



LOWER RIO GRANDE
Public Water Works Authority

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

www.LRGauthority.org

Sign In Sheet

Page 1 of 2

Date: January 15, 2025

Time: 9:00 a.m.

Places: La Mesa Office

Event: Regular Board Mtg

SIGNATURE	Print Name, Title, Company	Phone Number	Email Address
	Martin Lopez LRG General Manager	575-233-5742 Ext. 1004	martin.lopez@lrgauthority.org
	Karen Nichols LRG Projects Manager	575-233-5742 Ext. 1018	karen.nichols@lrgauthority.org
	Patricia Charles LRG Projects Special.	575-233-5742 Ext. 1021	patty.charles@lrgauthority.org
	Kathi Jackson LRG Finance Manager	575-233-5742 Ext. 1005	kathi.jackson@lrgauthority.org
	John Schroder LRG Accounting Assistant	575-233-5742 Ext. 1006	john.schroder@lrgauthority.org
	Mike Lopez LRG Operations Manager	575-233-5742 Ext. 1011	mike.lopez@lrgauthority.org
	Espy Holguin – District 4 LRG Board Chair	575-644-9543	Espy.holguin@lrgauthority.org
	Glory Juarez – District 6 LRG Board Secretary	575-494-2750	glory.juarez@lrgauthority.org
	James Cadena – District 3 LRG Board Vice Chair	480-206-5930	James.cadena@lrgauthority.org
	Enrique Franco – District 2 LRG Board Director	575-649-1610	Enrique.franco@lrgauthority.org
Absent	Juan Perez – District 5 LRG Board Member	575-520-4010	juan.perez@lrgauthority.org
Via Zoom	Muriel Bowles – District 7 LRG Board Member	816-266-6686	Muriel.bowles@lrgauthority.org
	Legis Aide for Mr. Lara	575-201-3818	Faustino.Perez@nmlegis.gov
	Behannan Huston		

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Draft Minutes — REGULAR BOARD OF DIRECTORS MEETING

9:00 a.m. Wednesday, January 15, 2025 at the LA MESA OFFICE, 521 St. Valentine,
La Mesa, NM and ONLINE VIA ZOOM

Contact us at 575-233-5742 or board@LRGauthority.org for information, assistance, online meeting link, or to subscribe to email board meeting reminders. Email the board address or dial extension 1021 or 1018 and leave a message if requesting phone or log-in information for online meetings. Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWVA Office or at www.LRGauthority.org/noticesavisos.html

- I. **Call to Order, Roll Call to Establish Quorum:** Mrs. Holguin called the meeting to order at 9:06 a.m. District #1 is vacant, **Mr. Franco** representing District #2 was present, **Mr. Cadena** representing District #3 was present, **Mrs. Holguin** representing District #4 was present, **Mr. Perez** representing District #5 was absent, **Mrs. Juarez** representing District #6 was present, **Ms. Bowles** representing District #7 was present via Zoom. Staff members present were General Manager Martin Lopez, Projects Manager Karen Nichols, Projects Specialist Patricia Charles, Finance Manager Kathi Jackson, Accounting Assistant John Schroder and Operations Manager Mike Lopez. Guests present were Faustino Peres with Raymundo Lara (Representative for District 34). Tyler Hopkins from Bohannon Huston via Zoom and Marty Howell from Souder, Miller & Associates via Zoom.
- II. **Pledge of Allegiance:** The pledge of allegiance was led by General Manager Martin Lopez.
- III. **Motion to approve Agenda:** Mrs. Juarez made the motion to approve the agenda with some changes. She would like to move IX. New Business to prior to VI Managers Report. Mr. Cadena seconded the motion, the motion passed with all in favor.
- IV. **Approval of Minutes: Motion to approve the minutes for Regular Board Meeting on December 11, 2024:** Mrs. Juarez made the motion to approve the minutes for the board meeting on December 11, 2024. Mr. Cadena seconded the motion, the motion passed with all in favor.
- V. **Presentations: FY2024 Audit presentation by Watts CPA Public Accounting Firm:** The representative from the Accounting Firm was unable to attend the meeting to give a presentation.
- VI. **Public Input:** Representative Raymundo Lara's assistant – Faustino (Tino) Peres introduced himself and provided contact information. His area will be from Sunland to Stalman area and Tortugas. He will have an office at the La Mesa Community Center.
- VII. **Managers' Reports**
 - A. **General Manager:** Mr. Lopez provided a written report and stood for questions. We have changed the open days for the Rincon Office. Open dates used to be Monday, Wednesday & Friday, but changed it to Tuesday and Thursday 10:00 a.m. to 3:00 pm. We have noticed that more customers are paying online and by phone. Mr. Lopez had an update on the customer that attended December's board meeting. After some research he found that the customer was never charged for sewer for the property next to the Brazito office and for the other property he was only charged the minimums for both sewer and water. A certified letter was sent with all documentation explain the charges. He also asked him to contact him to setup an appointment, but he did not respond. Our offices will be closed Monday, January 20th in observance of MLK Jr. (federal holiday). Our

annual workers comp safety inspection is coming up don't know if it will be virtual or onsite. Mr. Lopez asked if a policy could be created to outline requirements of the NM Gift Act in relation to LRGPWWA personnel (Staff & Board). Mr. Lopez and Ms. Nichols participated in an RCAC sponsored discussion on NM ground water challenges on Monday, January 13th. Mr. Lopez, Ms. Charles and Mr. Mike Lopez will be attending an RCAC (NMED & DAC) sponsored water summit to discuss water issues at the County Complex on Thursday, January 16th.

- B. Operations:** Mr. Mike Lopez provided a written report and stood for questions. We did not have any problems at Talavera. Mavrick Well Drilling will be working on the East Mesa Well #2. Sewer Report for Organ Ponds is coming due soon. We had very few breaks in December. Mrs. Holguin would like to see a report showing the monthly count of new connections. She said this could help in requesting for funding, showing the growth percentage. Staff said they would provide the report at our next board meeting. Mr. Martin Lopez said he is working with 5 subdivisions at present, which will bring considerable growth to LRGPWWA. We pumped 33.04 million gallons in December and same time last year we pumped 35.52 million gallons.
- C. Finance:** Ms. Jackson provided a written report and stood for questions. Revenues for the month of December 2024 were \$419,979.67 and Expenses were \$358,894.63 for December 2024. We will be paying off a Loan in the amount of \$25,000.00. Our renewal for our Employee Insurance was going to be \$500,000.00 for 2025. Ms. Jackson searched for a better plan and found the plan that New Mexico employees are on. The cost for the new plan will be \$250,000.00 per year with a savings of \$250,000.00. Mr. Lopez said due to the lower cost for dependent insurance, we had additional employees sign up their dependents. We received the new Kabota Small Backhoe (purchased with grant money)we will pay for it up front but will be 100% reimbursed from the State.
- D. Projects:** Ms. Nichols provided a written report and stood for questions. We have projects finishing up. The Sewer Project will remain on the list because we are still waiting on the delivery of the Vactor Truck and change order to add SCADA. South Valley Water Supply Project will be coming off the report. Central Office Building is going to take another 6 weeks due to Century Link having to move their 911 fiber optic lines out of the way. She asked the Architect to start the close out procedure for the two buildings in the meantime. Valle Del Rio close out documents are pending. Desert Sands Skid move to VDR – design work is underway , closing documents are on today's agenda. East Mesa Water System Project – there have been ongoing issues with the survey. Pipeline work & tank foundation are underway. Requested an onsite meeting for next month. High Valley Project will be off the list briefly closing documents are in preparation. Then it will be on the list again for the next phase. Stern Drive Waterline Extension Project – having a preconstruction meeting on Friday and Phase III design is underway. Water Asset Management Plan – is all done we are working with BHI on obtaining software and RGIS license. Rincon Water System Improvements & Building Projects – design work is underway. NM 2025 Legislature requests were: East Mesa New Well -\$150,000 from Legislators and 1,500,000 for construction from the Governors Office. Heavy Duty Truck \$90,000.00, Costs for overruns HWY 189 and Brazito Line Extension \$830,000, Rincon Building \$300,000, Valle Del Rio Generator \$251,000 and SCADA \$150,000. Mrs. Holguin requested a list of all these requests, Ms. Nichols will be emailing her a list.

VIII. Unfinished Business: none

IX. New Business:

- A. Motion to adopt Resolution #FY2025-13 Adopting 2nd Quarter Budget:** Mrs. Juarez made the motion to adopt Resolution #FY2025-13 adopting 2nd quarter budget. Mr. Cadena seconded the motion, the motion passed with all in favor. Ms. Jackson said our revenues were 2.7 million for the 2025 2nd quarter. Expenses were 2.4 million for 2025 2nd quarter.
- B. Motion to approve the FY2024 Audit:** Mr. Lopez said we could act on the approval, since the Audit exit meeting was about 1 ½ months ago and the state Auditor has released it and approved it. Mr. Cadena made the motion to approve the FY2024 Audit. Mrs. Juarez seconded the motion, the motion passed with all in favor.
- C. Motion to adopt Resolution #FY2025-10 Authorizing CIF-6428 Loan-Grant Agreement for High Valley Waterline Replacement Project:** Mrs. Juarez made the motion to adopt Resolution FY2025-10 authorizing CIF-6428 Loan Grant Agreement for High Valley Waterline Replacement Project. Mr. Cadena seconded the motion, the motion passed with all in favor. Mr. Lopez said this project is to replace water lines in High Valley. This Project is a total of \$875,000.00, \$700,000.00 Grant and \$175,000.00 Loan. Mr. Lopez said this application was successfully applied for by Ms. Charles.
- D. Motion to adopt Resolution #FY2025-11 Authorizing CIF-6429 Loan-Grant Agreement for Mesquite Lift Station Rehab Project:** Mrs. Juarez made the motion to adopt Resolution #FY2025-11 authorizing CIF-6429 Loan Grant Agreement for Mesquite Lift Station Rehab Project. Mr. Franco seconded the motion, the motion passed with all in favor. This Project is to upgrade the lift stations in the Mesquite area. The total amount is \$444,000.00, of which \$400,000.00 is grant and 44,000.00 is loan. Mrs. Holguin said we are one of the largest water systems and serve most of the colonias. Ms. Nichols updated the loan spreadsheet and said we have a total of 16.4 million in loans and 30 million in grants. She also said that the applications for colonias money is open, but we will not be applying for any money. RD has notified us that they will not approve any further loans for colonias.
- E. Motion to adopt Resolution #FY2025-12 Authorizing WPF-6292 Loan-Grant Agreement for Valle Del Rio Treatment Project:** Mrs. Juarez made the motion to adopt Resolution #FY2025-12 authorizing WPF-6292 Loan Grant Agreement for Valle Del Rio Treatment Project. Mr. Cadena seconded the motion, the motion passed with all in favor. Mr. Lopez said this Project is for a total of \$718,000.00, \$646,200.00 is grant and \$71,800.00 is loan. This project is for Valle Del Rio, we will be relocating the Arsenic treatment facility from Desert Sands to Valle Del Rio to repurpose for Iron & Manganese detection and for arsenic if needed in the future.
- X. Other discussion and agenda items for next meeting at 9:00 a.m. Wednesday, March 19, 2025 at our La Mesa Office and via Zoom.**
- A. Have any Board Members participated in training? If so, please give us a copy of your certificate**
- XI. Motion to Adjourn:** Mr. Cadena made the motion to adjourn the board meeting at 10:17 a.m.

These minutes will be presented to the board for approval on the 19th Day of February, 2025 at a regular meeting of the Board of Directors:

SEAL:

Attest:

Glory Juarez, Secretary

DRAFT

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Meeting Notice & Agenda—REGULAR BOARD OF DIRECTORS MEETING 9:00 a.m. Wednesday, January 15, 2025 at the LA MESA OFFICE, 521 St. Valentine, La Mesa, NM and ONLINE VIA ZOOM

Contact us at 575-233-5742 or board@LRGauthority.org for information, assistance, online meeting link, or to subscribe to email board meeting reminders. Email the board address or dial extension 1021 or 1018 and leave a message if requesting phone or log-in information for online meetings. Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office or at www.LRGauthority.org/noticesavisos.html

- I. Call to Order, Roll Call to Establish Quorum: District #1 is vacant, **Mr. Franco** _____ (District #2), **Mr. Cadena** ____ (District #3), **Mrs. Holguin** _____(District #4), **Mr. Perez** _____ (District # 5), **Mrs. Juarez** ____ (District #6), **Ms. Bowles** (District #7).
- II. Pledge of Allegiance
- III. Motion to approve Agenda
- IV. Approval of Minutes: Motion to approve the minutes for Regular Board Meeting on December 11, 2024
- V. Presentations: FY2024 Audit presentation by Watts CPA Public Accounting Firm
- VI. Public Input: none
- VII. Managers' Reports
 - A. General Manager
 - B. Operations
 - C. Finance
 - D. Projects
- VIII. Unfinished Business- none
- IX. New Business
 - A. Motion to adopt Resolution #FY2025-13 Adopting 2nd Quarter Budget
 - B. Motion to approve the FY2024 Audit
 - C. Motion to adopt Resolution #FY2025-10 Authorizing CIF-6428 Loan-Grant Agreement for High Valley Waterline Replacement Project
 - D. Motion to adopt Resolution #FY2025-11 Authorizing CIF-6429 Loan-Grant Agreement for Mesquite Lift Station Rehab Project
 - E. Motion to adopt Resolution #FY2025-12 Authorizing WPF-6292 Loan-Grant Agreement for Valle Del Rio Treatment Project

X. Other discussion and agenda items for next meeting at 9:00 a.m. Wednesday, February 19, 2025 at our **La Mesa Office** and via Zoom.

A. Have any Board Members participated in training? If so, please give us a copy of your certificate

XI. Motion to Adjourn

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

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

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Minutes —REGULAR BOARD OF DIRECTORS MEETING

9:00 a.m. Wednesday, December 11, 2024 at the LA MESA OFFICE, 521 St. Valentine,
La Mesa, NM and ONLINE VIA ZOOM

Contact us at 575-233-5742 or board@LRGauthority.org for information, assistance, online meeting link, or to subscribe to email board meeting reminders. Email the board address or dial extension 1021 or 1018 and leave a message if requesting phone or log-in information for online meetings. Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWVA Office or at www.LRGauthority.org/noticesavisos.html

- I. **Call to Order, Roll Call to Establish Quorum:** Mrs. Holguin called the meeting to order at 9:07 a.m. District #1 is vacant, **Mr. Franco** representing District #2 was present, **Mr. Cadena** presenting District #3 was present, **Mrs. Holguin** representing District #4 was present, **Mr. Perez** representing District # 5 was present, **Mrs. Juarez** representing District #6 was present via Zoom (left the meeting at 10:00 a.m.), **Ms. Bowles** representing District #7 was present. Staff members present were General Manager Martin Lopez, Projects Manager Karen Nichols, Projects Specialist Patricia Charles, Finance Manager Kathi Jackson, Operations Manager Mike Lopez, Accounting Assistant John Schroder. Guests present were Tylor Hopkins from Bohannon Huston and Pete Martinez customer.
- II. **Pledge of Allegiance:** The pledge of allegiance was led by General Manager Martin Lopez.
- III. **Motion to approve Agenda:** Mr. Franco made the motion to approve the agenda as presented. Mr. Perez seconded the motion, the motion passed with all in favor.
- IV. **Approval of Minutes: Motion to approve the minutes for Regular Board Meeting on November 13, 2024:** Mr. Franco made the motion to approve the minutes for the board meeting on November 13, 2024. Mr. Cadena seconded the motion, the motion passed with all in favor.
- V. **Presentations:** none
- VI. **Public Input:** None scheduled but Mr. Pete Martinez LRG customer attended the meeting with some concerns regarding his water bill. He was concerned that he was getting charged for sewer, but does not have a connection and his water bill is very high. Mrs. Holguin asked Mr. Lopez to look into Mr. Martinez accounts and work directly with him. Mr. Lopez said he would look into the accounts.
- VII. **Managers' Reports**
 - A. **General Manager:** Mr. Lopez provided a written report and stood for questions. He and Ms. Nichols attended a Water Planning meeting on November 15th to help implement some long-term water management solutions for our region. The Audit Conference was held on November 21st our audit was clean and had no findings, it has been submitted to the State but has not been finalized yet. We will be implementing the second half of the FY25 increases on the January bill it will include 5% for water and 20% for sewer. This will get us right where the RCAC recommended. The meeting that SCCOG schedule for December 8th in Socorro was canceled. Our offices will close at noon the 24th and 31st and all day on the 25th and Jan 1st. Mr. Lopez thanked Ms. Jackson for being able to get us one step closer to joining the State's insurance group. We estimate this could cost us

¼ of what we are paying now for Personnel insurance. The Lease has been signed with the Farmer on the Vado Farm, he will pay the same amount as before but only for the water rights. The land will be leased to the Solar Company. We have been invited to attend Anthony Water & Sanitation District ground breaking ceremony on December 13th at 11:00 a.m. for the construction of a Wastewater Treatment Plant Expansion Project. A member of the New Mexico Water/Waste Water Association has passed away in Roswell. Mr. Lopez authorized some staff to attend and be part of the procession of utility vehicles scheduled for him. There might be a complaint on Mr. Lopez over a request for service. Due to the location of the service needed the price went from approximately \$3,100.00 to \$8,900.00.

- B. Finance:** Ms. Jackson provided a written report and stood for questions. Revenues were \$420,644.36 and expenditures were \$498,688.63 which gave us a deficit for November 2024. Our vehicle expenses were very high. We were notified that our IT provider will be increasing their rates by 5%. Our YTD is still in the black by \$262,513.64.
- C. Projects:** Ms. Nichols provided a written report and stood for questions. Several Projects will be finished very soon. The Well Project in Berino is pending PRV start-up and close-out documents. The Sewer Project is substantially complete. Final walk thru was 10-22-24. Delivery of Vactor truck and change order to add SCADA are pending. Central Office building contractor is working on widening Vado drive, but found 2 fiber optic lines that were not known to be there. Finding out whose they were extended the completion date. Valle Del Rio project is ready to close as well. High Valley Project has been done for a while now, but a final inspection was done and some electrical items were added, so an extension was requested to 1/31/25. Once parts arrive the contractor will finish up the Project. Ms. Nichols reviewed the Capital Outlay requests she has submitted. We have 11 legislators in our service area so we have hope that we will receive at least some of the money we need.
- D. Operations:** Mr. Mike Lopez provided a written report and stood for questions. In November Operations installed 5 new water services, we had a few service and main line breaks due to the temperature changes. He created 6 new water estimates. We also had service and main line breaks in Rincon, East Mesa, Talavera and Alto de las flores. Well #2 in East Mesa went down, so we are in the process of getting it repaired. Production was 35.52 million gallons for November lower than November of last year which was 35.96 million gallons.

