no Event of Default shall occur, and after satisfaction of the requirements pursuant to Section 4.1(b) of this Amended Loan Agreement, 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 three (3) years after the Closing Date of the Original Loan Agreement, unless a later date is approved as provided in Section 4.1(c) 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 thirty-nine (39) months from the Closing Date of the Original Loan Agreement, unless an extension is approved pursuant to Section 4.1(c) of this Amended 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 Amended 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, advertisement, 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 Amended 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 Amended 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 Amended Loan Agreement proceeds and interest on the investment of the Amended 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 Amended Loan Agreement:

(a) Failure by the Governmental Unit to pay any amount required to be paid under this Amended 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 Amended 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 Amended Loan Agreement or in any instrument furnished in compliance with or in reference to this Amended 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 Amended 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 Amended 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 Amended 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 (except the Expense Fund Component); 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 Amended 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 Amended 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 Amended Loan Agreement at the date when due as specified in this Amended Loan Agreement, or (ii) any default in the payment when due of the interest on this Amended Loan Agreement, unless prior to such waiver or rescission, all arrears of interest, with interest at the rate borne by this Amended 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 Amended 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 Amended 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 Amended 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 Amended 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(c) of this Amended Loan Agreement. The consent of the Finance Authority for amendments not affecting the terms of payment of the loan component of this Amended Loan Agreement may be given by an Authorized Officer of the Finance Authority. The execution of any such consent by and 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 Amended Loan Agreement.

Section 11.4 Not a Novation of Original Loan Agreement. The Governmental Unit and the Finance Authority expressly intend and agree that this Amended Loan Agreement evidences a modification only of the Original Loan Agreement and is not a novation. This Amended Loan Agreement entirely amends and restates the Original Loan Agreement.

Section 11.5 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Amended 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 Amended Loan Agreement.

Section 11.6 Severability. In the event that any provision of this Amended 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 11.7 Execution in Counterparts. This Amended 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 11.8 Assignment by the Finance Authority. This Amended Loan Agreement (except as to the Administrative Fee and Expense Fund Component) 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 11.9 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 Amended 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 Amended Loan Agreement.

Section 11.10 Applicable Law. This Amended Loan Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.11 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 Amended Loan Agreement.

*[Remainder of page intentionally left blank.]*

*[Signature pages follow.]*

IN WITNESS WHEREOF, the Finance Authority, on behalf of itself has executed this Amended Loan Agreement, which was approved by the Finance Authority's Board of Directors on December 21, 2017, in its corporate name by its duly authorized officers; and the Governmental Unit has caused this Amended 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 \_\_\_\_\_  
Robert P. Coalter, 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 \_\_\_\_\_  
~~Roberto Nieto~~ Mike McMullen, Chairman

[SEAL]

ATTEST:

By \_\_\_\_\_  
~~Alma Boothe~~ Esperanza Holguin, Secretary

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EXHIBIT A

TERM SHEET

LOAN NO. DW-3394  
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: The Project will consist of the purchase of Valle Del Rio water system which includes real property, the water system, water rights and repairs and improvement to the water system, and upgrades and improvements to the water system. The upgrades and improvement consist of replacement of waterlines, meters, pumps and a fire hydrant, rehabilitation of the pressure tank and storage tank and the addition of a backup generator, SCADA system, and a new storage tank. The Project also includes completion of the construction phase.

Pledged Revenues: Net Revenues of the System

Currently Outstanding Parity Obligations for Pledged Revenues: NMFA 2601-PP, Matures in 2041; and NMFA 2710-DW, Matures in 2034

Currently Outstanding Senior Obligations: **[USDA Loan 91-07, Matures in 2045;]** USDA Loan 93-09, Matures in 2052; USDA Loan 93-09, Matures in 2052; USDA Loan 91-02BP, Matures in 2040; USDA Loan 91-02LRG, Matures in 2040; USDA Loan 91-14, Matures in 2049; USDA Loan 91-14, Matures in 2052; USDA Loan 92-13, Matures in 2052; USDA Loan 92-19, Matures in 2052; USDA Loan 91-15, Matures in 2052 **[note 1<sup>st</sup> loan not on current list, and list shows all maturities at 2039]**