VIII. Unfinished Business: none

IX. New Business

- A. Oath of Office for the Appointment of Mrs. Bowles, Director for District# 7 term expiring 12/31/2025:** Mr. Lopez gave new board member Muriel Bowles the Oath of Office.
- B. Motion to approved Bohannon Huston, Inc. West Mesa Scope Proposal and Engineering Agreement for the South Valley Regional Water Supply Project:** Mr. Franco made the motion to approve Bohannon Huston, Inc. West Mesa Scope Proposal and Engineering Agreement for the South Valley Regional Water Supply Project. Ms. Bowles seconded the motion, the motion passed with all in favor. Ms. Nichols explained that this Project will provide some large regional wells up on the West Mesa. We have Congressional funding for this project, but will need Bohannon Huston's help with the application. This application has some complicated engineering

components in it. We also have other funding allocated from the Water Trust Board for this project.

- C. Motion to approve engineering contract amendment with Wilson & Co. for the Central Operations Facility Project:** Mr. Franco made the motion to approve the engineering contract amendment with Wilson & Co., for the Central Operations Facility Project. Ms. Bowles seconded the motion, the motion passed with all in favor. The spreadsheet in the board packet shows the new fees due to project delays and the balance from the expired contract that should have been included in the current contract but was not.
- D. Motion to authorize Cost of Living adjustments for employee's wages & salaries at the discretion of the General Manager:** Mr. Franco made the motion to authorize cost of living adjustments for employee's wages & salaries at the discretion of the General Manager. Mr. Cadena seconded the motion, the motion passed with all in favor. Mr. Lopez said these adjustments will be for all staff except the General Manager. The cost of living just came out it is at 2.5%. We always budget 5%, employees are going thru their evaluations with their supervisors. Increases will not be more than 5% for anyone. Mrs. Holguin reiterated that the only employee supervised by the board is the General Manager. Mr. Lopez as General Manager then supervises the rest of the staff.
- E. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.2- limited personnel matters to discuss evaluation of the General Manager:** Mr. Franco made the motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.2 – limited personnel matters to discuss evaluation of the General Manager. Ms. Bowles seconded the motion, the motion passed with all in favor.
- i. Roll Call Vote: District #1 (Vacant) _____, #2 (Mr. Franco) yes, #3 (Mr. Cadena) yes, #4 (Mrs. Holguin) yes, #5 (Mr. Perez) yes, #6 (Mrs. Juarez) Left the meeting at 10:00, #7 (Bowles) yes
 - ii. **Motion to reconvene in open session:** Mr. Perez made the motion to reconvene in open session at 10:30 a.m. Mr. Franco seconded the motion, the motion passed with all in favor.
 - iii. Statement by the Chair: ***The matters discussed in the closed meeting were limited only to those specified in the motion for closure.*** Mrs. Holgin (Chair) stated that the matters discussed in the closed meeting were limited only to those specified in the motion for closure.
 - iv. **Motion, if any related to closed session matters:** Mr. Franco made the motion to give General Manager Martin Lopez a pay increase of 5%. Ms. Bowles seconded the motion, the motion passed with all in favor.
- X. Other discussion and agenda items for next meeting at 9:00 a.m. Wednesday, January 15, 2024 at our La Mesa Office and via Zoom.**
- A. Have any Board Members participated in training? If so, please give us a copy of your certificate
 - B. Closing resolutions 2 colonias and 1 Water Trust Board
 - C. Motion to approve 2nd Qtr Budget Report
- XI. Motion to Adjourn:** Mr. Franco made the motion to adjourn the board meeting at 10:35 a.m.

These minutes will be presented to the board for approval on the 15th Day of January, 2025 at a regular meeting of the Board of Directors:

SEAL:

Esperanza Holguin, Board Chair

Attest:

Glory Juarez, Secretary

LRGPWWA
Manager's Report
January 15, 2025

- Rincon office “open dates” changed from Monday, Wednesday and Friday to Tuesday and Thursday 10-3 pm
- Update on customer who attended the December Board meeting
 - His account (farm at 3 Hawks Road) in which he claimed to be charged \$89 for usage of 160 gallons water-charge was for 14,090 gallons of water. Sewer has never been charged on this account (not connected to small camping trailers or portable toilet on site)
 - On his other account, which is on Yucca Road is where he used 160 gallons of water. That account was only charged the minimums for both water and sewer (\$53.14); the water 160 is included in the water minimum of 2,000 gallons
 - Sent him copies of several documents via certified mail and asked to meet with me to go over the charges-he never responded
- Office will be closed on Monday, January 19th in observation of MLK Jr. federal holiday
- Our annual workers comp safety inspection is coming up (not sure if it will be virtual or onsite)
- Create a policy for LRGPWWA personnel (staff and board) outlining the requirements of the NM Gift Act
- Karen and I participated in an RCAC sponsored discussion on NM groundwater challenges on Monday, January 13th
- Patty and I will attend an RCAC (NMED and DAC) sponsored water summit to discuss waters issues at the County on Thursday, January 16th

Lower Rio Grande PWWA

Operators Report

January 15, 2025

- December, we installed 4 new water services in the South Valley Area.
- We had a few of service and main line breaks in the South Valley Area.
- I created 4 new water estimates (service and work orders)
- We did not have any problems in Rincon.
- We had a few service and main line breaks at the East Mesa.
- Our Operators have been rodding the force main between Brazito and Mesquite.
- We did not have any problems at Talavera.
- Mavrick well drilling will be working on the East Mesa Well #2.
- We had two new services along with bores at Alto de las flores.
- We had to do a lot of pot holing in Rincon and the South valley.

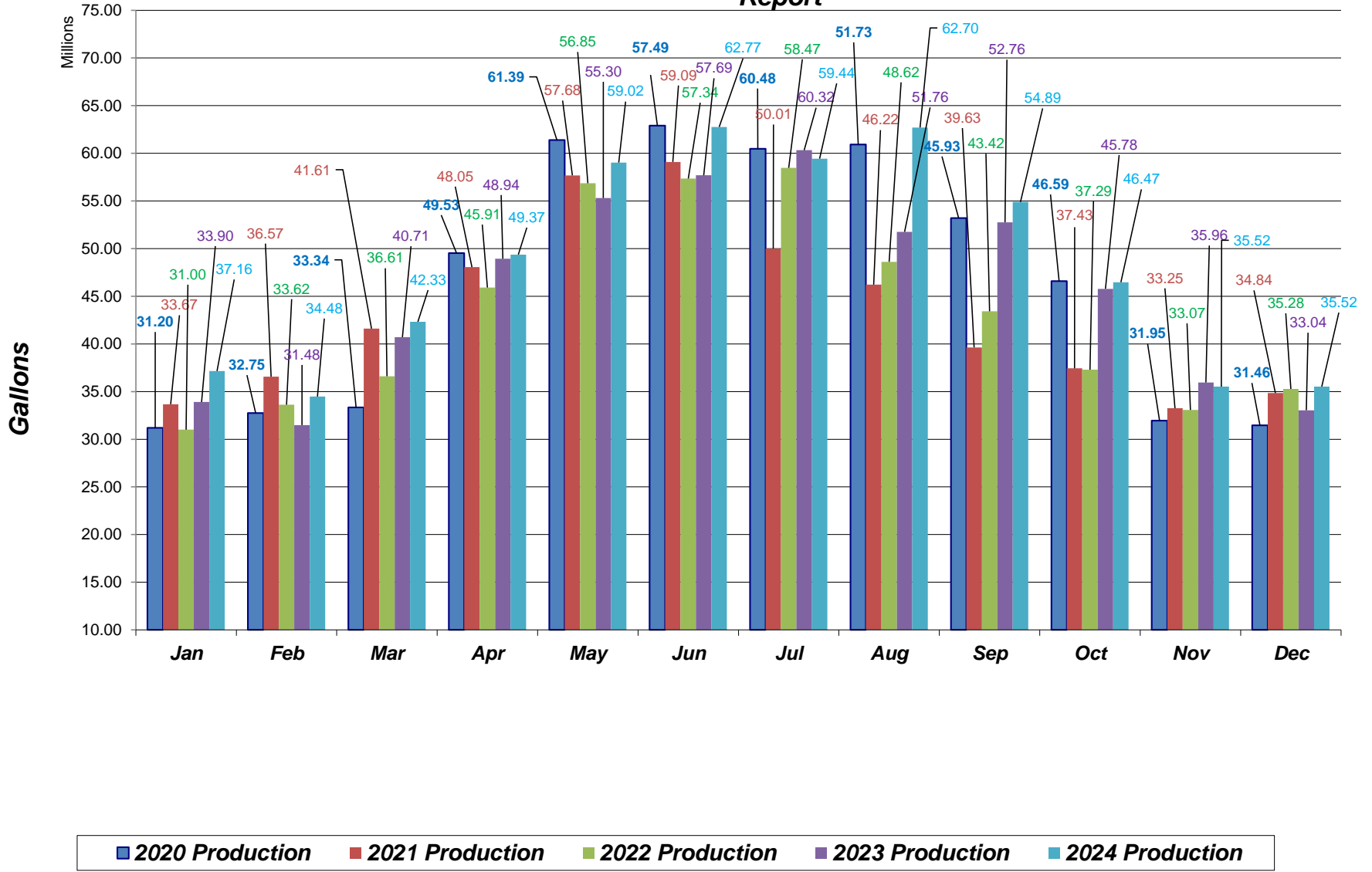
NMED: All of our Monthly Bac-T-Samples were taken for the month of December and all samples were negative.

Mesquite and Organ Sewer Reports. The Organ Pond Wastewater report will be due on February 2025. The Mesquite wetlands has been cleared for Decommission by NMED, however the well drillers are having problems getting the permit from OSE.

Chlorine: No problems with the quality of our gas Chlorine or sodium Hypochlorite.

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

Lower Rio Grande PWWA Water Production Report





Income Statement

Lower Rio Grande Public Water Works Authority

Group Summary

For Fiscal: FYE 2025 Quarter Ending: 12/31/2024
Combined

AcctNumber	Current Total Budget	MTD Activity	QTD Activity	YTD Activity	Budget Remaining
Revenue					
40000 - Operating Revenue	4,386,875.00	353,781.70	1,139,942.87	2,419,296.72	1,967,578.28
40002 - Installation Fees	105,000.00	11,119.41	28,683.14	55,732.55	49,267.45
40003 - Activation & Connection Fees-Wa	22,500.00	964.88	4,792.17	11,300.90	11,199.10
40005 - Backflow Testing	7,500.00	625.00	2,250.00	3,625.00	3,875.00
40006 - Tampering Fee/Line Breaks	5,000.00	53.75	229.37	2,196.28	2,803.72
40007 - Delinquency Fee	75,000.00	7,100.00	21,950.00	42,750.00	32,250.00
40008 - Penalties-Water	95,000.00	11,105.66	36,240.53	70,350.70	24,649.30
40009 - Membership Fees	5,000.00	150.00	1,368.61	3,368.61	1,631.39
40010 - Impact Fees	50,000.00	3,783.33	12,983.32	24,451.78	25,548.22
40011 - Returned Check Fees	525.00	35.00	210.00	350.00	175.00
40012 - Credit Card Fees	17,000.00	1,664.00	5,028.00	9,918.00	7,082.00
40013 - Miscellaneous Revenue	250.00	5.00	30.00	75.00	175.00
40015 - Penalties-Sewer	26,500.00	3,182.51	10,125.18	18,667.86	7,832.14
40016 - Meter Test Fee	0.00	0.00	0.00	0.00	0.00
40017 - Hydrant Meter Rental Fee	3,500.00	0.00	750.00	1,500.00	2,000.00
40018 - Permit Fees	500.00	0.00	0.00	400.00	100.00
40019 - DAC Trash Coupons	600.00	48.00	140.00	304.00	296.00
40020 - Miscellaneous Revenue-Sewer	800.00	74.41	223.23	446.46	353.54
40025 - DAC Sewer Revenue	20,000.00	2,731.67	8,412.61	17,048.41	2,951.59
45000 - Tower Rent	5,500.00	500.00	1,500.00	3,000.00	2,500.00
45001 - Billing Adjustments-Water	0.00	-1,886.47	-3,948.91	-3,948.91	3,948.91
45005 - Fiscal Agent Fees	55,000.00	4,939.76	15,593.84	34,211.15	20,788.85
45010 - Interest	500.00	45.78	130.58	253.18	246.82
45015 - Copy/Fax	100.00	10.00	41.00	75.50	24.50
45020 - Other Income	60,000.00	14,567.92	15,123.82	28,204.21	31,795.79
45025 - Contract Services	0.00	5,378.36	12,769.44	24,649.02	-24,649.02
45030 - Transfers In	0.00	0.00	0.00	0.00	0.00
49000 - Recovered Bad Debts	1,000.00	0.00	300.00	600.00	400.00
Revenue Total:	4,943,650.00	419,979.67	1,314,868.80	2,768,826.42	2,174,823.58
Expense					
60001 - Transfers to Reserves	0.00	10,000.00	30,000.00	60,000.00	-60,000.00
60005 - Accounting Fees	500.00	0.00	0.00	31.95	468.05
60010 - Audit	14,000.00	0.00	9,333.88	9,333.88	4,666.12
60020 - Bank Service Charges	40,000.00	10.00	72.99	140.98	39,859.02
60021 - Monthly Credit Card Processing Fe	0.00	4,827.66	15,191.54	29,204.93	-29,204.93
60025 - Cash Short/Over	500.00	-293.95	131.38	55.13	444.87
60026 - Computer Hardware	25,000.00	0.00	6,475.66	8,565.66	16,434.34
60030 - Dues and Subscriptions	3,250.00	1,482.00	1,482.00	2,032.00	1,218.00
60035 - Engineering Fees	60,000.00	4,443.62	12,212.13	33,221.25	26,778.75
60045 - Late Fees	500.00	0.00	0.00	2,189.95	-1,689.95
60050 - Legal Fees	10,000.00	676.99	1,053.40	2,512.04	7,487.96
60055 - Legal Notices	500.00	0.00	0.00	81.80	418.20

60060 - Licenses & Fees	13,500.00	25.00	1,500.68	2,000.68	11,499.32
60065 - Meals	1,000.00	40.16	220.48	353.24	646.76
60075 - Permit Fees	1,000.00	0.00	4,340.00	6,340.00	-5,340.00
60080 - Postage	3,250.00	9.68	200.56	693.67	2,556.33
60120 - Retirement Account Fees	30,000.00	0.00	8,063.40	21,165.86	8,834.14
60125 - Easements & Leases	10,000.00	3,847.09	3,847.09	3,847.09	6,152.91
60130 - Training	5,000.00	0.00	2,350.00	2,676.58	2,323.42
60140 - Travel:Airfare Per Diem	3,000.00	0.00	0.00	3,189.80	-189.80
60150 - Travel:Lodging Per Diem	14,500.00	620.91	2,713.35	2,399.77	12,100.23
60155 - Travel:Meals Per Diem	2,000.00	151.29	285.04	406.71	1,593.29
60160 - Travel:Mileage/Parking Per Diem	2,000.00	301.30	331.30	331.30	1,668.70
60165 - Travel:Vehicle Rental Per Diem	1,500.00	0.00	0.00	0.00	1,500.00
60600 - Debit Service	429,763.00	18,329.78	80,042.34	215,441.80	214,321.20
60625 - Interest paid to NMED	75,057.00	0.00	4,122.12	4,122.12	70,934.88
60650 - Interest paid to NMFA	0.00	4,601.39	13,763.95	26,837.60	-26,837.60
60675 - Interest paid to USDA	235,739.00	25,415.55	76,801.81	154,917.84	80,821.16
63000 - Regular Pay	1,450,000.00	90,762.75	335,402.06	633,858.01	816,141.99
63001 - Overtime	45,000.00	2,841.52	11,282.00	23,655.59	21,344.41
63006 - Holiday Pay	80,000.00	12,294.80	25,336.40	39,530.88	40,469.12
63007 - Sick Pay	75,000.00	5,996.98	22,565.62	45,496.26	29,503.74
63008 - Annual Leave Pay	100,000.00	14,137.61	45,563.67	70,142.80	29,857.20
63040 - Administrative Labor	25,000.00	0.00	0.00	0.00	25,000.00
63070 - Employee Benefits-401K Contrib	232,000.00	3,546.90	12,784.55	23,785.95	208,214.05
63100 - Insurance-Dental	13,000.00	1,167.37	3,754.01	7,411.03	5,588.97
63110 - Insurance-Health	360,000.00	39,410.33	107,319.96	165,049.39	194,950.61
63115 - Salaries: Insurance - Work Comp	30,000.00	6,378.00	10,921.00	20,211.40	9,788.60
63125 - Insurance: Life & Disability	25,000.00	2,181.66	6,544.84	13,120.43	11,879.57
63130 - Mileage	1,500.00	0.00	0.00	0.00	1,500.00
63135 - Drug Testing	1,000.00	90.00	135.00	405.00	595.00
63160 - Payroll Taxes-Medicare	23,000.00	1,827.44	6,382.03	11,783.68	11,216.32
63170 - Payroll Taxes-Social Security	101,500.00	7,814.10	27,289.21	50,386.21	51,113.79
63180 - Payroll Taxes-State Unemployment	10,000.00	558.09	558.09	1,699.19	8,300.81
63195 - Taxes, Liability, Insurance: Cobra P	1,000.00	150.00	225.00	450.00	550.00
63200 - Vision Insurance	4,500.00	346.62	1,045.99	2,036.98	2,463.02
64100 - Sewer:DAC Waste Water Flow Cha	24,591.00	6,598.94	32,054.32	38,270.33	-13,679.33
64200 - Sewer:Electricity-Sewer	15,000.00	1,201.80	4,167.68	8,323.85	6,676.15
64300 - Sewer:Lab & Chemicals-Sewer	0.00	1,249.95	5,030.15	7,677.93	-7,677.93
64501 - Pre Paid Tank Site Lease	2,000.00	0.00	0.00	0.00	2,000.00
65010 - Automobile Repairs & Maint.	75,000.00	18,051.84	29,726.71	62,008.17	12,991.83
65230 - Computer Maintenance	150,000.00	5,723.65	14,632.91	56,448.28	93,551.72
65240 - Equipment Rental	5,000.00	0.00	150.50	329.45	4,670.55
65250 - Fuel	100,000.00	6,639.39	22,495.71	47,775.35	52,224.65
65255 - GPS Insights Charges	7,500.00	725.15	2,175.45	4,373.80	3,126.20
65260 - Kitchen & Cleaning Supplies	1,000.00	0.00	0.00	0.00	1,000.00
65270 - Lab Chemicals-Water	5,500.00	0.00	156.00	735.14	4,764.86
65275 - SCADA Maintenance Fee	5,000.00	47.93	909.99	4,943.16	56.84
65276 - Test Equipment Calibration	3,000.00	0.00	0.00	0.00	3,000.00
65277 - Generator Maintenance Contract	10,000.00	0.00	0.00	0.00	10,000.00
65278 - Meter Testing/Repair/Replaceme	10,000.00	0.00	0.00	6,523.13	3,476.87
65280 - Lab Chemicals-Water:Chemicals	50,000.00	616.70	13,910.83	27,500.40	22,499.60
65300 - Locates	4,000.00	0.00	787.16	1,574.32	2,425.68