Currently Outstanding Subordinate Obligations: NMFA 0252-WTB, Matures in 2032; NMFA 0223-WTB, Matures in 2032; NMFA 2766-CIF, Matures in 2033; **[NMFA 2791-CIF, Matures in 2033; NMFA 3155-CIF, Matures in 2034;]** NMFA 3156-CIF, Matures in 2034; NMFA 3161-CIF, Matures in 2033 **[note bracketed loans not on current list]**

Authorizing Legislation:	Governmental Unit Resolution No. FY2016-09 adopted January 20, 2016 and Governmental Unit Resolution No. FY2018-09 adopted January 17, 2018.	
Closing Date of Original Loan Agreement:	February 26, 2016	
Amendment Closing Date:	February 23, 2018	
Original Loan Amount:	\$1,197,708	
Increased Amount:	\$151,500	
Maximum Forgiven Program Fund Component:	\$886,422	
Maximum Repayable Program Fund Component:	\$449,427, including \$150,000 from Increased Amount	
Aggregate Program Fund Amount:	\$1,335,849	
Maximum Forgiven Expense Fund Component:	\$8,894	
Maximum Repayable Expense Fund Component:	\$4,465, including \$1,500 from Increased Amount	
Maximum Expense Fund Component:	\$ 13,359	
Maximum Principal Amount:	\$1,349,208	
Subsidy Percent:	On Original Loan Amount:	0.25% (which includes the Administrative Fee)
	On Increased Amount:	2.00%

EXHIBIT B

REVISED LOAN AGREEMENT PAYMENT SCHEDULE

[SEE ATTACHED]

EXHIBIT C

FORM OF REQUISITION

RE: \$1,349,208 Loan and Subsidy Agreement by and between the Finance Authority and the Lower Rio Grande Public Water Work Authority (the "Loan Agreement")

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

LOAN NO. DW-3394

AMENDMENT CLOSING DATE: February 3, 2018

You are hereby authorized to disburse to the Lower Rio Grande Public Water Work 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:

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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:	Lower Rio Grande Public Water Works Authority
CONTACT NAME:	Martin Lopez, General Manager
ADDRESS:	325 Holguin Rd., Vado NM 88072
PHONE NUMBER:	575-233-5742 ext. 1004 or 575-571-3628 cell
FAX NUMBER:	575-233-3961
E-MAIL ADDRESS:	<a href="mailto:martin.lopez@lrgauthority.org">martin.lopez@lrgauthority.org</a>

WIRING INFORMATION

BANK NAME:	Citizens Bank of Las Cruces
ACCOUNT NUMBER:	#0120626501
ROUTING NUMBER:	#112201289

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 checked="" type="checkbox"/> N/A
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(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 Work 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 Work Authority understands its obligation to complete the acquisition and installation of the Project and shall complete the acquisition and installation 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: \$1,349,208 Amended and Restated Loan Agreement by and between the Finance Authority and the Lower Rio Grande Public Water Works Authority (the "Amended Loan Agreement")

Loan No. DW-3394

Closing Date: February 23, 2018

TO: NEW MEXICO FINANCE AUTHORITY

I, \_\_\_\_\_, the \_\_\_\_\_ of the  
[Name] [Title or position]

The Lower Rio Grande Public Water Works Authority hereby certifies as follows:

1. The project described in the Amended 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 Amended 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: \_\_\_\_\_

# EXHIBIT 1-P CITIZEN PARTICIPATION PLAN

## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 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.*

## Exhibit 1-R

### **Lower Rio Grande Public Water Works Authority** **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: \_\_\_\_\_

Adoption Instrument: \_\_\_\_\_

Certified By: \_\_\_\_\_  
Mike McMullen, Board Chair

January 17, 2018  
Date

Copy to Local Government Division with attachments

## EXHIBIT 1-T SECTION 3 PLAN

### LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY 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 2018				
PLANNED			ACTUAL	
Job Classification	# of Positions to be Filled	# of Positions to be Filled by Lower Income Residents of the LRGPWWA Service Area	# of Positions Filled	Positions Filled by Lower Income Residents of the LRGPWWA 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 thereunder 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.