65310 - Maint. & Repairs-Infrastructure	50,000.00	5,097.02	19,560.66	120,617.52	-70,617.52
65320 - Maint. & Repairs-Office	37,500.00	9,284.60	9,397.61	12,541.83	24,958.17
65330 - Maintenance & Repairs-Other	110,000.00	9,158.28	18,685.35	31,027.46	78,972.54
65340 - Materials & Supplies	100,000.00	4,812.76	17,618.72	41,394.50	58,605.50
65345 - Non Inventory-Consumables	52,000.00	1,061.63	10,643.01	21,789.71	30,210.29
65350 - Office Supplies	17,500.00	671.80	3,067.63	5,961.96	11,538.04
65360 - Printing and Copying	65,000.00	5,075.91	15,205.60	31,097.41	33,902.59
65370 - Tool Furniture	15,000.00	110.96	2,446.83	4,124.12	10,875.88
65390 - Uniforms-Employee	25,000.00	3,459.14	8,653.03	13,818.95	11,181.05
65490 - Cell Phone	30,000.00	1,923.82	5,773.33	11,541.11	18,458.89
65500 - Electricity-Lighting	6,500.00	324.87	1,116.46	2,251.23	4,248.77
65510 - Electricity-Offices	15,000.00	911.49	4,866.24	10,811.60	4,188.40
65520 - Electricity-Wells	210,000.00	6,590.84	32,331.94	75,116.46	134,883.54
65530 - Garbage Service	3,500.00	343.99	1,146.48	2,161.38	1,338.62
65540 - Natural Gas	3,500.00	269.83	580.19	1,107.87	2,392.13
65550 - Security/Alarm	5,000.00	1,881.30	3,264.50	7,176.36	-2,176.36
65560 - Telephone	10,000.00	1,757.42	5,508.35	11,072.88	-1,072.88
65561 - Telstar Maintenance Contract	8,000.00	0.00	0.00	0.00	8,000.00
65570 - Wastewater	3,500.00	245.44	736.32	1,472.64	2,027.36
66200 - Insurance-General Liability	125,000.00	0.00	38,501.50	63,473.50	61,526.50
66700 - Water Conservation Fee	25,000.00	1,065.54	4,106.41	9,653.63	15,346.37
Expense Total:	4,943,650.00	358,894.63	1,221,052.10	2,445,811.86	2,497,838.14



Income Statement

Lower Rio Grande Public Water Works Authority

Group Summary

For Fiscal: FYE 2025 Quarter Ending: 12/31/2024
Water Only

AcctNumber	Current Total Budget	MTD Activity	QTD Activity	YTD Activity	Budget Remaining
Revenue					
40000 - Operating Revenue	4,085,675.00	315,554.28	1,022,901.45	2,179,578.88	1,906,096.12
40002 - Installation Fees	80,000.00	5,053.72	22,427.39	49,191.71	30,808.29
40003 - Activation & Connection Fees-Water	22,500.00	964.88	4,792.17	11,300.90	11,199.10
40005 - Backflow Testing	7,500.00	625.00	2,250.00	3,625.00	3,875.00
40006 - Tampering Fee/Line Breaks	5,000.00	53.75	229.37	2,196.28	2,803.72
40007 - Delinquency Fee	75,000.00	7,100.00	21,950.00	42,750.00	32,250.00
40008 - Penalties-Water	95,000.00	11,105.66	36,240.53	70,350.70	24,649.30
40009 - Membership Fees	5,000.00	150.00	1,368.61	3,368.61	1,631.39
40010 - Impact Fees	50,000.00	3,783.33	12,983.32	24,451.78	25,548.22
40011 - Returned Check Fees	525.00	35.00	210.00	350.00	175.00
40012 - Credit Card Fees	17,000.00	1,664.00	5,028.00	9,918.00	7,082.00
40013 - Miscellaneous Revenue	250.00	5.00	30.00	75.00	175.00
40015 - Penalties-Sewer	1,500.00	80.00	600.00	1,000.00	500.00
40016 - Meter Test Fee	0.00	0.00	0.00	0.00	0.00
40017 - Hydrant Meter Rental Fee	3,500.00	0.00	750.00	1,500.00	2,000.00
40018 - Permit Fees	500.00	0.00	0.00	400.00	100.00
40019 - DAC Trash Coupons	600.00	48.00	140.00	304.00	296.00
45000 - Tower Rent	5,500.00	500.00	1,500.00	3,000.00	2,500.00
45001 - Billing Adjustments-Water	0.00	-1,886.47	-3,948.91	-3,948.91	3,948.91
45005 - Fiscal Agent Fees	55,000.00	4,939.76	15,593.84	34,211.15	20,788.85
45010 - Interest	500.00	45.78	130.58	253.18	246.82
45015 - Copy/Fax	100.00	10.00	41.00	75.50	24.50
45020 - Other Income	60,000.00	14,567.92	15,123.82	28,204.21	31,795.79
45025 - Contract Services	0.00	5,378.36	12,769.44	24,649.02	-24,649.02
45030 - Transfers In	0.00	0.00	0.00	0.00	0.00
49000 - Recovered Bad Debts	1,000.00	0.00	300.00	600.00	400.00
Revenue Total:	4,571,650.00	369,777.97	1,173,410.61	2,487,405.01	2,084,244.99
Expense					
60001 - Transfers to Reserves	0.00	10,000.00	30,000.00	60,000.00	-60,000.00
60005 - Accounting Fees	500.00	0.00	0.00	31.95	468.05
60010 - Audit	14,000.00	0.00	9,333.88	9,333.88	4,666.12
60020 - Bank Service Charges	40,000.00	10.00	72.99	140.98	39,859.02
60021 - Monthly Credit Card Processing Fees	0.00	4,827.66	15,191.54	29,204.93	-29,204.93
60025 - Cash Short/Over	500.00	-293.95	131.38	55.13	444.87
60026 - Computer Hardware	25,000.00	0.00	6,475.66	8,565.66	16,434.34
60030 - Dues and Subscriptions	3,250.00	1,482.00	1,482.00	2,032.00	1,218.00
60035 - Engineering Fees	60,000.00	4,443.62	12,212.13	33,221.25	26,778.75
60045 - Late Fees	500.00	0.00	0.00	2,189.95	-1,689.95
60050 - Legal Fees	10,000.00	676.99	1,053.40	2,512.04	7,487.96
60055 - Legal Notices	500.00	0.00	0.00	81.80	418.20
60060 - Licenses & Fees	13,500.00	25.00	1,500.68	2,000.68	11,499.32
60065 - Meals	1,000.00	40.16	220.48	353.24	646.76
60075 - Permit Fees	1,000.00	0.00	4,340.00	6,340.00	-5,340.00
60080 - Postage	3,250.00	9.68	200.56	693.67	2,556.33

60120 - Retirement Account Fees	30,000.00	0.00	8,063.40	21,165.86	8,834.14
60125 - Easments & Leases	10,000.00	3,847.09	3,847.09	3,847.09	6,152.91
60130 - Training	5,000.00	0.00	2,350.00	2,645.77	2,354.23
60140 - Travel:Airfare Per Diem	3,000.00	0.00	0.00	3,189.80	-189.80
60150 - Travel:Lodging Per Diem	14,500.00	620.91	2,713.35	2,399.77	12,100.23
60155 - Travel:Meals Per Diem	2,000.00	151.29	285.04	406.71	1,593.29
60160 - Travel:Mileage/Parking Per Diem	2,000.00	301.30	331.30	331.30	1,668.70
60165 - Travel:Vehicle Rental Per Diem	1,500.00	0.00	0.00	0.00	1,500.00
60600 - Debit Service	210,442.00	9,359.74	53,635.21	81,565.52	128,876.48
60625 - Interest paid to NMED	75,057.00	0.00	4,122.12	4,122.12	70,934.88
60650 - Interest paid to NMFA	0.00	4,601.39	13,763.95	26,837.60	-26,837.60
60675 - Interest paid to USDA	122,651.00	9,925.59	29,828.94	59,754.62	62,896.38
63000 - Regular Pay	1,450,000.00	90,762.75	335,402.06	633,858.01	816,141.99
63001 - Overtime	45,000.00	2,841.52	11,282.00	23,655.59	21,344.41
63006 - Holiday Pay	80,000.00	12,294.80	25,336.40	39,530.88	40,469.12
63007 - Sick Pay	75,000.00	5,996.98	22,565.62	45,496.26	29,503.74
63008 - Annual Leave Pay	100,000.00	14,137.61	45,563.67	70,142.80	29,857.20
63040 - Administrative Labor	25,000.00	0.00	0.00	0.00	25,000.00
63070 - Employee Benefits-401K Contrib	232,000.00	3,546.90	12,784.55	23,785.95	208,214.05
63100 - Insurance-Dental	13,000.00	1,167.37	3,754.01	7,411.03	5,588.97
63110 - Insurance-Health	360,000.00	39,410.33	107,319.96	165,049.39	194,950.61
63115 - Salaries: Insurance - Work Comp	30,000.00	6,378.00	10,921.00	20,211.40	9,788.60
63125 - Insurance: Life & Disability	25,000.00	2,181.66	6,544.84	13,120.43	11,879.57
63130 - Mileage	1,500.00	0.00	0.00	0.00	1,500.00
63135 - Drug Testing	1,000.00	90.00	135.00	405.00	595.00
63160 - Payroll Taxes-Medicare	23,000.00	1,827.44	6,382.03	11,783.68	11,216.32
63170 - Payroll Taxes-Social Security	101,500.00	7,814.10	27,289.21	50,386.21	51,113.79
63180 - Payroll Taxes-State Unemployem	10,000.00	558.09	558.09	1,699.19	8,300.81
63195 - Taxes, Liability, Insurance: Cobra Fee	1,000.00	150.00	225.00	450.00	550.00
63200 - Vision Insurance	4,500.00	346.62	1,045.99	2,036.98	2,463.02
64501 - Pre Paid Tank Site Lease	2,000.00	0.00	0.00	0.00	2,000.00
65010 - Automobile Repairs & Maint.	75,000.00	18,051.84	29,726.71	62,008.17	12,991.83
65230 - Computer Maintenance	150,000.00	5,723.65	14,632.91	56,448.28	93,551.72
65240 - Equipment Rental	5,000.00	0.00	150.50	329.45	4,670.55
65250 - Fuel	100,000.00	6,639.39	22,495.71	47,775.35	52,224.65
65255 - GPS Insights Charges	7,500.00	725.15	2,175.45	4,373.80	3,126.20
65260 - Kitchen & Cleaning Supplies	1,000.00	0.00	0.00	0.00	1,000.00
65270 - Lab Chemicals-Water	5,500.00	0.00	156.00	735.14	4,764.86
65275 - SCADA Maintenance Fee	5,000.00	47.93	909.99	4,943.16	56.84
65276 - Test Equipment Calibration	3,000.00	0.00	0.00	0.00	3,000.00
65277 - Generator Maintenance Contract	10,000.00	0.00	0.00	0.00	10,000.00
65278 - Meter Testing/Repair/Replacement	10,000.00	0.00	0.00	6,523.13	3,476.87
65280 - Lab Chemicals-Water:Chemicals	50,000.00	616.70	13,910.83	27,500.40	22,499.60
65300 - Locates	4,000.00	0.00	787.16	1,574.32	2,425.68
65310 - Maint. & Repairs-Infrastructure	50,000.00	1,861.77	16,117.07	95,386.68	-45,386.68
65320 - Maint. & Repairs-Office	37,500.00	9,284.60	9,397.61	12,541.83	24,958.17
65330 - Maintenance & Repairs-Other	110,000.00	9,158.28	18,685.35	31,027.46	78,972.54
65340 - Materials & Supplies	100,000.00	4,812.76	17,618.72	41,394.50	58,605.50
65345 - Non Inventory-Consumables	52,000.00	1,061.63	10,643.01	21,789.71	30,210.29
65350 - Office Supplies	17,500.00	671.80	3,067.63	5,961.96	11,538.04
65360 - Printing and Copying	65,000.00	5,075.91	15,205.60	31,097.41	33,902.59
65370 - Tool Furniture	15,000.00	110.96	2,446.83	4,124.12	10,875.88
65390 - Uniforms-Employee	25,000.00	3,459.14	8,653.03	13,818.95	11,181.05

65490 - Cell Phone	30,000.00	1,923.82	5,773.33	11,541.11	18,458.89
65500 - Electricity-Lighting	6,500.00	324.87	1,116.46	2,251.23	4,248.77
65510 - Electricity-Offices	15,000.00	911.49	4,866.24	10,811.60	4,188.40
65520 - Electricity-Wells	210,000.00	6,590.84	32,331.94	75,116.46	134,883.54
65530 - Garbage Service	3,500.00	343.99	1,146.48	2,161.38	1,338.62
65540 - Natural Gas	3,500.00	269.83	580.19	1,107.87	2,392.13
65550 - Security/Alarm	5,000.00	1,881.30	3,264.50	7,176.36	-2,176.36
65560 - Telephone	10,000.00	1,757.42	5,508.35	11,072.88	-1,072.88
65561 - Telstar Maintenance Contract	8,000.00	0.00	0.00	0.00	8,000.00
65570 - Wastewater	3,500.00	245.44	736.32	1,472.64	2,027.36
66200 - Insurance-General Liability	125,000.00	0.00	38,501.50	63,473.50	61,526.50
66700 - Water Conservation Fee	25,000.00	1,065.54	4,106.41	9,653.63	15,346.37
Expense Total:	4,571,650.00	322,148.69	1,102,976.36	2,137,238.60	2,434,411.40
Total Surplus (Deficit):	0.00	47,629.28	70,434.25	350,166.41	-350,166.41



Income Statement

Lower Rio Grande Public Water Works Authority

Group Summary

For Fiscal: FYE 2025 Quarter Ending: 12/31/2024
Sewer Only

AcctNumber	Current Total Budget	MTD Activity	QTD Activity	YTD Activity	Budget Remaining
Revenue					
40000 - Operating Revenue	301,200.00	38,227.42	117,041.42	239,717.84	61,482.16
40002 - Installation Fees	25,000.00	6,065.69	6,255.75	6,540.84	18,459.16
40015 - Penalties-Sewer	25,000.00	3,102.51	9,525.18	17,667.86	7,332.14
40020 - Miscellaneous Revenue-Sewer	800.00	74.41	223.23	446.46	353.54
40025 - DAC Sewer Revenue	20,000.00	2,731.67	8,412.61	17,048.41	2,951.59
Revenue Total:	372,000.00	50,201.70	141,458.19	281,421.41	90,578.59
Expense					
60130 - Training	0.00	0.00	0.00	30.81	-30.81
60600 - Debit Service	219,321.00	8,970.04	26,407.13	133,876.28	85,444.72
60675 - Interest paid to USDA	113,088.00	15,489.96	46,972.87	95,163.22	17,924.78
64100 - Sewer:DAC Waste Water Fl	24,591.00	6,598.94	32,054.32	38,270.33	-13,679.33
64200 - Sewer:Electricity-Sewer	15,000.00	1,201.80	4,167.68	8,323.85	6,676.15
64300 - Sewer:Lab & Chemicals-Sewer	0.00	1,249.95	5,030.15	7,677.93	-7,677.93
65310 - Maint. & Repairs-Infrastruct	0.00	3,235.25	3,443.59	25,230.84	-25,230.84
Expense Total:	372,000.00	36,745.94	118,075.74	308,573.26	63,426.74
Total Surplus (Deficit):	0.00	13,455.76	23,382.45	-27,151.85	27,151.85

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
PROJECTS REPORT – 1/15/2025**

LRG-17-01 – Mesquite-Brazito Sewer Project 2 – Bohannon Huston, Inc./Smithco Construction – Construction Stage – USDA-RD LOC \$17,073,000 (\$6,189,000 Loan/\$8,030,000 Grant, \$2,854,000 additional grant) – Estimate of Funds #22 was submitted 12/12/24. Project is substantially complete. Change Order #8 adjusting over/underruns has been approved. 11-month warranty inspection of LS 11,12 & 16 will be in February. Delivery of the vactor truck and Change Order to add SCADA are pending.

LRG-11-05 – South Valley Water Supply & Treatment Project WTB #252 Planning USDA-RD Construction Funds– Bohannon Huston - Construction stage - \$1,174,00,000 RD Loan and \$4,629,000 Grant RD Funds: 18 draws have been submitted for RD funds. Project is complete.

LRG-17-02 – Central Office Building – Wilson & Co. - DW-4213 \$3,586,286.00 - SAP 21-F2723-STB \$1,200,000: The contractor has been subject to liquidated damages since 10/22/23. Work to widen Vado Drive has been delayed due to encountering 2 unmarked fiber optic lines, one of which needs to be relocated. 44 DW Requisitions have been submitted and 15 SAP Requests for Payment. 2021 \$1.2 million SAP is fully expended. 2022 \$200k SAP has funds fully obligated and 1 Request for Funds submitted for SCADA services. 2023 \$346,500 SAP funds now have \$217,095.75 obligated and \$41,26.81 of that expended. Progress meetings are scheduled Monday afternoons monthly. Office furniture has been ordered through Beck TOI under the State Procurement Contract, public art from the 2023 SAP allocation has been selected, and some IT equipment has been ordered. New project schedule extends to 12/25/24.

Forty-Year Water Plan – CE&M – complete – needs update for new mergers after Brazito combine & commingle: Currently only includes the initial five systems. BHI will be submitting a proposed Task Order. Tiffany Goolsby, SCCOG, will be assisting us in applying for CDBG planning funds to update the Water Master Plan to include Rincon and update and incorporate the 40-Year Water Plan and Water Conservation Plan into it. CDBG is not currently awarding planning funds, so this is now on hold.