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Mike McMullen, Board Chair

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January 17, 2018

Date

WATER CONSUMER  
ASSOCIATION

To: Lower Rio Grande Public Water Works Authority (PWWA)  
ATTN: Board of Directors  
521 St. Valentine  
La Mesa, NM 88044

Dear Members of the Board,

January 05, 2017

As members of the board for High Valley Mutual Domestic Water Consumer's Association (MDWCA), we would like to request your consideration of a merger between Lower Rio Grande PWWA and High Valley MDWCA. Members of High Valley MDWCA have voted to request your consideration in this matter. We feel a merger between the two entities would not only increase Lower Rio Grande's community population, but might also provide an improved possibility of future grant funding, thus providing better sustainable water resources for the communities as a whole.

We would appreciate it if the Board would please add this discussion to your next board meeting agenda. Please feel free to contact us at the numbers provided below should you have any questions. We thank you for your consideration.

Sincerely,  
High Valley MDWCA Board of Directors

Larz Oberle, President (575)233-2426  
Stan Hill, Vice President (575)644-3762  
Henry Torres, Jr., Secretary/Treasurer (575)680-0542

**High Valley Mutual Domestic Water Consumers Association PO Box  
Mesa, NM 88044**





# **LOWER RIO GRANDE**

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## **Public Water Works Authority**

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### **Findings of the LRGPWWA Disposition Committee**

As per NM Statute 13-6-1, we the undersigned find that the listed equipment/vehicles are no longer in usable condition and we wish/plan to sell them by way of negotiated sale.

<b>Vehicle/Equipment</b>	<b>VIN/Serial Number</b>	<b>Mileage/ Hours</b>
1991 Caterpillar Backhoe Model # 416 Series II	5PC14216	7,756
(Year Unknown) Terramite Mini-Backhoe Model# 5TC	59550247	2,695
2000 New Holland Backhoe Model# 575E	031025835	3,560
(Year UnKnown) Ditch Witch Trench Model# P400D	403896	309
1981 Ford (Truck)/1980 Vactor (Jet Rodder)		
-Truck Model# 8000	1FDYR8OU3BJO3177	59,923
-Vactor Model# 810	80-12-1595	2,724

\_\_\_\_\_  
Mike McMullen

\_\_\_\_\_  
Date

\_\_\_\_\_  
Furman Smith

\_\_\_\_\_  
Date

\_\_\_\_\_  
Joe Evaro

\_\_\_\_\_  
Date



# **LOWER RIO GRANDE**

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## **Public Water Works Authority**

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### **Findings of the LRGPWWA Disposition Committee**

As per NM Statute 13-6-1, we the undersigned find that the listed vehicles are no longer in usable condition and we wish/plan to sell them by way of negotiated sale.

<b>Vehicle/Equipment</b>	<b>VIN or Serial Number</b>	<b>Mileage or Hours</b>
2008 Ford RC Pickup	1FTYR10D78PA36269	112,994

\_\_\_\_\_  
Mike McMullen

\_\_\_\_\_  
Date

\_\_\_\_\_  
Furman Smith

\_\_\_\_\_  
Date

\_\_\_\_\_  
Joe Evaro

\_\_\_\_\_  
Date



# LOWER RIO GRANDE

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## Public Water Works Authority

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325 Holguin Road      Vado, New Mexico 88072      (575) 571-3628

### Residential Connection Fees

Membership fee:	\$50.00
Water Connection fee (Residential):	\$500.00
Water Rights Acquisition fee (Residential):	\$1,600.00 (see Water Rights Acquisition Policy)
Sewer Connection fee:	\$2,500.00
Other applicable fees:	(As determined by Board or Designee)

Please note that the above fees are for a simple installation only. Costs for permits, paving, boring, etc. will be estimated and charged in advance. If installation cost exceeds the amount specified above, the Member shall pay the balance due within 30 days of connecting.

### Commercial and Industrial Connection Fees

Commercial and Industrial Connection Fees and Water Rights Acquisition Fees shall be approved by the Board on a case by case basis.

### Penalty & Other Fees

Delinquency fee:	\$50.00	(effective 7/1/17, \$20 prior)
Delinquency deposit:	\$100.00	
Open or Close water service	\$20.00	
(When requested <b>after outside of</b> normal business hours & in addition to Delinquency fee)		
Meter Test Fee- 5/8" to 1"	\$50.00	
(Includes removal & reinstallation, transportation to & from test lab, and lab test fee)		
Meter Test Fee- Larger than 1"	\$75.00 plus 3 <sup>rd</sup> party testing fee	
(3 <sup>rd</sup> party testing fee may vary depending on the size and type of meter. Testing will be performed on-site.)		



**LRGPWWA Letterhead**

**RESOLUTION NO. XX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (PWWA), NEW MEXICO, AUTHORIZING THE SUBMISSION OF A NEW MEXICO COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM APPLICATION TO THE DEPARTMENT OF FINANCE AND ADMINISTRATION/LOCAL GOVERNMENT DIVISION; AND AUTHORIZING THE BOARD PRESIDENT TO ACT AS THE LOWER RIO GRANDE PWWA'S CHIEF EXECUTIVE OFFICER AND AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE LOWER RIO GRANDE PWWA'S PARTICIPATION IN THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.**

**WHEREAS**, the need exists within the service area of the Lower Rio Grande PWWA for neighborhood improvement projects in several low and moderate income neighborhoods, and the Lower Rio Grande PWWA desires to apply to the Housing and Urban Development's Community Development Block Grant Program to obtain funding for neighborhood improvement projects; and

**WHEREAS**, the Board of Directors has held 2 public hearings for public input and comment during the 2018 application process; and

**WHEREAS**, the Board of Directors finds that there is a significant need to undertake \_\_\_\_\_ to provide adequate services to the community; and

**WHEREAS**, The Board of Directors determines that the \_\_\_\_\_ meets the requirements of the Community Development Block Grant Program.

**NOW, THEREFORE BE IT RESOLVED BY THE GOVERNING BODY OF THE LOWER RIO GRANDE PWWA, NEW MEXICO, that**

1. The Lower Rio Grande PWWA is hereby authorized to prepare and submit a Community Development Block Grant application to the New Mexico Department of Finance and Administration/Local Government Division for

\_\_\_\_\_;

2. That the Board of Directors directs and designates the Board President as the Lower Rio Grande PWWA's Chief Executive Officer and Authorized Representative to act in all matters in connection with this application and the Lower Rio Grande PWWA's participation in the New Mexico Community Development Block Grant Program.

3. The Lower Rio Grande PWWA officials and staff are directed to do any and all acts necessary to carry out the intent of this Resolution.
4. That the application be for \$\_\_\_\_\_ of grant funds to carry out \_\_\_\_\_;
5. That it further be stated that the Lower Rio Grande PWWA is committing \$\_\_\_\_\_ as matching and leveraged funds toward the activities of \_\_\_\_\_.

**PASSED, ADOPTED, AND APPROVED** this 17<sup>th</sup> day of January, 2018.

**Signature Lines**



# LOWER RIO GRANDE

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## Public Water Works Authority

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325 Holguin Road

Vado, New Mexico 88072

(575) 233-5742

[www.LRGauthority.org](http://www.LRGauthority.org)

### RESOLUTION NUMBER FY2018-10

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (PWWA), NEW MEXICO, AUTHORIZING THE SUBMISSION OF A NEW MEXICO COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM APPLICATION TO THE DEPARTMENT OF FINANCE AND ADMINISTRATION/LOCAL GOVERNMENT DIVISION; AND AUTHORIZING THE BOARD PRESIDENT TO ACT AS THE LOWER RIO GRANDE PWWA'S CHIEF EXECUTIVE OFFICER AND AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE LOWER RIO GRANDE PWWA'S PARTICIPATION IN THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.**

**WHEREAS,** the need exists within the service areas of the Lower Rio Grande PWWA for neighborhood improvement projects in several low and moderate income neighborhoods, and the Lower Rio Grande PWWA desires to apply to the Housing and Urban Development's Community Development Block Grant Program to obtain funding for neighborhood improvement projects; and

**WHEREAS,** the Board of Directors has held 2 public hearings for public input and comment during the 2018 application process; and

**WHEREAS,** the Board of Directors finds that there is a significant need to undertake a Water Master Plan to provide adequate services to the LRG PWWA communities; and

**WHEREAS,** The Lower Rio Grande PWWA Board of Directors determines that the Water Master Plan meets the requirements of the Community Development Block Grant Program.