LRG-13-03 – Valle Del Rio Water System Project – Construction Stage & Ph. II Design - \$1,197,708 DWSRLF funding - \$898,281 principal forgiveness – 299,427 loan – Souder, Miller & Associates/Morrow Enterprises, Inc.: Funding deadline was extended to 5/1/24 and another extension has been approved to 12/31/24. Substantial completion walk-thru was held 10/10/24. Final payment is pending close-out documents from the contractor.

Water Treatment – Move Deserts Sands Skid to VDR – Design & Construction - \$250,000 SAP 22-G2330-STB – SMA – Engineering Agreement was approved and NOO issued on 2/9/23. DR #5 has been submitted. Design work is underway. Closing documents for WPF-6292 are on today's agenda.

LRG-17-03 –East Mesa Water System Improvements Project – NMFA 3803-PG & 3804-PG \$93,307, 4915-CIF \$207,608 Loan/\$39544 Grant/\$9,562 Match, 5535-CIF \$67,487 Loan incl. Match/\$269,910 Grant, DW-5631 \$1,338,660 Loan/\$2,788,875 Grant – Ph I Construction, Ph II Design – DBSA/File Construction: Progress meeting was held 1/8/25. 28 Requisitions have been submitted. There have been ongoing issues with the survey for this project. Pipeline work and tank foundation are underway.

LRG-18-01 Ph. II – High Valley Water System Improvements Ph. II & III Project – NMFA 4916-CIF \$630,384 Grant, \$111,244 Loan – Design & Construction – Souder, Miller & Assoc. – We received an extension to 1/31/25 due to delays with electrical parts. Work is complete, and final pay app and closing documents are in preparation.

LRG-18-02 – Stern Drive Waterline Extension Project – Design/Build – SMA - \$150,000 SAP - \$2,352,800 WTB – NOA has been issued to Highland Construction, contract is pending signatures. NTP has not yet been issued. Pre-construction meeting is Friday. Stern Drive Ph. III design is underway and 2 requisitions have been submitted.

LRG-19-09 – S. Valley Service Area Line Extensions - SMA – See the Stern Drive Project for information.

LRG-23-01 – Water Asset Management Plan – BHI - PG-6037 – up to \$50k – Planning Grant funds have been received. We are working with BHI on GPS software applications. I met with Diana at BHI to set up an ESRI account for the LRGPWWA.

LRG-23-02 – Wastewater Asset Management Plan – BHI - PG-6038 – up to \$50k – Planning Grant funds have been received. We are working with BHI on GPS software applications. See above.

LRG-23-03 - Hwy 189 Line Extension Project – SAP 23-H2405-GF - \$250,000: See the Stern Drive Project for information

LRG-24-01 – Rincon Water System Improvements – 6136-CIF - \$413,600: 5 Requisitions have been submitted. Design is in process.

LRG-24-02 – Rincon Building Replacement – SAP 24-I2944-STB - \$500,000: BHI contract is in place, design is underway, 2 disbursement requests have been submitted.

LRG-24-03 – South Valley Regional Water Supply Project - \$325,000 EPA Congressionally Directed Spending: I have attended several online workshops and signed up on grants.gov. Although the funds have been allocated to us, I will need to complete and application online with US-EPA. RFP was approved by EPA and issued. RFP Committee met on the 10th and recommendation for the board is on today's agenda. We have met with BLM, and their requirements for this type of lease permit now seem to include a full EIS, so we shifting the well-site to state land and working with them for a new lease. Request for additional debt to USDA-RD is still pending. BHI contract and RFP documents have been sent to EPA for review.

LRG-24-04 – Heavy Equipment Purchase – SAP 24-I292-STB - \$250,000: Backhoe has been purchased, SAP funds have been received and Operations a hydro-excavator and small backhoe/loader have been ordered with remaining funds. Small backhoe was delivered on 1/9/25.

LRG-24-05 - High Valley Waterline Replacement Project – CIF-6428 - \$175,000 loan - \$700,000 Grant – SMA On-Call: Closing documents are on today's agenda.

LRG-24-06 – Mesquite Lift Station Rehab Design Project – CIF-6429 - \$44,440 loan - \$359,563 Grant – BHI On-Call: Closing documents are on today's agenda.

On-Call Engineering Services – We met with BHI on 1/8/25 and SMA on 12/19/24 to review current projects and Task Orders.

Other projects:

NM 2025 Legislature: I will begin the reporting for the 2025 session this month, and have submitted the following requests:

- East Mesa New Well - \$150,000 Legislators, \$1,500,000 Governor
- Heavy Duty Truck - \$90,000
- Cost Overruns Hwy 189 & Brazito Line Extensions - \$830,000

Rincon Building - \$300,000

Valle Del Rio Generator - \$251,000

SCADA - \$150,000

January 2, 2025 - January 17 - Legislation may be prefilled

January 21 - Opening day (noon)

February 20 - Deadline for introduction

March 22 - Session ends (noon)

April 11 - Legislation not acted upon by governor is pocket vetoed

June 20 - Effective date of legislation not a general appropriation bill or a bill carrying an emergency clause or other specified date

Infrastructure Capital Improvements Plan 2026-2030: Has been submitted to NM DFA and updated to include new building to replace the damaged one in Rincon.

Reporting to Funding Agencies: Quarterly CIF Reports were submitted for the 4th Quarter; Capital Outlay reporting has reverted back to the old NM DFA site and is up to date.

Funding Applications: US-EPA application for Congressionally Directed Spending allocation is pending. Have attended their training, and had a phone conference with them on 7/15/24. Will begin work on the application once the BHI contract is in place. Patty attended a training on applying for Governor's Capital Outlay and will be submitting an application for a new replacement well on the East Mesa.

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. Capital Outlay reporting is due by the end of the month.

Website and Email – Notices and Minutes pages are up to date.

Training – Nothing to report.

Collection & Lien Procedures - 309 first notifications, 328 certified letters have been sent and 131 liens have been filed to date. 53 liens have been released following payment in full of the account.

Water Audits – We need to begin working toward the 2024 audits.

Rate Study – Rate Schedule including FY2025 rate adjustments have been posted on our website. Next phase of the rate increase went into effect 1/1/2025.

NM Board of Licensure for PEs & Surveyors – I attended a Profession Engineering Committee special meeting on 12/13/24 and will attend Profession Engineering Committee and Board meetings on 1/16 & 1/17/25.



www.lrgauthority.org

LOWER RIO GRANDE

Public Water Works Authority

Resolution #FY2025-13

Approving Second Quarter Budget for Fiscal Year 2025

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 FY2025 Second Quarter Budget on January 15, 2025.

Therefore, be it resolved, the Board of Directors adopts and passes this resolution to approve the FY2025 Second Quarter Budget officially approved on January 15, 2025.

PASSED, APPROVED, AND ADOPTED: January 15, 2025.

Esperanza Holguin, Board Chair

Seal:

Glory Juarez, Secretary

State of New Mexico Local Government Budget Management System (LGBMS)
 Quarterly Reporting Detail - FY2025 Q2
 Lower Rio Grande Public WWA - Entity
 Detail Report Sorted by Fund and Department

11000 General Operating Fund
10000 Assets

10100 Cash Assets	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
10101 Unrestricted Cash	44,336.00	0.00	44,336.00	44,336.00	0.00	100.00
10100 Totals	44,336.00	0.00	44,336.00	44,336.00	0.00	100.00
Totals	44,336.00	0.00	44,336.00	44,336.00	0.00	100.00
10000 Totals	44,336.00	0.00	44,336.00	44,336.00	0.00	100.00

50100 Water Enterprise
10000 Assets

10100 Cash Assets	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
10101 Unrestricted Cash	1,173,490.00	0.00	1,173,490.00	1,173,490.00	0.00	100.00
10100 Totals	1,173,490.00	0.00	1,173,490.00	1,173,490.00	0.00	100.00
Totals	1,173,490.00	0.00	1,173,490.00	1,173,490.00	0.00	100.00
10000 Totals	1,173,490.00	0.00	1,173,490.00	1,173,490.00	0.00	100.00

40000 Revenues
0001 No Department

44000 Charges for Services	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
44010 Administrative Fees	17,875.00	0.00	17,875.00	10,418.50	7,456.50	58.29
44190 Rental Fees	9,000.00	0.00	9,000.00	4,500.00	4,500.00	50.00
44220 Water Use Fees	4,085,675.00	0.00	4,085,675.00	2,175,629.97	1,910,045.03	53.25
44230 Utility Service Fees	22,500.00	0.00	22,500.00	11,300.90	11,199.10	50.23
44240 Utility Connection Fees	80,000.00	0.00	80,000.00	49,191.71	30,808.29	61.49
44250 Utility Re-Connection Fees	171,500.00	0.00	171,500.00	114,100.70	57,399.30	66.53
44270 Impact Fees	50,000.00	0.00	50,000.00	24,451.78	25,548.22	48.90
44990 Other Charges for Services	12,500.00	0.00	12,500.00	5,821.28	6,678.72	46.57
44000 Totals	4,449,050.00	0.00	4,449,050.00	2,395,414.84	2,053,635.16	53.84

46000 Miscellaneous Revenues

0001 Totals	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
46030 Interest Income	500.00	0.00	500.00	253.18	246.82	50.64
46050 Joint Power Agreements Income	0.00	0.00	0.00	24,649.02	-24,649.02	0.00
46900 Miscellaneous - Other	122,100.00	0.00	122,100.00	67,087.97	55,012.03	54.95
46000 Totals	122,600.00	0.00	122,600.00	91,990.17	30,609.83	75.03
0001 Totals	4,571,650.00	0.00	4,571,650.00	2,487,405.01	2,084,244.99	54.41
40000 Totals	4,571,650.00	0.00	4,571,650.00	2,487,405.01	2,084,244.99	54.41

50000 Expenditures
6003 Water Utility/Authority

51000 Salary & Wages (FTE required)	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
51020 Salaries - Full-Time Positions	1,475,000.00	0.00	1,475,000.00	633,858.01	841,141.99	42.97
51060 Salaries - Overtime	45,000.00	0.00	45,000.00	23,655.59	21,344.41	52.57
51900 Salaries - Other Wages	255,000.00	0.00	255,000.00	155,169.94	99,830.06	60.85
51000 Totals	1,775,000.00	0.00	1,775,000.00	812,683.54	962,316.46	45.78

52000 Employee Benefits	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
52010 FICA - Regular	101,500.00	0.00	101,500.00	50,386.21	51,113.79	49.64
52011 FICA - Medicare	33,000.00	0.00	33,000.00	13,482.87	19,517.13	40.86
52020 Retirement	262,000.00	0.00	262,000.00	44,951.81	217,048.19	17.16
52030 Health and Medical Premiums	360,000.00	0.00	360,000.00	165,049.39	194,950.61	45.85
52040 Life Insurance Premiums	25,000.00	0.00	25,000.00	13,120.43	11,879.57	52.48

52050 Dental Insurance Premiums	13,000.00	0.00	13,000.00	7,411.03	5,588.97	57.01
52060 Vision Insurance Medical Premiums	4,500.00	0.00	4,500.00	2,036.98	2,463.02	45.27
52080 Other Insurance Premiums	2,000.00	0.00	2,000.00	855.00	1,145.00	42.75
52100 Workers' Compensation Premium	30,000.00	0.00	30,000.00	20,211.40	9,788.60	67.37
52000 Totals	831,000.00	0.00	831,000.00	317,505.12	513,494.88	38.21
53000 Travel Costs	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
53030 Travel - Employees	23,000.00	0.00	23,000.00	6,327.58	16,672.42	27.51
53050 Transportation Costs	1,500.00	0.00	1,500.00	0.00	1,500.00	0.00
53000 Totals	24,500.00	0.00	24,500.00	6,327.58	18,172.42	25.83
54000 Purchased Property Services	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
54030 Maintenance & Repairs - Grounds/Roadways	90,000.00	0.00	90,000.00	2,324.31	87,675.69	2.58
54040 Maintenance & Repairs - Vehicles	75,000.00	0.00	75,000.00	62,008.17	12,991.83	82.68
54999 Other Maintenance	138,000.00	0.00	138,000.00	153,739.18	-15,739.18	111.41
54000 Totals	303,000.00	0.00	303,000.00	218,071.66	84,928.34	71.97
55000 Contractual Services	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
55010 Contract - Audit	14,000.00	0.00	14,000.00	9,333.88	4,666.12	66.67
55030 Contract - Professional Services	230,500.00	0.00	230,500.00	92,213.52	138,286.48	40.01
55999 Contract - Other Services	22,500.00	0.00	22,500.00	5,272.61	17,227.39	23.43
55000 Totals	267,000.00	0.00	267,000.00	106,820.01	160,179.99	40.01
56000 Supplies	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
56020 Supplies - General Office	18,500.00	0.00	18,500.00	5,961.96	12,538.04	32.23
56030 Supplies - Field Supplies	60,000.00	0.00	60,000.00	34,023.53	25,976.47	56.71
56040 Supplies - Furniture/Fixtures/Equipment (Non-Capital)	40,000.00	0.00	40,000.00	12,689.78	27,310.22	31.72
56110 Supplies - Uniforms/Linen	25,000.00	0.00	25,000.00	13,818.95	11,181.05	55.28
56120 Supplies - Vehicle Fuel	100,000.00	0.00	100,000.00	47,775.35	52,224.65	47.78
56999 Supplies - Other	152,000.00	0.00	152,000.00	63,184.21	88,815.79	41.57
56000 Totals	395,500.00	0.00	395,500.00	177,453.78	218,046.22	44.87
57000 Operating Costs	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
57050 Employee Training	5,000.00	0.00	5,000.00	2,645.77	2,354.23	52.92
57070 Insurance - General Liability/Property	125,000.00	0.00	125,000.00	63,473.50	61,526.50	50.78
57080 Postage	3,250.00	0.00	3,250.00	693.67	2,556.33	21.34
57090 Printing/Publishing/Advertising	65,000.00	0.00	65,000.00	31,097.41	33,902.59	47.84
57150 Subscriptions & Dues	3,250.00	0.00	3,250.00	2,032.00	1,218.00	62.52
57160 Telecommunications	40,000.00	0.00	40,000.00	22,613.99	17,386.01	56.53
57170 Utilities - Electricity	231,500.00	0.00	231,500.00	88,179.29	143,320.71	38.09
57171 Utilities - Natural Gas	3,500.00	0.00	3,500.00	1,107.87	2,392.13	31.65
57999 Other Operating Costs	91,000.00	0.00	91,000.00	54,253.55	36,746.45	59.62
57000 Totals	567,500.00	0.00	567,500.00	266,097.05	301,402.95	46.89
59000 Debt Service	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
59010 Debt Service - Principal Payments	210,442.00	0.00	210,442.00	81,565.52	128,876.48	38.76
59020 Debt Service - Interest Payments	197,708.00	0.00	197,708.00	90,714.34	106,993.66	45.88
59000 Totals	408,150.00	0.00	408,150.00	172,279.86	235,870.14	42.21
6003 Totals	4,571,650.00	0.00	4,571,650.00	2,077,238.60	2,494,411.40	45.44
50000 Totals	4,571,650.00	0.00	4,571,650.00	2,077,238.60	2,494,411.40	45.44

50300 Wastewater/Sewer Enterprise

10000 Assets

10100 Cash Assets	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
10101 Unrestricted Cash	88,452.00	0.00	88,452.00	88,452.00	0.00	100.00
10100 Totals	88,452.00	0.00	88,452.00	88,452.00	0.00	100.00
Totals	88,452.00	0.00	88,452.00	88,452.00	0.00	100.00
10000 Totals	88,452.00	0.00	88,452.00	88,452.00	0.00	100.00

40000 Revenues

0001 No Department

44000 Charges for Services	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
44230 Utility Service Fees	301,200.00	0.00	301,200.00	239,717.84	61,482.16	79.59
44240 Utility Connection Fees	25,800.00	0.00	25,800.00	6,987.30	18,812.70	27.08
44990 Other Charges for Services	25,000.00	0.00	25,000.00	17,667.86	7,332.14	70.67
44000 Totals	352,000.00	0.00	352,000.00	264,373.00	87,627.00	75.11

46000 Miscellaneous Revenues

	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
46900 Miscellaneous - Other	20,000.00	0.00	20,000.00	17,048.41	2,951.59	85.24
46000 Totals	20,000.00	0.00	20,000.00	17,048.41	2,951.59	85.24
0001 Totals	372,000.00	0.00	372,000.00	281,421.41	90,578.59	75.65
40000 Totals	372,000.00	0.00	372,000.00	281,421.41	90,578.59	75.65

50000 Expenditures

6005 Wastewater Utility/Authority

54000 Purchased Property Services

	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
54999 Other Maintenance	24,591.00	0.00	24,591.00	71,177.25	-46,586.25	289.44
54000 Totals	24,591.00	0.00	24,591.00	71,177.25	-46,586.25	289.44

57000 Operating Costs

	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
57050 Employee Training	0.00	0.00	0.00	30.81	-30.81	0.00
57170 Utilities - Electricity	15,000.00	0.00	15,000.00	8,323.85	6,676.15	55.49
57000 Totals	15,000.00	0.00	15,000.00	8,354.66	6,645.34	55.70

59000 Debt Service

	Original	Adjustments	Adjusted	Year-to-Date	Balance	% Realized
59010 Debt Service - Principal Payments	219,321.00	0.00	219,321.00	133,876.28	85,444.72	61.04
59020 Debt Service - Interest Payments	113,088.00	0.00	113,088.00	95,163.22	17,924.78	84.15
59000 Totals	332,409.00	0.00	332,409.00	229,039.50	103,369.50	68.90
6005 Totals	372,000.00	0.00	372,000.00	308,571.41	63,428.59	82.95
50000 Totals	372,000.00	0.00	372,000.00	308,571.41	63,428.59	82.95

ALL FUNDS

	Original	Adjustments	Adjusted	YTD	Balance	% Realized
10000 Assets	1,306,278.00	0.00	1,306,278.00	1,306,278.00	0.00	100.00
40000 Revenues	4,943,650.00	0.00	4,943,650.00	2,768,826.42	2,174,823.58	56.01
50000 Expenditures	4,943,650.00	0.00	4,943,650.00	2,385,810.01	2,557,839.99	48.26

State of New Mexico
Lower Rio Grande Public
Water Works Authority

*Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2024
and Independent Auditor's Report*

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

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JUNE 30, 2024**

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

OFFICIAL ROSTER

BOARD OF DIRECTORS

Esperanza Holguin
James Cadena
Glory Juarez
Enrique "Rick" Franco
Juan Perez

Chairman
Vice-Chairman
Secretary
Director
Director

ADMINISTRATIVE OFFICIALS

Martin Lopez
Kathi Jackson

General Manager
Finance Manager

WATTS CPA, P.C.