**NOW, THEREFORE BE IT RESOLVED BY THE GOVERNING BODY OF THE LOWER RIO GRANDE PWWA, NEW MEXICO, that**

1. The Lower Rio Grande PWWA is hereby authorized to prepare and submit a Community Development Block Grant application to the New Mexico Department of Finance and Administration Local Government Division for a Water Master Plan;
2. That the Board of Directors directs and designates the Board President as the Lower Rio Grande PWWA's Chief Executive Officer and Authorized Representative to act in all matters in connection with this application and the Lower Rio Grande PWWA's participation in the New Mexico Community Development Block Grant Program.
3. The Lower Rio Grande PWWA officials and staff are directed to do any and all acts necessary to carry out the intent of this Resolution.
4. That the application be for \$100,000 of grant funds to carry out a Water Master Plan;
5. That it further be stated that the Lower Rio Grande PWWA is committing \$10,000 as matching and leveraged funds toward the activities of developing a Water Master Plan and South Central Council of Governments grant administration.

**PASSED, ADOPTED, AND APPROVED** this 17<sup>th</sup> day of January, 2018.

Seal:

\_\_\_\_\_  
Mike McMullen, Board Chairman

\_\_\_\_\_  
Esperanza Holguin, Secretary

**RESOLUTION # FY2018-12**

**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:

- |  |  |
|--|--|
| <b>Citizen Participation</b>                                     | 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)                    |
| <b>Fair Housing</b>  | 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  |
| <b>Residential Anti-Displacement &amp; Relocation Assistance</b> | 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   |
| <b>Section 3</b>   | 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 |
| <b>Procurement</b>   | 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 17th day of January, 2018.

**SIGNED:** \_\_\_\_\_  
Mike McMullen, Board Chairman

**ATTEST:** \_\_\_\_\_  
Espy Holguin, Secretary



[www.lrgauthority.org](http://www.lrgauthority.org)

# **LOWER RIO GRANDE**

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## **Public Water Works Authority**

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### **Resolution #FY2018-11**

### **Approving Second Quarter Budget for Fiscal Year 2018**

**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 FY2018 Second Quarter Budget on January 17, 2018.

**Therefore**, be it resolved, the Board of Directors adopts and passes this resolution to approve the FY2018 First Quarter Budget officially approved on January 17, 2018.

PASSED, APPROVED, AND ADOPTED: January 17, 2018.

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Mike McMullen, Chairman

Seal:

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Esperanza Holguin, Secretary