INDEPENDENT AUDITOR'S REPORT

To Joseph M. Maestas, P.E., CFE, New Mexico State Auditor and
Members of the Board of Directors
Lower Rio Grande Public Water Works Authority
Mesquite, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Lower Rio Grande Public Water Works Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary comparison presented as supplementary information for the year ended June 30, 2024, as listed in the table of contents.

In our opinion, the financial statements, referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2024 and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparisons of the Authority for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lower Rio Grande Public Water Works Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lower Rio Grande Public Water Works Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lower Rio Grande Public Water Works Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lower Rio Grande Public Water Works Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements and the budgetary comparison. The combining statement of revenues, expenditures and changes in net position by function is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statement of revenues, expenditures and changes in net position by function and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of revenues, expenditures and changes in net position by function and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, on our consideration of the Lower Rio Grande Public Water Works Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lower Rio Grande Public Water Works Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lower Rio Grande Public Water Works Authority's internal control over financial reporting and compliance.

Watts CPA, P.C.

El Paso, Texas
November 21, 2024

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS:

Current Assets

Cash and cash equivalents	\$ 582,725
Accounts receivable	1,142,736
Grant receivables	189,896
Inventory	146,853
Prepaid expenses	11,670

Total current assets 2,073,880

Noncurrent assets

Restricted cash	
Customer deposits	116,011
Construction account	295,685
Loan reserve	28,720
Capital assets, net of accumulated depreciation	102,436,017

Total noncurrent assets 102,876,433

Total assets \$ 104,950,313

LIABILITIES:

Current Liabilities:

Accounts payable vendors	\$ 302,771
Accounts payable construction	152,690
Gross receipts tax payable	14,350
Accrued payroll	36,629
Accrued interest expense	18,134
Customer meter deposits	116,011
Accrued compensated absences	7,000
Current maturities of notes payable	329,124

Total current liabilities 976,709

Noncurrent Liabilities:

Compensated absences	66,654
Notes payable	16,062,445

Total noncurrent liabilities 16,129,099

Total liabilities 17,105,808

NET POSITION:

Net investment in capital assets	86,044,448
Restricted for debt service	28,720
Restricted for capital projects	295,685
Unrestricted	1,475,652

Total net position 87,844,505

Total liabilities and net position \$ 104,950,313

See accompanying notes to financial statements and independent auditor's report.

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Operating Revenues:	
Charges for services	\$ 4,613,889
Other revenues	<u>135,229</u>
Total operating revenues	<u>4,749,118</u>
Operating Expenses:	
Salaries and wages	4,020,528
Employee benefits	635,697
Materials, supplies, tools and chemicals	223,796
Office expenses	411,132
Miscellaneous	19,134
Bank charges	35,003
Insurance	143,269
Maintenance and repairs	249,580
Professional fees	54,143
Travel and entertainment	12,859
Depreciation	2,047,528
Utilities	<u>206,439</u>
Total operating expenses	<u>8,059,108</u>
Operating loss	<u>(3,309,990)</u>
Non-Operating Revenues (Expenses):	
Grant revenue (See note 9)	2,304,329
Interest income	619
Rental income	35,111
Other income	154,728
Interest expense	<u>(336,863)</u>
Total non-operating revenues	<u>2,157,924</u>
Loss before capital contributions	<u>(1,152,066)</u>
Capital Contributions:	
Grant revenues:	
State	4,860,796
Federal	<u>6,036,051</u>
Total capital contributions	<u>10,896,847</u>
Change in net position	9,744,781
Net position - beginning of year	<u>78,099,724</u>
Net position - end of year	<u>\$ 87,844,505</u>

See accompanying notes to financial statements and independent auditor's report.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

Cash Flows From Operating Activities:	
Cash received from customers	\$ 4,472,144
Cash payments to employees for services	(4,656,225)
Cash payments to vendors for goods and services	<u>(1,153,119)</u>
Net cash used in operating activities	<u>(1,337,200)</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase and construction of capital assets	(14,140,636)
Payments on notes payable	(487,319)
Payments for interest on notes payable	(336,863)
Proceeds from capital grants	13,150,153
Proceeds from capital loans	<u>2,956,238</u>
Net cash provided by capital and related financing activities	<u>1,141,573</u>
Cash Flows From Investing Activities	
Interest received	<u>619</u>
Net cash provided by investing activities	<u>619</u>
Cash Flows From Noncapital Financing Activities:	
Miscellaneous income	<u>189,839</u>
Net cash provided by noncapital financing activities	<u>189,839</u>
Net decrease in cash and cash equivalents	(5,169)
Cash and cash equivalents, beginning of year	<u>1,028,310</u>
Cash and cash equivalents, end of year	<u>\$ 1,023,141</u>
CASH ENDING:	
Cash	\$ 582,725
Restricted cash	<u>440,416</u>
Total cash reported in statement of net position	<u>\$ 1,023,141</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (3,309,990)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,047,528
Change in:	
Accounts receivable	(292,013)
Inventory	(2,120)
Prepaid expenses and insurance	(114)
Accounts payable and accrued liabilities	202,350
Meter deposits	<u>17,159</u>
Total adjustments	<u>1,972,790</u>
Net cash used in operating activities	<u>\$ (1,337,200)</u>

See accompanying notes to financial statements and independent auditor's report.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

1. HISTORY AND ORGANIZATION

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

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

The Lower Rio Grande Public Water Works Authority was formed by the merger of five water systems, Berino MDWC & MSWA, Desert Sands MDWCA, La Mesa MDWCA, Mesquite MDWC & MSWA and Vado MDWCA under state statute NMSA 1978 73-26-1. In 2012, the members of Butterfield Park MDWCA, Organ WSA and Brazito MDWCA voted to merge with the Authority, and in 2016 the Valle Del Rio Water System was acquired. In 2019 the High Valley MDWCA was merged into the Authority. In 2023 the Rincon MDWCA was merged into the Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted (US GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing US GAAP for state and local government accounting and financial reporting principles.

A. Reporting Entity

The Authority is a special-purpose government created pursuant to statute and is comprised of an elected Board of Directors. The Authority is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments.

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential programs and operations of the Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing board by the Authority, the

designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Authority and/or its users, or whether the activity is conducted within the geographic boundaries of the Authority and is generally available to its users.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibilities.

Based upon the application of these criteria, the Authority has no component units.

B. Basic Financial Statements

The GASB Statement No. 34 reporting model focus is on either the Authority, as a whole, or major individual funds (within the fund financial statements). The Authority is a single-program government that engages in only business-type activities.

Pursuant to GASB Statement No. 34, governments engaged only in business-type activities present only the financial statements for enterprise funds. For these governments, basic financial statements consist of: (a) enterprise fund financial statements consisting of the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows, and (b) notes to the financial statements. The enterprise fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Enterprise fund equity is classified as net position. When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the Authority first uses restricted resources and then unrestricted resources.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of the Authority are organized on the basis of one fund that is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. Government resources are allocated to and accounted for in the fund based upon the purpose for which spending activities are controlled. In this report, the fund is presented in the financial statements as a proprietary fund.

The *Enterprise Fund* is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of accounting refers to the point at which revenues or expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. The revenues are recognized when earned and expenses are

recognized when the liability is incurred or the economic asset is used. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Cash and cash equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Authority are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

E. Restricted Assets

Restricted assets consist of non-mandatory reserves set aside within the operating account for outstanding customer deposits. These reserves are not required but are separated by management and a separate Construction Account that has been established as required by the Government into which the proceeds of the loan and grant proceeds from the USDA-RUS are deposited. Withdrawals from the Construction Account were and shall be made only on checks signed by the manager of the Authority as authorized by the Board from time to time, and with prior concurrence of the Government. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed. The end of year balance is \$295,685. The Authority also has restricted cash in the amount of \$116,011 that has been classified as restricted for customer deposits and \$28,720 restricted for debt service loan reserve.

F. Accounts Receivable

Accounts receivable represents the amounts due from customers' water and sewer accounts. The allowance for doubtful accounts was \$0 at year end. There was no change in the allowance for doubtful accounts during the fiscal year.

G. Inventory

Inventory consists of system parts and supplies valued at cost using the first in first out method of accounting. An actual inventory is taken on an annual basis.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized

and included in furniture, fixtures and equipment. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

Building and improvements	5 years – 40 years
Land improvements	7 years – 20 years
Water and sewer system	5 years – 15 years
Furniture, fixtures, and equipment	5 years – 10 years
Vehicles	5 years – 15 years

I. Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They include all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Non-operating revenues include grant revenue, rent revenue, other income and interest income.

J. Budgets and Budgetary Accounting

The Authority follows procedures that are promulgated by the Department of Finance and Administration, Local Government Division (DFA-LGD). Those procedures are as follows:

1. On or before July 1 of each year, the Board of Directors, approves and certifies to the estimated operating budgets for use by the local board pending final approval from the DFA-LGD.
2. After the Board approves the proposed initial budget, it is then submitted to the DFA-LGD for review and certification in time to meet the DFA-LGD deadline of June 1.
3. DFA-LGD returns the approved initial budget on the first Monday in July. Fiscal year-end cash balances and any final budget adjustments are then posted to the initial budget to produce the Authority's final budget, which must be submitted to DFA-LGD by July 30.
4. Upon certification by the DFA-LGD, the budget becomes a legally binding document which does not allow total expenditures in any fund to exceed the amount budgeted.
5. The Board is authorized to make budget revisions with the DFA-LGD's approval.
6. Formal budgetary integration is employed as a management control device during the year.

The budgetary information presented in these financial statements has been properly amended by the Authority's board in accordance with the above procedures. These amendments resulted in no changes to the excess (deficiency) of revenues over expenditures for the current year.

K. Net Position

Net position is reported in three categories: net investment in capital assets, restricted, and unrestricted:

- Net investment in capital assets – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Authority include management’s estimate of the allowance for uncollectible accounts for water sales and depreciation on assets over their estimated useful lives.

M. New Accounting Pronouncements

The following pronouncements have been issued, but are not yet effective for the year ended June 30, 2024.

- *GASB Statement No. 102, Certain Risk Disclosures*
- *GASB Statement No. 103, Financial Reporting Model Improvements*
- *GASB Statement No. 104, Disclosure of Certain Capital Assets*

The Authority is evaluating the effect that these statements will have in upcoming years.

N. Tax Abatement Disclosures

The Authority does not have any agreements that require disclosure under *GASB Statement No. 77, Tax Abatement Disclosures*.

3. CASH

State statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The Authority is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2024.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The Authority's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for at least one half of the amount on deposit with the institution that is in excess of the federal deposit insurance amount.

As of June 30, 2024, \$1,092,817 of the Authority's bank balance of \$1,342,817 was exposed to custodial credit risk. However, all of the \$1,092,817 was collateralized by securities held by pledging institutions, not in the Authority's name. None of the Authority's deposits were uninsured and uncollateralized at June 30, 2024.

Bank accounts were collateralized as follows:

Total deposits in bank	\$ 1,342,817
Less FDIC coverage	<u>(250,000)</u>
Uninsured public funds	1,092,817
Pledged Collateral held by the pledging bank's trust department or agent in the Authority's name	<u>2,263,292</u>
Uninsured and uncollateralized	<u>\$ (1,170,475)</u>

As of June 30, 2024, the Authority's bank balances were exposed to custodial credit risk. The amount above identified as uninsured of \$1,092,817 is subject to custodial credit risk. This in the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

The bank account balances were collateralized as shown in the following schedule:

Account	Account Type	Citizens Bank
Operating	Demand	\$ 309,682
Reserve	Demand	295,685
Debt Service	Demand	700,910
Brazito Sewer	Demand	28,135
Brazito Sewer #2	Demand	100
NM HIDTA	Demand	827
South Valley Water	Demand	7,378
CDBG	Demand	<u>100</u>
Total amounts of deposits		1,342,817
FDIC Coverage		<u>250,000</u>
Total uninsured public funds		1,092,817
Pledged collateral held by the pledging bank's trust department or agent in the Authority's name		<u>2,263,292</u>
Uninsured and uncollateralized		<u>\$ (1,170,475)</u>
50% pledged collateral requirement		\$ 546,409
Total pledged collateral		<u>2,263,292</u>
Pledged collateral exceeding the requirements		<u>\$ 1,716,883</u>

A description of the pledged collateral as of June 30, 2024, is as follows:

Description	CUSIP#	Maturity	Market Value
Citizen's Bank:			
FHLB	3130AEB25	06/09/2028	\$ 1,439,670
FNMA	31364FKW0	12/20/2027	212,312
FNMA	3135G05Q2	08/05/2030	<u>611,310</u>
Total Citizen's Bank			<u>\$ 2,263,292</u>

The bank account reconciliations as of June 30, 2024, are as follows:

Account	Account Type	Interest Bearing	Balance per Bank	Deposits in Transit	Outstanding Checks	Reconciled Balance
Operating	Demand	No	\$ 309,682	\$ 17,223	\$ 259,339	\$ 67,566
Reserve	Demand	Yes	295,685	-	-	295,685
Debt Service	Demand	Yes	700,910	-	-	700,910
Brazito Sewer Project	Demand	No	28,135	-	-	28,135
Brazito Sewer Project #2	Demand	No	100	-	21,585	(21,485)
NM HIDTA	Demand	No	827	-	86,632	(85,805)
South Valley Water	Demand	No	7,378	-	-	7,378
CDBG	Demand	No	100	-	-	100
Total amounts of deposits			<u>\$ 1,342,817</u>	<u>\$ 17,223</u>	<u>\$ 367,556</u>	992,484
Cash held by NMFA - Loan reserve						28,720
Petty cash & returned items						<u>1,937</u>
Total cash						<u>\$ 1,023,141</u>
Total as Reported in the Financial Statements: Statement of Net Position:						
Cash and cash equivalent						\$ 582,725
Restricted cash						<u>440,416</u>
Total cash per financial statements						<u>\$ 1,023,141</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of water and sewer service billings. Accounts receivable for water and sewer service billings is water and sewer utility revenue billed and unbilled but uncollected. The Authority considers the amount fully collectible and therefore has not estimated an allowance for doubtful accounts. At year-end, accounts receivable totaled \$1,142,736.

5. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2024. Land, water rights, and construction in progress are not subject to depreciation.

	Beginning Balance	Adjustment/ Transfers	Increases	Decreases	Ending Balance
Business-type capital assets, not being depreciated					
Land, well sites, and easements	\$ 1,281,291	\$ -	\$ -	\$ -	\$ 1,281,291
Water rights	24,614,630	-	-	-	24,614,630
Construction in progress	<u>18,885,819</u>	<u>-</u>	<u>13,817,498</u>	<u>-</u>	<u>32,703,317</u>
Total capital assets, not being depreciated	<u>44,781,740</u>	<u>-</u>	<u>13,817,498</u>	<u>-</u>	<u>58,599,238</u>
Business-type capital assets, being depreciated					
Buildings and improvements	2,383,332	-	-	-	2,383,332
Land improvements	346,389	-	-	-	346,389
Water and sewer plant/system	67,530,845	-	114,242	-	67,645,087
Furniture, fixtures, and equipment	760,290	-	29,864	-	790,154
Transportation equipment	<u>1,493,596</u>	<u>-</u>	<u>179,032</u>	<u>-</u>	<u>1,672,628</u>
Total business-type capital assets, being depreciated	<u>72,514,452</u>	<u>-</u>	<u>323,138</u>	<u>-</u>	<u>72,837,590</u>
Less accumulated depreciation for:					
Buildings and improvements	12,017,600	-	2,047,528	-	14,065,128
Land improvements	134,634	-	-	-	134,634
Water and sewer plant/system	14,072,930	-	-	-	14,072,930
Furniture, fixtures, and equipment	166,151	-	-	-	166,151
Transportation equipment	<u>561,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,968</u>
Total accumulated depreciation	<u>26,953,283</u>	<u>-</u>	<u>2,047,528</u>	<u>-</u>	<u>29,000,811</u>
Total capital assets being depreciated, net	<u>45,561,169</u>	<u>-</u>	<u>(1,724,390)</u>	<u>-</u>	<u>43,836,779</u>
Business-type capital assets, net	<u>\$90,342,909</u>	<u>\$ -</u>	<u>\$12,093,108</u>	<u>\$ -</u>	<u>\$102,436,017</u>

Depreciation expense for the year ended June 30, 2024, totaled \$2,047,528.