# LOWER RIO GRANDE

## Public Water Works Authority

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

### Income Statement

For Fiscal: FYE 2018 Quarter Ending: 12/31/2017

Revenue	Current Budget	MTD Activity	QTD Activity	YTD Activity	Budget
40000 - Operating Revenue	\$ 2,961,000	\$ 241,540	\$ 768,420	\$ 1,639,877	\$ 1,321,123
40002 - Installation Fees	\$ 25,000	\$ 13,149	\$ 22,888	\$ 39,551	\$ (14,551)
40003 - Activation & Connection Fees-Water	\$ 3,600	\$ 300	\$ 1,100	\$ 2,050	\$ 1,550
40004 - Meter Relocation	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
40005 - Backflow Testing	\$ 3,500	\$ 825	\$ 3,663	\$ 4,858	\$ (1,358)
40006 - Tampering Fee/Line Breaks	\$ 1,500	\$ -	\$ 1,674	\$ 2,386	\$ (886)
40007 - Delinquency Fee	\$ 20,000	\$ 7,900	\$ 24,400	\$ 48,850	\$ (28,850)
40008 - Penalties-Water	\$ 50,000	\$ 9,877	\$ 31,016	\$ 59,058	\$ (9,058)
40009 - Membership Fees	\$ 3,000	\$ 382	\$ 2,479	\$ 4,079	\$ (1,079)
40010 - Impact Fees	\$ 50,000	\$ 7,248	\$ 21,827	\$ 35,314	\$ 14,686
40011 - Returned Check Fees	\$ 1,500	\$ 70	\$ 280	\$ 455	\$ 1,045
40012 - Credit Card Fees	\$ 6,000	\$ 950	\$ 2,844	\$ 5,648	\$ 352
40013 - Miscellaneous Revenue	\$ 500	\$ 25	\$ 105	\$ 260	\$ 240
40015 - Penalties-Sewer	\$ 7,000	\$ 674	\$ 1,926	\$ 3,453	\$ 3,547
40016 - Meter Test Fee	\$ 500	\$ -	\$ -	\$ -	\$ 500
40017 - Hydrant Meter Rental Fee	\$ 2,000	\$ -	\$ 250	\$ 1,000	\$ 1,000
40019 - DAC Trash Coupons	\$ 900	\$ 44	\$ 154	\$ 362	\$ 538
40020 - Miscellaneous Revenue-Sewer	\$ 1,500	\$ 310	\$ 847	\$ 1,639	\$ (139)
45000 - Tower Rent	\$ 15,000	\$ 250	\$ 750	\$ 1,500	\$ 13,500
45001 - Billing Adjustments-Water	\$ -	\$ (3,592)	\$ (11,509)	\$ (24,147)	\$ 24,147
45005 - Fiscal Agent Fees	\$ 35,000	\$ 6,013	\$ 13,792	\$ 29,452	\$ 5,548
45010 - Interest	\$ 600	\$ 47	\$ 134	\$ 244	\$ 356
45015 - Copy/Fax	\$ 400	\$ 18	\$ 40	\$ 183	\$ 218
45020 - Other Income	\$ 10,000	\$ 2,532	\$ 3,141	\$ 3,141	\$ 6,859
45025 - Contract Services	\$ 50,000	\$ 2,983	\$ 9,820	\$ 21,389	\$ 28,611
45030 - Transfers In	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
<b>Total Revenue:</b>	<b>\$ 3,650,000</b>	<b>\$ 291,545</b>	<b>\$ 900,042</b>	<b>\$ 1,880,602</b>	<b>\$ 1,769,398</b>

Expense	Current Budget	MTD Activity	QTD Activity	YTD Activity	Budget
60005 - Accounting Fees	\$ 5,000	\$ -	\$ -	\$ 9,367	\$ (4,367)
60010 - Audit	\$ 13,500	\$ -	\$ 8,410	\$ 8,410	\$ 5,090
60016 - Adjustments	\$ -	\$ (950)	\$ (1,950)	\$ (5,538)	\$ 5,538
60020 - Bank Service Charges	\$ 15,000	\$ 998	\$ 3,048	\$ 6,745	\$ 8,255
60025 - Cash Short/Over	\$ 300	\$ (13)	\$ (15)	\$ (27)	\$ 327
60030 - Dues and Subscriptions	\$ 5,000	\$ 769	\$ 769	\$ 966	\$ 4,034
60035 - Engineering Fees	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
60045 - Late Fees	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
60050 - Legal Fees	\$ 10,000	\$ -	\$ 1,051	\$ 2,788	\$ 7,212
60055 - Legal Notices	\$ 6,000	\$ -	\$ -	\$ 147	\$ 5,853
60060 - Licenses & Fees	\$ 8,000	\$ -	\$ 662	\$ 2,162	\$ 5,838
60065 - Meals	\$ 2,500	\$ 111	\$ 483	\$ 756	\$ 1,744
60070 - Organizational Cost	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
60075 - Permit Fees	\$ 6,500	\$ -	\$ -	\$ -	\$ 6,500
60080 - Postage	\$ 45,000	\$ 2,539	\$ 7,298	\$ 15,212	\$ 29,788
60090 - Professional Fees-Other	\$ 10,000	\$ 800	\$ 800	\$ 800	\$ 9,200
60100 - Project Development	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
60120 - Retirement Account Fees	\$ 2,500	\$ -	\$ 419	\$ 844	\$ 1,656
60125 - Easements & Leases	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
60130 - Training	\$ 10,000	\$ 355	\$ 1,485	\$ 3,805	\$ 6,195
60150 - Travel:Lodging Per Diem	\$ 5,000	\$ 207	\$ 1,897	\$ 2,635	\$ 2,365
60155 - Travel:Meals Per Diem	\$ 5,000	\$ 51	\$ 551	\$ 551	\$ 4,449
60160 - Travel:Mileage/Parking Per Diem	\$ -	\$ -	\$ 484	\$ 484	\$ (484)
60175 - Fixed Asset Disposal Fees	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
60600 - Debit Service	\$ 146,360	\$ 7,074	\$ 21,222	\$ 91,993	\$ 54,367
60650 - Interest paid to NMFA	\$ 37,091	\$ 1,924	\$ 5,773	\$ 13,440	\$ 23,651