6. LONG TERM OBLIGATIONS

During the year ended June 30, 2024, the following changes occurred in the liabilities reported in the Statement of Net Position:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
New Mexico Finance Authority Loans (NMFA)	\$ 2,389,703	\$ 2,956,238	\$ 112,182	\$ 5,233,759	\$ 114,196
United States Department of Agriculture Loans (USDA)	11,095,381	-	349,783	10,745,598	191,151
New Mexico Environmental Department (NMED)	<u>437,566</u>	<u>-</u>	<u>25,354</u>	<u>412,212</u>	<u>23,777</u>
Total notes payable	<u>\$13,922,650</u>	<u>\$ 2,956,238</u>	<u>\$ 487,319</u>	<u>\$16,391,569</u>	<u>\$ 329,124</u>

NMFA Loans: The Authority has entered into ten loan agreements with the New Mexico Finance Authority, wherein the Authority has pledged revenue derived from operations to cover debt service. This revenue is not subject to intercept agreements. The NMFA loans are as follows:

	Outstanding Principal Balance
NMFA LowerRio 2: On July 15, 2011, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$790,914. The proceeds of the loan were used to refinance four loans from the United States Department of Agriculture to the following: 1) Mesquite Mutual Domestic Water Consumers and Mutual Sewage Works Association dated February 17, 2009 in the amount of \$307,000, 2) Mesquite Mutual Domestic Water Consumers and Mutual Sewage Works Association dated December 17, 2007 in the amount of \$307,400, 3) Desert Sands Mutual Domestic Water Consumers Association dated November 7, 2006 in the amount of \$50,000 and 4) La Mesa Mutual Domestic Water Consumers Association dated May 16, 2002 in the amount of \$100,000. The loan matures May 1, 2041. The blended interest rate over the term of the loan is 3.443%. Principal and interest are paid annually.	\$ 525,597
NMFA LowerRio 3: On January 20, 2012 the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$437,163. The proceeds of the loan were used for replacement of water utility system transmission and distribution upgrades for the Mesquite area and the Berino area to blend water sources to achieve compliance with arsenic standards for drinking water. The loan matures June 1, 2032. The blended interest rate over the term of the loan is 0.250%. Principal and interest are paid annually.	177,488

<p>NMFA DW-5631: On May 27, 2022, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$4,127,535. The maximum forgiven principal amount is \$2,788,875 and the maximum repayable principal amount is \$1,338,660 (however only \$450,008 has been drawn down to date). The proceeds of the loan were used for the construction of phase I water system improvements in the east mesa service area. The loan matures May 1, 2054. The blended interest rate over the term of the loan is 0.25% and 1%. Principal is paid annually beginning May 1, 2025.</p>	450,008
<p>NMFA DW-4796: On February 22, 2019, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$1,729,692 (however only \$370,227 has been drawn down to date). The proceeds were used for the design and construction of Valle Del Rio Phase 2. The loan matures May 1, 2041. The blended interest rate over the term of the loan is 0.250%. Principal payments are paid annually.</p>	370,227
<p>NMFA LowerRio 6: On March 1, 2013, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$167,025. The proceeds were used for the design and construction of a sewer system to eliminate existing septic system and wetlands treatment plant and replacing it with a gravity collection system connected to the Dona Ana County South Central Regional Treatment Plant. The loan matures June 1, 2033. There is no interest rate for this loan. Principal payments are paid annually.</p>	75,160
<p>NMFA DW-4213: On October 26, 2018, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$3,285,288 compose of \$600,000 disadvantage component loan and \$2,685,288 market component (however only \$2,437,157 has been drawn down to date). The proceeds were used for the admin building project. The disadvantaged component with a .25% interest and matures on May 1, 2040 and a market component with a 2.00% interest and matures on May 2050. Principal payments are paid annually.</p>	2,437,157
<p>NMFA CIF-4915: On August 23, 2019, the Authority executed a loan/grant agreement with the New Mexico Finance Authority in the amount of \$247,152. The Authority received ten percent (10%) of its funding as a loan. The proceeds were used for the E Mesa Water System Improvements Ph I. The loan matures on June 1, 2041. There is no interest rate for this loan. Principal payments are paid annually.</p>	33,984
<p>NMFA CIF-4645: On October 26, 2018, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$29,172. The proceeds were used for the High Valley water improvements. The loan matures on June 1, 2040. There is no interest rate for this loan. Principal payments are paid annually.</p>	24,795
<p>NMFA CIF-4916: On September 27, 2019, the Authority executed a loan/grant agreement with the New Mexico Finance Authority in the amount of \$741,628. The Authority received \$111,244 of its funding as a loan. The loan matures on June 1, 2041. There is no interest rate for this loan. Principal payments are paid annually.</p>	100,120

NMFA CIF-5535: On October 22, 2021, the Authority executed a loan/grant agreement with New Mexico Finance Authority in the amount of \$337,388. The authority received \$67,478 of its funding as a loan, however only \$65,914 has been drawn down to date. The loan matures on October 2023. There is no interest rate for the loan. Principal payments are paid annually.	65,914
NMFA CIF-5536: On January 20, 2023, the Authority executed a loan/grant agreement with New Mexico Finance Authority in the amount of \$104,217. The proceeds were used for the High Valley water improvements. The loan matures on June 1, 2040. There is no interest rate for this loan. Principal payments are paid annually.	86,051
NMFA DW-3394A and DW-3394B: On October 26, 2018, the Authority executed a loan agreement with New Mexico Finance Authority in the amount of \$299,427 and \$151,550, respectively. The proceeds were used for the Valle Del Rio Project. The loans matures on May 2038. There is no interest rate for this loan. Principal payments are paid annually.	341,736
NMFA CIF-5782: On January 20, 2023, the Authority executed a loan/grant agreement with New Mexico Finance Authority in the amount of \$5,715,000. The authority received \$571,500 of its funding as a loan. The loan matures on June 2045. There is no interest rate for the loan. Principal payments are paid annually beginning June 2026.	545,522
USDA Loans: The Authority has entered into nine loan agreements with the United States Department of Agriculture (USDA), wherein the Authority has pledged revenue derived from operations to cover debt service. This revenue is not subject to intercept agreements. The USDA loans are as follows:	
USDA 91-02: On June 11, 2014, the Authority executed a promissory note with the United States Department of Agriculture in the amount of \$2,304,000. The proceeds were used for the water system project improvements. The note matures on June 11, 2054 and has an interest rate of 3.25% per annum. Installments are paid monthly.	1,908,631
USDA 91-04: On August 20, 2012, the Authority executed a promissory note with the United States Department of Agriculture in the amount of \$471,000. The proceeds were used for the water system project improvements. The note matures on August 20, 2052 and has an interest rate of 2.75% per annum. Installments are paid monthly.	333,249
USDA 92-13 and 92-19: On April 26, 2012, the Authority executed two promissory notes, USDA 92-13 and USDA 92-19 with the United States Department of Agriculture in the amount of \$100,000 and \$606,000 respectively. The proceeds were used to replace the failing sewer main lines and other sewer system improvements. The notes mature on April 26, 2052 and have interest rates of 3.375% and 2% respectively. Installments are paid monthly.	550,017

USDA 93-09: On January 17, 2006, Brazito Mutual Domestic Water Consumers Association executed a promissory note with the United States Department of Agriculture in the amount of \$40,000. The proceeds were used for the water system project improvements. The note matures on January 17, 2046 and accrues an interest rate of 4.250% per annum. Installments are paid monthly.	81,359
USDA 91-14: On October 26, 2009, Brazito Mutual Domestic Water Consumers Association executed a promissory note with the United States Department of Agriculture in the amount of \$222,000. The proceeds were used for the water system project improvements. The note matures on October 26, 2049 and accrues an interest rate of 3.375% per annum. Installments are paid monthly.	169,167
USDA 91-15: On July 23, 2018, the Authority executed a promissory note with the United States Department of Agriculture in the amount of \$357,000. The proceeds were used for the sewer project improvements. The note matures on July 1, 2059 and accrues an interest rate of 3.25% per annum. Installments are paid monthly.	377,887
USDA 91-15: On May 22, 2012, Brazito Mutual Domestic Water Consumers Association executed a promissory note with the United States Department of Agriculture in the amount of \$172,000. The proceeds were used for the water system project improvements. The note matures on June 22, 2052 and accrues an interest rate of 2.750% per annum. Installments are paid monthly.	137,384
USDA 61062: On July 25, 2022, the Authority executed a promissory note with the United States Department of Agriculture in the amount of \$1,014,000. The proceeds were used for the south water system project improvements. The note matures on June 25, 2062, and accrues an interest rate of 1.5% per annum. Installments are paid monthly.	977,861
USDA 71584: On July 25, 2022, the Authority executed a promissory note with the United States Department of Agriculture in the amount of \$160,000. The proceeds were used for the south water system project improvements. The note matures on June 25, 2062 and accrues an interest rate of 1.375% per annum. Installments are paid monthly.	154,168
USDA 92-33: On December 21, 2022, the Authority executed a promissory note with the United States Department of Agriculture in the amount of \$6,189,000. The proceeds were used for the Mesquite Brazito sewer project. The note matures on December 21, 2062 and accrues an interest rate of 3.5% per annum. Installments are paid monthly.	6,055,875
<p>NMED Loans: The Authority has entered into one loan agreement with the New Mexico Environmental Department, wherein the Authority has pledged revenue derived from operations to cover debt service. This revenue is not subject to intercept agreements. The NMED loan is as follows:</p>	

NMED RIP00024: On September 27, 2018, the Authority executed a promissory note with the New Mexico Environment Department in the amount of \$533,379. The proceeds were used for purchase of land and water rights. The note matures on September 27, 2038 and accrues an interest rate of 2.375% per annum. Installments are paid yearly.

	412,212
Total debt	16,391,569
Less current portion of long-term debt	329,124
Total long-term debt	\$ 16,062,445

Following is a summary of principal and interest maturities of long-term liabilities:

Years Ending	Interest	Principal
June 30, 2025	\$ 332,231	\$ 329,124
June 30, 2026	332,953	516,592
June 30, 2027	363,009	431,514
June 30, 2028	354,492	439,959
June 30, 2029	345,698	448,672
June 30, 2030 - 2034	1,586,286	2,344,629
June 30, 2035 - 2039	1,319,642	2,448,450
June 30, 2040 - 2044	1,022,025	2,256,172
June 30, 2045 - 2049	747,432	2,332,003
June 30, 2050 - 2054	451,284	2,321,903
June 30, 2055 - 2059	216,557	1,580,123
June 30, 2060 - 2061	42,967	942,428
Total	\$ 7,114,576	\$ 16,391,569

7. COMPENSATED ABSENCES

Full time employees earn both 4 hours sick leave and 4 hours vacation each biweekly pay period. Employees may carry over a maximum of 240 hours in each category from calendar year to calendar year. As of June 30, 2024, employees had balances of 1,865 sick leave hours with a value of \$24,452 and 4,169 vacation hours with a value of \$49,202. Upon termination, all accumulated vacation will be paid to the employee. Following is a schedule of changes in compensated absences:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Compensated absences	\$ 73,654	\$ 7,334	\$ 7,334	\$ 73,654	\$ 7,000

8. RISK MANAGEMENT

The Authority covers its risk of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees and natural disasters through various insurance policy coverage. The coverage includes workers compensation, general and professional liability, property, and fidelity bonds coverage. The Authority transfers these risks of loss to the insurance carrier except for deductible amounts. Premiums paid on policies for the year June 30, 2024, was \$119,536.

9. FISCAL AGENT

The Authority is the fiscal agent for the Southwest Border HIDTA – New Mexico. As part of being the Fiscal Agent, the Authority assumes the administrative and financial responsibilities as required by the grant agreement between the Authority and the Office of National Drug Control Policy. The Authority received grant revenue totaling \$2,304,329 under the grant agreement for the year ended June 30, 2024. See page 26 for a break out of the HIDTA revenue and expenses from the other functions.

10. RETIREMENT PLAN

The Authority provides employees the opportunity to participate in a 401(k) plan. The 401(k) is available to employees after completing their 90 day trial period. The Authority matches employee contributions dollar for dollar up to 4% of wages. In addition, the Authority contributes a profit sharing portion to each employee’s 401(k), regardless of whether they participate in the voluntary contribution option. Current policy is to contribute up to 10% of the employee’s wages towards the profit sharing option and is determined on an annual basis. For the fiscal year ended June 30, 2024, the Authority contributed \$138,908.

11. SUBSEQUENT REVIEW

Lower Rio Grande Public Water Works Authority has evaluated subsequent events through November 21, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
RECEIPTS:				
Operating revenues:				
Charges for services	\$ 4,158,375	\$ 4,158,375	\$ 4,613,889	\$ 455,514
Other revenues	199,350	199,350	135,229	(64,121)
Non-operating revenues				
Other revenue	-	-	189,839	189,839
Interest income	500	500	619	119
Grants and loans	-	-	13,201,176	13,201,176
	<u>4,358,225</u>	<u>4,358,225</u>	<u>18,140,752</u>	<u>13,782,527</u>
Total receipts				
	<u>4,358,225</u>	<u>4,358,225</u>	<u>18,140,752</u>	<u>13,782,527</u>
DISBURSEMENTS:				
Operating expenses:				
Accounting & administration	243,225	243,225	289,599	(46,374)
Salaries & benefits	2,387,975	2,387,975	2,335,454	52,521
Sewer system	274,500	274,500	57,963	216,537
Materials & supplies	870,375	870,375	754,690	115,685
Utilities	307,150	307,150	251,518	55,632
Non-operating disbursements				
Debt payments - principal	515,000	515,000	487,319	27,681
Debt payments - interest	285,000	285,000	336,863	(51,863)
	<u>4,883,225</u>	<u>4,883,225</u>	<u>4,513,406</u>	<u>369,819</u>
Total disbursements				
	<u>4,883,225</u>	<u>4,883,225</u>	<u>4,513,406</u>	<u>369,819</u>
Excess receipts over (under) disbursements	<u>\$ (525,000)</u>	<u>\$ (525,000)</u>	<u>13,627,346</u>	<u>\$ 13,627,346</u>
Beginning unrestricted cash			<u>11,103,735</u>	
Ending unrestricted cash			<u>\$ 24,731,081</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net excess receipts over (under) disbursements budgetary basis			\$ 13,627,346	
Depreciation			(2,047,528)	
HIDTA program			(2,322,356)	
Principal payments on debt			487,319	
Change in net position GAAP basis			<u>\$ 9,744,781</u>	

See accompanying notes to financial statements and independent auditor's report.

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2024**

	Water	Sewer	HIDTA	Total
Operating Revenues:				
Charges for services	\$ 4,244,712	\$ 369,177	\$ -	\$ 4,613,889
Other revenues	99,455	35,774	-	135,229
Total operating revenues	<u>4,344,167</u>	<u>404,951</u>	<u>-</u>	<u>4,749,118</u>
Operating Expenses:				
Salaries and wages	1,698,172	-	2,322,356	4,020,528
Employee benefits	635,697	-	-	635,697
Materials, supplies, tools and chemicals	208,153	15,643	-	223,796
Office expenses	336,901	74,231	-	411,132
Miscellaneous	19,134	-	-	19,134
Bank charges	34,997	6	-	35,003
Insurance	143,269	-	-	143,269
Maintenance and repairs	226,349	23,231	-	249,580
Professional fees	54,143	-	-	54,143
Travel and entertainment	12,859	-	-	12,859
Depreciation	1,530,087	517,441	-	2,047,528
Utilities	193,591	12,848	-	206,439
Total operating expenses	<u>5,093,352</u>	<u>643,400</u>	<u>2,322,356</u>	<u>8,059,108</u>
Operating loss	<u>(749,185)</u>	<u>(238,449)</u>	<u>(2,322,356)</u>	<u>(3,309,990)</u>
Non-Operating Revenues (Expenses):				
Grant revenue	-	-	2,304,329	2,304,329
Interest income	619	-	-	619
Rental income	35,111	-	-	35,111
Other income	154,728	-	-	154,728
Interest expense	(145,974)	(190,889)	-	(336,863)
Total non-operating revenues (expenses)	<u>44,484</u>	<u>(190,889)</u>	<u>2,304,329</u>	<u>2,157,924</u>
Loss before capital contributions	<u>(704,701)</u>	<u>(429,338)</u>	<u>(18,027)</u>	<u>(1,152,066)</u>
Capital Contributions:				
Grant revenues:				
State	1,123,719	3,737,077	-	4,860,796
Federal	1,451,566	4,584,485	-	6,036,051
Total capital contributions	<u>2,575,285</u>	<u>8,321,562</u>	<u>-</u>	<u>10,896,847</u>
Change in net position	<u>1,870,584</u>	<u>7,892,224</u>	<u>(18,027)</u>	<u>9,744,781</u>
Net position - beginning of year	<u>75,749,378</u>	<u>2,445,212</u>	<u>(94,866)</u>	<u>78,099,724</u>
Net position - end of year	<u>\$ 77,619,962</u>	<u>\$ 10,337,436</u>	<u>\$ (112,893)</u>	<u>\$ 87,844,505</u>

See accompanying notes to financial statements and independent auditor's report.

COMPLIANCE SECTION

WATTS CPA, P.C.

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

To Joseph M. Maestas, P.E., CFE, New Mexico State Auditor and
Members of the Board of Directors
Lower Rio Grande Public Water Works Authority
Mesquite, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Lower Rio Grande Public Water Works Authority as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the related budget comparisons of the Authority, presented as supplemental information, and have issued my report thereon dated November 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Watts CPA, P.C.

El Paso, Texas
November 21, 2024

WATTS CPA, P.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To Joseph M. Maestas, P.E., CFE, New Mexico State Auditor and
Members of the Board of Directors
Lower Rio Grande Public Water Works Authority
Mesquite, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lower Rio Grande Public Water Works Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Watts CPA, P.C.

El Paso, Texas
November 21, 2024

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor or Pass-Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Paid to Subrecipients</u>	<u>Noncash Assistance</u>
U.S. Environmental Protection Agency				
Passed through New Mexico Finance Authority Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 3,457,622	\$ -	\$ -
Total U.S Environmental Protection Agency		<u>\$ 3,457,622</u>	<u>\$ -</u>	<u>\$ -</u>
Executive Office of the President				
Direct Executive Office of the President High Intensity Drug Trafficking Areas (HIDTA) Program	95.001	\$ 2,322,356	\$ -	\$ -
Total Executive Office of the President		<u>\$ 2,322,356</u>	<u>\$ -</u>	<u>\$ -</u>
U.S. Department of Agriculture				
Water and Waste Disposal Systems for Rural Communities*	10.770	\$ 5,180,035	\$ -	\$ -
Total U.S. Department of Agriculture		<u>\$ 5,180,035</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal Financial Assistance		<u>\$10,960,013</u>	<u>\$ -</u>	<u>\$ -</u>

* Denotes Major Federal Financial Assistance Program

See independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Lower Rio Grande Public Water Works Authority under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. 10% de minimus Indirect Cost Rate

The Authority did not elect to use the allowed 10% indirect cost rate.

Note 4. Federally Funded Insurance

The Authority has no federally funded insurance.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section I – Summary of Auditors’ Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | None Noted |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None Noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)? | No |

4. Identification of major programs:

Assistance Listing Number	Federal Program
66.468	Capitalization Grants for Drinking Water State Revolving Funds

- | | |
|---|-----|
| 5. Dollar threshold used to distinguish between type A and type B programs: \$750,000 | |
| 6. Auditee qualified as low-risk auditee? | Yes |

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

CURRENT YEAR FINDINGS:

None

STATUS OF PRIOR YEAR FINDINGS:

None

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

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2024**

An exit conference was conducted on November 21, 2024 with the following individuals in attendance:

Lower Rio Grande Public Water Works Authority

Esperanza Holguin
Martin Lopez
Kathi Jackson
John Schroder
Patricia Charles

Board Chairman
General Manager
Finance Manager
Accounting Assistant
Projects Specialist

Watts CPA, P.C.

Brad Watts
Luis Molina

Shareholder
Manager

Financial Statement Preparation

The financial statements were prepared by Watts CPA, P.C. from the books and records of the Lower Rio Grande Public Water Works Authority. However, the contents of these financial statements remain the responsibility of the Authority's management.