Expense (Continued)						Budget
	Current Budget	MTD Activity	QTD Activity	YTD Activity	Remaining	
60675 - Interest paid to USDA	\$ 130,508	\$ 10,629	\$ 31,888	\$ 63,776	\$ 66,732	
63000 - Regular Pay	\$ 825,000	\$ 63,100	\$ 195,783	\$ 424,263	\$ 400,737	
63001 - Overtime	\$ 21,000	\$ 1,234	\$ 4,677	\$ 12,148	\$ 8,852	
63006 - Holiday Pay	\$ 55,000	\$ 7,850	\$ 15,822	\$ 23,180	\$ 31,820	
63007 - Sick Pay	\$ 60,000	\$ 3,556	\$ 10,517	\$ 23,202	\$ 36,798	
63008 - Annual Leave Pay	\$ 80,000	\$ 5,399	\$ 16,061	\$ 31,915	\$ 48,085	
63010 - 401K 10% Company Contribution	\$ 99,000	\$ -	\$ -	\$ -	\$ 99,000	
63030 - Accrued Leave	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000	
63060 - Contract Labor	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000	
63070 - Employee Benefits-401K Contrib	\$ 40,000	\$ 2,532	\$ 7,252	\$ 15,399	\$ 24,601	
63090 - HISC-Blue Medicare Rx.	\$ 500	\$ 60	\$ 150	\$ 285	\$ 215	
63100 - Insurance-Dental	\$ 15,000	\$ 1,032	\$ 3,103	\$ 5,837	\$ 9,163	
63110 - Insurance-Health	\$ 170,000	\$ 23,171	\$ 64,068	\$ 120,521	\$ 49,479	
63115 - Salaries: Insurance - Work Comp	\$ 20,000	\$ -	\$ 4,429	\$ 8,701	\$ 11,299	
63130 - Mileage	\$ 1,500	\$ -	\$ 41	\$ 106	\$ 1,394	
63135 - Drug Testing	\$ 1,500	\$ 60	\$ 60	\$ 150	\$ 1,350	
63160 - Payroll Taxes-Medicare	\$ 18,000	\$ 1,177	\$ 3,522	\$ 7,463	\$ 10,537	
63170 - Payroll Taxes-Social Security	\$ 71,000	\$ 5,031	\$ 15,057	\$ 31,912	\$ 39,088	
63195 - Taxes, Liability, Insurance: Cobra Fee	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	
63200 - Vision Insurance	\$ 5,000	\$ 322	\$ 919	\$ 1,795	\$ 3,205	
64100 - Sewer:DAC Waste Water Flow Charge	\$ 50,000	\$ -	\$ 5,141	\$ 14,911	\$ 35,089	
64200 - Sewer:Electricity-Sewer	\$ 9,000	\$ 712	\$ 2,922	\$ 5,496	\$ 3,504	
64300 - Sewer:Lab & Chemicals-Sewer	\$ 10,000	\$ -	\$ 431	\$ 1,626	\$ 8,374	
65010 - Automobile Repairs & Maint.	\$ 36,000	\$ 5,099	\$ 17,517	\$ 34,278	\$ 1,722	
65230 - Computer Maintenance	\$ 65,000	\$ 2,525	\$ 9,053	\$ 36,500	\$ 28,500	
65240 - Equipment Rental	\$ 2,500	\$ -	\$ 322	\$ 730	\$ 1,770	
65250 - Fuel	\$ 65,000	\$ 5,787	\$ 14,598	\$ 27,787	\$ 37,213	
65260 - Kitchen & Cleaning Supplies	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	
65270 - Lab Chemicals-Water	\$ 15,000	\$ -	\$ 142	\$ 355	\$ 14,645	