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

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2025-10

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A COLONIAS INFRASTRUCTURE PROJECT FUND LOAN/GRANT AGREEMENT (“AGREEMENT” OR “LOAN/GRANT AGREEMENT”) BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY (“NMFA,” OR “LENDER/GRANTOR”) AND THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY DOÑA ANA COUNTY, NEW MEXICO (“BORROWER/GRANTEE”), FOR THE BENEFIT OF THE DESIGNATED COLONIA OF VADO, IN THE TOTAL AMOUNT OF EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$875,000), EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF THE DESIGN AND CONSTRUCTION OR REPLACEMENT OF AGING UNDERSIZED WATER PIPELINES AND RELOCATION OF THOSE PIPELINES CURRENTLY ON PRIVATE PROPERTY TO COUNTY RIGHT OF WAY, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE LOAN AMOUNT OF ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$175,000) SOLELY FROM THE NET SYSTEM REVENUES OF THE WATER SYSTEM AND ACCEPTANCE OF A GRANT AMOUNT OF SEVEN HUNDRED THOUSAND DOLLARS (\$700,000); CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

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

WHEREAS, the Colonias Infrastructure Board (“CIB”) is a public body duly organized and created under and pursuant to the laws of the State of New Mexico (the “State”), particularly the Colonias Infrastructure Act, NMSA 1978, §§ 6-30-1 through 6-30-8, as amended, (the “Colonias Infrastructure Act” or the “Act”); and

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

WHEREAS, the Borrower/Grantee is a Political Subdivision of the State, being a legally and regularly created, established, organized and existing public water works authority under the general laws of the State and more specifically, NMSA 1978, § 73-26-1; and

WHEREAS, the Act creates the Colonias Infrastructure Project Fund (the “Fund”) in the NMFA, to be administered by the NMFA to originate grants or loans to Qualified Entities for Qualified Projects recommended by the CIB; and

WHEREAS, there exists within the boundaries or service area of the Borrower/Grantee, the Colonia of Vado, a community that has been designated as a Colonia within the meaning of the Act; and

WHEREAS, the Borrower/Grantee will be receiving the Loan/Grant for the benefit of the Colonia of Vado and the public they serve; and

WHEREAS, the Borrower/Grantee submitted an application dated February 28, 2024 for the Project; and

WHEREAS, the CIB has determined that the Project is a Qualified Project and that the Borrower/Grantee is a Qualified Entity under the Board Rules; and

WHEREAS, the CIB on May 16, 2024 recommended to the NMFA that the Borrower/Grantee receive financial assistance from the Fund in the form of the Loan/Grant, for the benefit of the Colonia and the CIB has recommended that the NMFA enter into and administer the Loan/Grant Agreement; and

WHEREAS, the NMFA approved the Loan/Grant Amount from the Fund to the Borrower/Grantee on June 27, 2024; and

WHEREAS, the Borrower/Grantee has determined that it is in the best interests of the Borrower/Grantee and the Colonia that the Borrower/Grantee enter into an Agreement with the Lender/Grantor to borrow one hundred seventy-five thousand dollars (\$175,000) from the Lender/Grantor and to accept a grant in the amount of seven hundred thousand dollars (\$700,000) from the Lender/Grantor to finance the costs of the design and construction or replacement of aging undersized water pipelines and relocation of those pipelines currently on private property to county right-of-way, this project being more particularly described in the Term Sheet; and

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

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

WHEREAS, the Loan/Grant Agreement shall not constitute a general obligation of the Borrower/Grantee, the CIB or the NMFA or a debt or pledge of the full faith and credit of the Borrower/Grantee, the CIB, the NMFA or the State; and

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

WHEREAS, the Governing Body hereby determines that the Local Match is now available to the Borrower/Grantee to complete the Project; and

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

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

Section 1. Definitions. Capitalized terms defined in the foregoing recitals shall have the same meaning when used in this Resolution unless the context clearly requires otherwise. Capitalized terms not defined in the recitals and defined in this Article I shall have the same meaning when used in this Resolution including the foregoing recitals, unless the context clearly requires otherwise. Capitalized terms not defined herein shall have the meaning given them by the Loan/Grant Agreement.

“Agreement” or “Loan/Grant Agreement” means the Loan/Grant Agreement and any amendments or supplements thereto, including the Exhibits attached thereto.

“Authorized Officers” means, any one or more of the Chair, the Finance Manager, the General Manager and Secretary of the Borrower/Grantee.

“Closing Date” means the date of execution of the Loan/Grant Agreement by the Borrower/Grantee and the NMFA.

“Colonia” or “Colonias” means a Colonia as defined in the Act, and more particularly in NMSA 1978, § 6-30-3(C), as amended, and particularly the Colonia of Vado.

“Colonias Infrastructure Project Fund” or “Fund” means the fund of the same name created pursuant to the Act and held and administered by the NMFA.

“Conditions” has the meaning given to that term in the Loan/Grant Agreement.

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

“Eligible Fiscal Agent Fees” means fees and costs incurred by a fiscal agent for the administration of Project funds, including the collection and reporting of Project information as required by the Loan/Grant Agreement, in an amount not exceeding five percent (5%) of the Loan/Grant Amount.

“Eligible Items” means eligible Project costs for which loans/grants may be made pursuant to Title 2, Chapter 91, Part 2 NMAC, the Board Rules and applicable Policies, and includes costs of acquiring and completing the Project, and, without limitation, Eligible Legal Costs, Eligible Fiscal Agent Fees and Eligible Project Management Fees.

“Eligible Legal Costs” means legal fees and costs for services rendered by legal counsel on behalf of the Borrower/Grantee for transaction of the Project and those directly associated with the qualified project, in an amount not exceeding ten percent (10%) of the Loan/Grant Amount, but does not include adjudication services.

“Eligible Project Management Fees” means the fees and costs associated with the planning, implementation and technical oversight of the project management costs for services rendered to the Borrower/Grantee for the transaction of the Project and those directly associated with the Project, in an amount up to ten percent (10%) of the Loan/Grant Amount.

“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 Borrower/Grantee as its fiscal year.

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

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

“Grant” or “Grant Amount” means the amount provided to the Borrower/Grantee as a grant pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and shall equal 80% of the amount disbursed not to exceed seven hundred thousand dollars (\$700,000).

“Gross Revenues” has the meaning given to that term in the Loan/Grant Agreement.

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

“Loan” or “Loan Amount” means 20% of the amount disbursed to the Borrower/Grantee during the Interim Period for the purpose of funding the Project, including the Local Match, and shall not equal more than one hundred seventy-five thousand dollars (\$175,000).

“Loan/Grant” or “Loan/Grant Amount” means the combined amount distributed to the Borrower/Grantee during the Interim Period as the Grant Amount and borrowed by the Borrower/Grantee as the Loan Amount pursuant to the Loan/Grant Agreement for the purpose of funding the Project and shall not equal more than eight hundred seventy-five thousand dollars (\$875,000).

“Loan Payments” means, collectively, the Principal Component (defined in the Loan/Grant Agreement) to be paid by the Borrower/Grantee as payment of the Loan/Grant Agreement as shown on Exhibit “C” to the Loan/Grant Agreement.

“Local Match” means the amount determined pursuant to the Policies to be provided by the Borrower/Grantee which includes the total value of the soft or hard match (each as defined in the Policies) which, in combination with the Loan/Grant Amount and other monies available to the Borrower/Grantee, is sufficient to complete the Project. The Local Match is an additional loan in the amount of eighty-seven thousand five hundred dollars (\$87,500) included and incorporated in the Loan Amount.

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

“NMAC” means the New Mexico Administrative Code.

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

“Operation and Maintenance Expenses” has the meaning given to that term in the Loan/Grant Agreement.

“Pledged Revenues” means the Net System Revenues of the Borrower/Grantee pledged to the payment of the Loan Payments pursuant to this Resolution and the Loan/Grant Agreement and described in the Term Sheet.

“Policies” means the Colonias Infrastructure Project Fund Project Selection and Management Policies, approved by the CIB.

“Political Subdivision of the State” means a municipality, a county, water and sanitation district, an association organized and existing pursuant to the Sanitary Projects Act, NMSA 1978, § 3-29-1 through § 3-29-21, as amended, or any other entity recognized by statute as a political subdivision of the State.

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

“Project Account” means the book account, if any, established by the NMFA in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, as shown in the Term Sheet, which account shall be kept separate and apart from all other accounts of the NMFA.

“Qualified Entity” means a county, municipality, or other entity recognized as a Political Subdivision of the State pursuant to NMSA 1978, § 6-30-3(F), as amended.

“Qualified Project” means a capital outlay project recommended by the CIB to the NMFA for financial assistance that is primarily intended to develop Colonias infrastructure. A Qualified Project may include a water system, a wastewater system, solid waste disposal facilities, flood and drainage control, roads or housing infrastructure pursuant to NMSA 1978, § 6-30-3(G), as amended, but does not include general operation and maintenance, equipment, housing allowance payments or mortgage subsidies.

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

“Rules” means Review and Selection of Colonias Infrastructure Projects, New Mexico Colonias Infrastructure Board, Sections 2.91.2.1 through 2.91.2.18 NMAC.

“State” means the State of New Mexico.

“System” means the water and wastewater, if any, utility system operated pursuant to NMSA 1978, § 73-26-1 and the Governance Document of the Lower Rio Grande Public Water Works Authority, adopted on October 10, 2010 as amended from time to time, of the Borrower/Grantee, owned and operated by the Borrower/Grantee, and of which the Project, when completed, will form part.

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

“Useful Life” means the period during which the Project is expected to be usable for the purpose for which it was acquired, which is twenty (20) years.

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

Section 3. Authorization of the Project and the Loan/Grant Agreement. The acquisition and completion of the Project and the method of funding the Project through execution and delivery of the Loan/Grant Agreement and the other documents related to the transaction are hereby authorized and ordered. The Project is for the benefit and use of the Borrower/Grantee, the Colonia and the public they serve.

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

A. The Project is needed to meet the needs of the Borrower/Grantee, the Colonia and the public they serve.

B. Moneys available and on hand for the Project from all sources other than the Loan/Grant are not sufficient to defray the cost of acquiring and completing the Project but, together with the Loan/Grant Amount, are sufficient to complete the Project.

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

D. The Borrower/Grantee will acquire and complete the Project with the proceeds of the Loan/Grant, the Local Match and other amounts available to the Borrower/Grantee, and except as otherwise expressly provided by the Loan/Grant Agreement, will utilize, operate and maintain the Project for the duration of its Useful Life.

E. Together with the Loan/Grant Amount, and other amounts available to the Borrower/Grantee, the Local Match is now available to the Borrower/Grantee, and in combination with the Loan/Grant Amount, will be sufficient to complete the Project.

F. The Lender/Grantor shall maintain on behalf of the Borrower/Grantee a separate Project Account as a book account only on behalf of the Borrower/Grantee and financial records in accordance with Generally Accepted Accounting Principles during the construction or implementation of the Project.

G. The Borrower/Grantee has or will acquire, prior to disbursement of monies for design and construction, proper title to, easements, rights of way, permits, or access rights by exercise of its power of eminent domain, the requisite access needed, on the real property upon which the Project is being designed and constructed.

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

A. Authorization. This Resolution has been adopted by the affirmative vote of at least a majority of all of 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 Borrower/Grantee and acquiring and completing the Project, it is hereby declared necessary that the Borrower/Grantee execute and deliver the Loan/Grant Agreement evidencing the Borrower/Grantee's acceptance of the Grant Amount of seven hundred thousand dollars (\$700,000) and borrowing the Loan Amount of one hundred seventy-five thousand dollars (\$175,000) to be utilized solely for Eligible Items necessary to complete the Project, and solely in the manner and according to the restrictions set forth in the Loan/Grant Agreement, the execution and delivery of which is hereby authorized. The Borrower/Grantee shall use the Loan/Grant Amount to finance the acquisition and completion of the Project.

B. Detail. The Loan/Grant Agreement shall be in substantially the form of the Loan/Grant Agreement presented at the meeting of the Governing Body at which this Resolution was adopted. The Grant shall be in the amount of seven hundred thousand dollars (\$700,000) and the Loan shall be in the amount of one hundred seventy-five thousand dollars (\$175,000). Interest on the Loan Amount shall be zero percent (0%) per annum of the unpaid principal balance of the Loan Amount.

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

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

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

A. Project Account. The Borrower/Grantee hereby consents to creation of the Project Account by the NMFA and further approves of the deposit or crediting of a portion of the Loan/Grant Amount to pay expenses. Until the Completion Date, the amount of the Loan/Grant credited to the Project Account shall be used and paid out solely for Eligible Items necessary to acquire and complete the Project in compliance with applicable law and the provisions of the Loan/Grant Agreement.

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

C. CIB and NMFA Not Responsible. Borrower/Grantee shall apply the funds derived from the Loan/Grant Agreement as provided therein, and in particular Article V of the Loan/Grant Agreement. Neither the CIB nor the NMFA shall in any manner be responsible for the application or disposal by the Borrower/Grantee or by its officers of the funds derived from the Loan/Grant Agreement or of any other funds held by or made available to the Borrower/Grantee in connection with the Project. Lender/Grantor shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession, custody and control to the NMFA for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

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

Section 10. Lien on Pledged Revenues. Pursuant to the Loan/Grant Agreement, the Loan/Grant Agreement constitutes an irrevocable lien (but not an exclusive lien) upon the Pledged

Revenues to the extent of the Loan Amount, the priority of which is consistent with that shown on the Term Sheet.

Section 11. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the Loan/Grant Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Resolution and the Loan/Grant Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the Loan/Grant Agreement including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan/Grant Agreement.

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

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

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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

Section 16. Effective Date. Upon due adoption of this Resolution, it shall be recorded in the book of the Borrower/Grantee kept for that purpose, authenticated by the signatures of the Chair and Secretary of the Borrower/Grantee, and this Resolution shall be in full force and effect thereafter, in accordance with law; provided, however, that if recording is not required for the effectiveness of this Resolution, this Resolution shall be effective upon adoption of this Resolution by the Governing Body.

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

[Remainder of page intentionally left blank.]

[Form of Notice of Adoption of Resolution for Publication]

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA 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. FY2025-10, duly adopted and approved by the Board of Directors of Lower Rio Grande Public Water Works Authority on January 15, 2025. A complete copy of the Resolution is 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,
DOÑA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2025-10

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A COLONIAS INFRASTRUCTURE PROJECT FUND LOAN/GRANT AGREEMENT (“AGREEMENT” OR “LOAN/GRANT AGREEMENT”) BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY (“NMFA,” OR “LENDER/GRANTOR”) AND THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY DOÑA ANA COUNTY, NEW MEXICO (“BORROWER/GRANTEE”), FOR THE BENEFIT OF THE DESIGNATED COLONIA OF VADO, IN THE TOTAL AMOUNT OF EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$875,000), EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF THE DESIGN AND CONSTRUCTION OR REPLACEMENT OF AGING UNDERSIZED WATER PIPELINES AND RELOCATION OF THOSE PIPELINES CURRENTLY ON PRIVATE PROPERTY TO COUNTY RIGHT OF WAY; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE LOAN AMOUNT OF ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$175,000) SOLELY FROM THE NET SYSTEM REVENUES OF THE WATER SYSTEM AND ACCEPTANCE OF A GRANT AMOUNT OF SEVEN HUNDRED THOUSAND DOLLARS (\$700,000); CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

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

[End of Form of Notice of Adoption for Publication]

[Remainder of page intentionally left blank.]

PASSED, APPROVED AND ADOPTED THIS 15TH DAY OF JANUARY, 2025.

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

By _____
Esperanza Holguin, Chair

ATTEST:

By: _____
Glory Juarez, Secretary

[Remainder of page intentionally left blank.]

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

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

Those Voting Aye: Esperanza "Espy" Holguin
James Cadena, Vice-Chair
Glory Juarez, Treasurer
Enrique "Rick" Franco, Director
Juan Perez, Director
Muriel Bowles, Director

Those Voting Nay: None

Those Absent: _____

Six (6) Members of the Governing Body having voted in favor of the motion, the Chair declared the motion carried and the Resolution adopted, whereupon the Chair and Secretary signed the Resolution upon the records of the minutes of the Governing Body.

[Remainder of page intentionally left blank.]

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

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

By _____
Esperanza Holguin, Chair

ATTEST:

By _____
Glory Juarez, Secretary

[Remainder of page intentionally left blank.]

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

I, Glory Juarez, the duly qualified and acting Secretary of the Lower Rio Grande Public Water Works Authority, New Mexico (the “Borrower/Grantee”), do hereby certify:

1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the Board of Directors of the Borrower/Grantee (the “Governing Body”), had and taken at a duly called regular meeting held at the La Mesa Office of the Borrower/Grantee located at 521 St. Valentine, La Mesa, New Mexico, on January 15, 2025 at the hour of 9:30 a.m., insofar as the same relate to the adoption of Resolution No. FY2025-10 and the execution and delivery of the proposed Loan/Grant Agreement, a copy of which is set forth in the official records of the proceedings of the Governing Body kept in my office. None of the action taken has been rescinded, repealed, or modified.

2. The proceedings were duly had and taken as therein shown, the meeting therein was duly held, and the persons therein named were present at said meeting, as therein shown.

3. Notice of the meeting was given in compliance with the permitted methods of giving notice of meetings of the Governing Body as required by the State Open Meetings Act, NMSA 1978, § 10-15-1, as amended, including the Borrower/Grantee’s open meetings Resolution No. FY2024-22, adopted and approved on May 15, 2024, in effect on the date of the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of February, 2025.

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

By _____
Glory Juarez, Secretary

EXHIBIT "A"

Notice of Meeting, Meeting Agenda, Minutes and
Affidavit of Publication of Notice of Adoption of Resolution

\$875,000

**COLONIAS INFRASTRUCTURE PROJECT FUND
LOAN/GRANT AGREEMENT**

Dated

February 21, 2025

By and Between the

NEW MEXICO FINANCE AUTHORITY,

and the

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

**COLONIAS INFRASTRUCTURE PROJECT FUND
LOAN/GRANT AGREEMENT**

THIS LOAN/GRANT AGREEMENT (the “Agreement” or “Loan/Grant Agreement”) dated February 21, 2025, is entered into by and between the **NEW MEXICO FINANCE AUTHORITY** (the “NMFA” or “Lender/Grantor”), and the **LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY** in Doña Ana County, New Mexico, (the “Borrower/Grantee”) for the benefit of the Colonia of Vado, New Mexico (the “Colonia”).