65280 - Lab Chemicals-Water:Chemicals	\$ 40,000	\$ 3,139	\$ 6,932	\$ 17,714	\$ 22,286	
65300 - Locates	\$ 7,000	\$ -	\$ -	\$ 776	\$ 6,224	
65310 - Maint. & Repairs-Infrastructure	\$ 199,741	\$ 2,607	\$ 16,995	\$ 39,237	\$ 160,504	
65320 - Maint. & Repairs-Office	\$ 10,000	\$ 301	\$ 1,175	\$ 6,229	\$ 3,771	
65330 - Maintenance & Repairs-Other	\$ 169,000	\$ 47,743	\$ 52,721	\$ 59,872	\$ 109,128	
65340 - Materials & Supplies	\$ 50,000	\$ 11,855	\$ 23,077	\$ 45,357	\$ 4,643	
65345 - Non Inventory-Consumables	\$ 111,000	\$ 1,451	\$ 8,423	\$ 22,491	\$ 88,509	
65350 - Office Supplies	\$ 15,000	\$ 1,089	\$ 2,626	\$ 5,326	\$ 9,674	
65360 - Printing and Copying	\$ 20,000	\$ 1,096	\$ 3,605	\$ 6,877	\$ 13,123	
65370 - Tool Furniture	\$ 5,000	\$ 697	\$ 5,181	\$ 9,652	\$ (4,652)	
65390 - Uniforms-Employee	\$ 15,000	\$ 533	\$ 4,415	\$ 6,147	\$ 8,853	
65490 - Cell Phone	\$ 20,000	\$ 1,592	\$ 4,502	\$ 9,257	\$ 10,743	
65500 - Electricity-Lighting	\$ 10,000	\$ 455	\$ 1,576	\$ 3,146	\$ 6,854	
65510 - Electricity-Offices	\$ 17,000	\$ 988	\$ 3,242	\$ 8,244	\$ 8,757	
65520 - Electricity-Wells	\$ 225,000	\$ 14,718	\$ 47,078	\$ 108,457	\$ 116,543	
65530 - Garbage Service	\$ 2,500	\$ 161	\$ 652	\$ 1,204	\$ 1,296	
65540 - Natural Gas	\$ 3,000	\$ 139	\$ 359	\$ 726	\$ 2,274	
65550 - Security/Alarm	\$ 10,000	\$ 87	\$ 460	\$ 2,761	\$ 7,239	
65560 - Telephone	\$ 20,000	\$ 666	\$ 9,531	\$ 12,060	\$ 7,940	
65570 - Wastewater	\$ 1,500	\$ 176	\$ 529	\$ 970	\$ 530	
66100 - Government Penalties & Interest	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500	
66200 - Insurance-General Liability	\$ 80,000	\$ -	\$ 4,431	\$ 36,159	\$ 43,841	
66700 - Water Conservation Fee	\$ 20,000	\$ 987	\$ 3,581	\$ 8,122	\$ 11,878	
<b>Total Expenses:</b>	<b>\$ 3,650,000</b>	<b>\$ 243,623</b>	<b>\$ 676,948</b>	<b>\$ 1,458,661</b>	<b>\$ 2,191,339</b>	

	Budget				
	Current Budget	MTD Activity	QTD Activity	YTD Activity	Remaining
<b>Total Revenue:</b>	<b>\$ 3,650,000</b>	<b>\$ 291,545</b>	<b>\$ 900,042</b>	<b>\$ 1,880,602</b>	<b>\$ 1,769,398</b>
<b>Total Expenses:</b>	<b>\$ 3,650,000</b>	<b>\$ 243,623</b>	<b>\$ 676,948</b>	<b>\$ 1,458,661</b>	<b>\$ 2,191,339</b>
<b>Total Surplus (Deficit):</b>	<b>\$ -</b>	<b>\$ 47,922</b>	<b>\$ 223,094</b>	<b>\$ 421,941</b>	<b>\$ (421,941)</b>

Prepared by: Kathi Jackson, Finance Manager  
Approved by: Martin Lopez, General Manager