WITNESSETH:

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

WHEREAS, the Colonias Infrastructure Act, NMSA 1978, §§ 6-30-1 through 6-30-8, as amended (the “Colonias Infrastructure Act” or the “Act”) creates the Colonias Infrastructure Project Fund (the “Fund”) in the NMFA, to be administered by the NMFA to originate grants or loans to Qualified Entities for Qualified Projects recommended by the Colonias Infrastructure Board (the “CIB”); and

WHEREAS, the Borrower/Grantee is a Political Subdivision of the State, being a legally and regularly created, established, organized and existing public water works authority under the general laws of the State and more specifically, NMSA 1978, § 73-26-1, as amended; and

WHEREAS, there exists within the boundaries or service area of the Borrower/Grantee, the Colonia of Vado, a community that has been designated as a Colonia within the meaning of the Act; and

WHEREAS, the Borrower/Grantee will be receiving the Loan/Grant for the benefit of the Colonia of Vado and the public the Borrower/Grantee serves; and

WHEREAS, pursuant to the Act, Board Rules and the Policies, the CIB authorizes the NMFA to make loans/grants to Qualified Entities from the Fund for recommended Qualified Projects; and

WHEREAS, the Borrower/Grantee submitted an application dated February 28, 2024 for the Project; and

WHEREAS, the CIB has determined that the Project is a Qualified Project and that the Borrower/Grantee is a Qualified Entity under the Board Rules; and

WHEREAS, the CIB on May 16, 2024 recommended to the NMFA that the Borrower/Grantee receive financial assistance from the Fund in the form of the Loan/Grant, for the benefit of the Colonia and the CIB has recommended that the NMFA enter into and administer this Agreement; and

WHEREAS, the NMFA approved the Loan/Grant Amount from the Fund to the Borrower/Grantee on June 27, 2024; and

WHEREAS, pursuant to the Board Rules and the Policies, the Borrower/Grantee will receive twenty percent (20%) of its funding as a loan, in order to ensure the long-term solvency of the Fund by providing annual streams of revenue available to fund additional Qualified Projects; and

WHEREAS, the Borrower/Grantee is willing to pledge the Pledged Revenues to the payment of the Loan and Administrative Fee and grant a subordinate lien (but not an exclusive subordinate lien) to the NMFA on the Pledged Revenues on parity with the Parity Subordinate Obligations and subordinate to the lien on the Pledged Revenues of Senior Obligations and Other Subordinate Obligations provided that the lien on the Pledged Revenues of any future loans from the NMFA to the Borrower/Grantee pursuant to the Act or the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-11, as amended, shall be on a subordinate parity position with this Loan/Grant; and

WHEREAS, the obligation of the Borrower/Grantee under this Agreement shall constitute a special, limited obligation of the Borrower/Grantee, limited to the Pledged Revenues, and shall not constitute a general obligation or other indebtedness of the Borrower/Grantee or a charge upon the general credit or ad valorem taxing power of the Borrower/Grantee, or the State; and

WHEREAS, the execution, performance, and delivery of this Agreement have been authorized, approved, and directed by the Governing Body pursuant to the Resolution; and

WHEREAS, the execution and performance of this Agreement have been authorized, approved, and directed by all necessary and appropriate action of the CIB and the NMFA and their respective officers.

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

ARTICLE I DEFINITIONS

Capitalized terms defined in the foregoing recitals shall have the same meaning when used in this Agreement unless the context clearly requires otherwise. Capitalized terms not defined in the recitals and defined in this Article I shall have the same meaning when used in this Agreement including the foregoing recitals, unless the context clearly requires otherwise.

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

“Application” means the Colonias Infrastructure Project Fund Application for Funding dated February 28, 2024, of the Borrower/Grantee and pursuant to which the Borrower/Grantee requested funding for the Project.

“Authorized Officers” means, with respect to the Borrower/Grantee, any one or more of the Chair, the Finance Manager, the General Manager and Secretary thereof; and with respect to the NMFA, the Chair, Vice-Chair and Secretary of the Board of Directors and the Chief Executive Officer or any other officer or employee of the NMFA designated in writing by an Authorized Officer.

“Board Rules” means Review and Selection of Colonias Infrastructure Projects, New Mexico Colonias Infrastructure Board, Sections 2.91.2.1 through 2.91.2.18 NMAC.

“Closing Date” means the date of execution of this Agreement by the Borrower/Grantee and the NMFA.

“Colonia” or “Colonias” means a Colonia as defined in the Act, and more particularly in NMSA 1978, § 6-30-3(C), as amended, and particularly the Colonia of Vado, New Mexico.

“Conditions” means (1) all readiness to proceed requirements established for the Loan/Grant by the NMFA and the CIB; (2) all requirements set forth in the Term Sheet; (3) all requirements outlined in Section 2.1(p) and Section 5.1; (4) a determination that the disbursement applied for does not exceed any limitation upon the amount payable for any Eligible Item pursuant to the Act, the Board Rules, and the Policies; and (5) the plans and specifications for the Project have been approved by all entities required by the CIB or the NMFA in their sole discretion to approve such plans and specifications.

“Department of Finance and Administration” or “DFA” means the department of finance and administration of the State.

“Eligible Fiscal Agent Fees” means fees and costs incurred by a fiscal agent for the administration of Project funds, including the collection and reporting of Project information as required by this Agreement in an amount not exceeding five percent (5%) of the Loan/Grant Amount.

“Eligible Items” means eligible Project costs for which loans/grants may be made pursuant to Title 2, Chapter 91, Part 2 NMAC, the Board Rules and applicable Policies, and includes costs of acquiring and completing the Project, and, without limitation, Eligible Legal Costs, Eligible Fiscal Agent Fees, and Eligible Project Management Fees.

“Eligible Legal Costs” means legal fees and costs for services rendered by legal counsel on behalf of the Borrower/Grantee for transaction of the Project and those directly associated with the Qualified Project in an amount not exceeding ten percent (10%) of the Loan/Grant Amount, but does not include adjudication services.

“Eligible Project Management Fees” means the fees and costs associated with the planning, implementation and technical oversight of the project management costs for services rendered to the Borrower/Grantee for the transaction of the Project and those directly associated with the Project in an amount up to ten percent (10%) of the Loan/Grant Amount.

“Event of Default” means one or more events of default as defined in Section 9.1 of this Agreement.

“Final Debt Service Schedule” means the schedule of Loan Payments due on this Agreement following the Final Requisition, as determined on the basis of the Loan Amount.

“Final Requisition” means the final requisition of moneys to be submitted by the Borrower/Grantee, which shall be submitted by the Borrower/Grantee on or before the expiration of the Interim Period as provided in Section 4.4 of this Agreement.

“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 Borrower/Grantee as its fiscal year.

“Force Majeure” means acts of God and natural disasters; strikes or labor disputes; war, civil strife or other violence; an order of any kind of the Government of the United States or of the State or civil or military authority or any court of competent jurisdiction; or any other act or condition that was beyond the reasonable control of, without fault or negligence of, or not reasonably foreseeable by the party claiming the Force Majeure event; except for (i) general economic conditions; or (ii) an inability of a party claiming the Force Majeure event to pay any debts when due.

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

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

“Grant” or “Grant Amount” means the amount provided to the Borrower/Grantee as a grant pursuant to this Agreement for the purpose of funding the Project and shall equal 80% of the amount disbursed during the Interim Period not to exceed seven hundred thousand dollars (\$700,000).

“Gross Revenues” means all income and revenues directly or indirectly derived by the Borrower/Grantee from the operation and use of the System for any particular Fiscal Year or period to which term is applicable. In the event there is a conflicting description of Gross Revenues in any ordinance or resolution of the Borrower/Grantee, the language of such ordinance or resolution shall control.

“Hardship Waiver” means a determination by the NMFA pursuant to Section 4.1(a)(ii) herein that the annual principal payment by the Borrower/Grantee should be forgiven because such payment would cause undue hardship for the Borrower/Grantee or the public it serves.

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

“Interest Component” means the portion of each Loan Payment paid as interest on this Agreement, if any, as shown on Exhibit “C” hereto.

“Interim Debt Service Schedule” means the anticipated schedule of Loan Payments due on this Agreement following the Final Requisition, assuming disbursement of the entire Loan Amount within twenty-four (24) months of the Closing Date. The Interim Debt Service Schedule is attached hereto as Exhibit “C”.

“Interim Period” means the period no greater than twenty-four (24) months, unless a longer period is approved by the NMFA as provided in Section 4.4 of this Agreement, beginning on the Closing Date, during which the NMFA will disburse moneys to the Borrower/Grantee to pay costs of the Project.

“Loan” or “Loan Amount” means 20% of the amount disbursed to the Borrower/Grantee during the Interim Period for the purpose of funding the Project, including the Local Match, and shall not equal more than one hundred seventy-five thousand dollars (\$175,000).

“Loan/Grant” or “Loan/Grant Amount” means the combined amount distributed to the Borrower/Grantee during the Interim Period partially as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan Amount pursuant to this Agreement for the purpose of funding the Project and shall not equal more than eight hundred seventy-five thousand dollars (\$875,000).

“Loan Payments” means, collectively, the Principal Component and interest, if any, to be paid by the Borrower/Grantee as payment of this Agreement as shown on Exhibit “C” hereto.

“Local Match” means the amount determined pursuant to the Policies to be provided by the Borrower/Grantee which includes the total value of the soft or hard match (each as defined in the Policies) which, in combination with the Loan/Grant Amount and other monies available to the Borrower/Grantee, is sufficient to complete the Project. The Local Match is an additional loan in the amount of eighty-seven thousand five hundred dollars (\$87,500) included and incorporated in the Loan Amount.

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

“NMAC” means the New Mexico Administrative Code.

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

“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. In the event there is a conflicting description of Operation and Maintenance Expenses in any ordinance or resolution of the Borrower/Grantee, the language of such ordinance or resolution shall control.

“Other Subordinate Obligations” means obligations now outstanding or hereafter issued or incurred with a lien on the Pledged Revenues junior to Senior Obligations and senior to the Loan and other Parity Subordinate Obligations, including any such obligations shown on the Term Sheet.

“Parity Subordinate Obligations” means this Agreement, and any other obligations, now outstanding or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on parity with this Agreement and subordinate to Senior Obligations and Other Subordinate Obligations, as shown on the Term Sheet.

“Pledged Revenues” means the Net System Revenues of the Borrower/Grantee pledged to the payment of the Loan Payments pursuant to the Resolution and this Agreement and described in the Term Sheet.

“Policies” means the Colonias Infrastructure Project Fund Project Selection and Management Policies, approved by the CIB.

“Political Subdivision of the State” means a municipality, a county, water and sanitation district, an association organized and existing pursuant to the Sanitary Projects Act, NMSA 1978, § 3-29-1 through § 3-29-21, as amended, or any other entity recognized by statute as a political subdivision of the State including the Borrower/Grantee.

“Principal Component” means the portion of each Loan Payment paid as principal on this Agreement as shown on Exhibit “C” attached hereto.

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

“Project Account” means the book account, if any, established by the NMFA in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, which shall be kept separate and apart from all other accounts of the NMFA.

“Qualified Entity” means a county, municipality, or other entity recognized as a Political Subdivision of the State pursuant to NMSA 1978, § 6-30-3(F), as amended.

“Qualified Project” means a capital outlay project recommended by the CIB to the NMFA for financial assistance that is primarily intended to develop Colonias infrastructure. A Qualified Project may include a water system, a wastewater system, solid waste disposal facilities, flood and drainage control, roads or housing infrastructure pursuant to NMSA 1978, § 6-30-3(G), as amended, but does not include general operation and maintenance, equipment, housing allowance payments or mortgage subsidies.

“Resolution” means the Borrower/Grantee Resolution No. FY2025-10 adopted by the Governing Body on January 15, 2025 authorizing the acceptance of the Loan/Grant, approving this Agreement and pledging the Pledged Revenues to the payment of the Loan Payments as shown on the Term Sheet.

“Senior Obligations” means the senior obligations now outstanding or hereafter issued with a superior lien on the Pledged Revenues to Other Subordinate Obligations and Parity Subordinate Obligations, and meeting the requirements of this Agreement applicable to the issuance of Senior Obligations, including any such obligations shown on the Term Sheet.

“State” means the State of New Mexico.

“System” means the water and wastewater, if any, utility systems operated pursuant to NMSA 1978, § 73-26-1 and the Governance Document of the Lower Rio Grande Public Water Works Authority, adopted on October 10, 2010 as amended from time to time, of the Borrower/Grantee, owned and operated by the Borrower/Grantee, and of which the Project, when completed, will form part.

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

“Useful Life” means the period during which the Project is expected to be usable for the purpose for which it was acquired, which is twenty (20) years.

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE BORROWER/GRANTEE

Section 2.1 Representations, Covenants and Warranties of the Borrower/Grantee: The Borrower/Grantee represents, covenants and warrants for the benefit of the NMFA as follows:

(a) Binding Nature of Covenants; Enforceability. All representations, covenants, stipulations, obligations and agreements of the Borrower/Grantee contained in this Agreement shall be deemed to be the representations, covenants, stipulations, obligations and agreements of the Borrower/Grantee to the full extent authorized or permitted by law, and such representations, covenants, stipulations, obligations and agreements shall be binding upon the Borrower/Grantee and its successors and enforceable in accordance with their terms, and upon any board or body to which any powers or duties affecting such representations, covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

(b) Authorization of Agreement. The Borrower/Grantee is a Qualified Entity as defined in the Act and the Board Rules. Pursuant to the laws of the State and in particular, the laws governing its creation and existence, as amended and supplemented from time to time, the Borrower/Grantee is authorized to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Borrower/Grantee has duly authorized and approved its acceptance of the Loan/Grant and the execution and delivery of this Agreement and the other documents related to the transaction described in this Agreement, and this Agreement and the other documents related to the transaction to which the Borrower/Grantee is a party constitute legal, valid and binding special obligations of the Borrower/Grantee enforceable against the Borrower/Grantee in accordance with their respective terms.

(c) Necessity of Project. The completion and operation of the Project under the terms and Conditions provided in this Agreement are necessary, convenient, and in furtherance of

the governmental purposes of the Borrower/Grantee and are in the best interest of the Borrower/Grantee and the Colonia and the public the Borrower/Grantee serves.

(d) Useful Life. The Agreement Term is not greater than the Useful Life of the Project, and in any event shall not exceed twenty (20) years.

(e) Nature and Use of Agreement Proceeds. The Borrower/Grantee acknowledges that the proceeds of the Loan/Grant Amount shall be distributed pro rata as the Loan Amount and Grant Amount. The Borrower/Grantee shall apply the proceeds of the Loan/Grant solely to Eligible Items that will facilitate the completion of the Project, and shall not use the Loan/Grant proceeds for any other purpose. The Loan/Grant Amount, together with the Local Match and other moneys reasonably expected to be available to the Borrower/Grantee, is sufficient to complete the Project in its entirety.

(f) Lien. The Loan Payments constitute an irrevocable lien on the distribution on the Pledged Revenues, the priority of which is consistent with that shown on the Term Sheet.

(g) Payment of Loan Amount. The Borrower/Grantee shall promptly pay the Loan Payments as provided in this Agreement, except when a Hardship Waiver is obtained pursuant to Section 4.1(a)(ii) of this Agreement. The Loan Payments shall be payable solely from Pledged Revenues and nothing in this Agreement shall be construed as obligating the Borrower/Grantee to make the Loan Payments from any general or other fund of the Borrower/Grantee other than the Pledged Revenues; however, nothing in this Agreement shall be construed as prohibiting the Borrower/Grantee in its sole and absolute discretion, from making such payments from any moneys which may be lawfully used, and which are legally available, for that purpose.

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

(i) Irrevocable Enactments. While this Agreement remains outstanding and unpaid, any ordinance, resolution or other enactment of the Governing Body applying the Pledged Revenues for payment of this Agreement, including the Resolution, shall be irrevocable until the Project has been fully acquired and completed, and the Loan Amount, including all principal and interest that has been repaid, or provision made for payment thereof, shall not be subject to amendment or modification in any manner which would result in any use of the proceeds of this Agreement in a manner not permitted or contemplated by the terms hereof. The Borrower/Grantee shall not impair the rights of the NMFA or of any holders of bonds or other obligations payable from the Pledged Revenues while this Agreement is outstanding.

(j) No Litigation. To the knowledge of the Borrower/Grantee, no litigation or proceeding is pending or threatened against the Borrower/Grantee or any other person affecting the right of the Borrower/Grantee to execute or deliver this Agreement and the other documents related to the transaction or to comply with its obligations under this Agreement and the other documents related to the transaction.

(k) Agency Approval. Neither the execution and delivery of this Agreement and the other documents related to the transaction by the Borrower/Grantee nor compliance by the Borrower/Grantee with the obligations under this Agreement and the other documents related to the transaction, 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.

(l) No Event of Default. No event has occurred and no condition exists which, with the giving of notice or the passage of time or upon the execution and delivery of this Agreement or the other documents related to the transaction, would constitute an Event of Default on the part of the Borrower/Grantee under this Agreement and the other documents related to the transaction.

(m) Pledged Revenues Not Budgeted. The portion of the Pledged Revenues necessary to pay the Loan Payments, as and when due, is not needed or budgeted to pay current or anticipated Operation and Maintenance Expenses or other expense of the Borrower/Grantee.

(n) Borrower/Grantee's Existence. The Borrower/Grantee will maintain its legal identity and existence so long as this Agreement remains outstanding unless another Political Subdivision of the State, State agency, or other entity by operation of law succeeds to the liabilities, rights and duties of the Borrower/Grantee under this Agreement without adversely affecting to any substantial degree the privileges and rights of the CIB and NMFA.

(o) Budgeting of Pledged Revenues. The Pledged Revenues will be sufficient to make the Loan Payments, as and when due. The Borrower/Grantee will adequately budget for the Loan Payments and other amounts payable by the Borrower/Grantee under this Agreement.

(p) Use of Project; Continuing Covenant. During the Agreement Term, the Borrower/Grantee will at all times use the Project for the benefit of the Borrower/Grantee and the public it serves. The Borrower/Grantee shall not sell, lease, mortgage, pledge, relocate or otherwise dispose of or transfer the Project or System, or any part of the Project or System so long as this Agreement is outstanding; provided, however, that if the Project is a joint project of the Borrower/Grantee and other Qualified Entities (as defined by the Act), the Borrower/Grantee and the other Qualified Entities may, with the express written approval of the NMFA and not otherwise, enter into an agreement allocating ownership and operational and maintenance responsibilities for the Project during the term of the Agreement. Any such agreement shall provide that the NMFA shall have the power to enforce the terms of this Agreement, without qualification, as to each and every Qualified Entity (as defined by the Act) other than the Borrower/Grantee, owning or operating any portion of the Project during the term of the Agreement. The Borrower/Grantee will operate and maintain the Project, so that it will function properly over its Useful Life.

(q) Expected Coverage Ratio. The Pledged Revenues are reasonably expected to equal or exceed—from the Fiscal Year in which the Closing Date occurs and, on an ongoing basis during each Fiscal Year of the Agreement Term—one hundred percent (100%) of the maximum annual principal and interest due on all outstanding obligations of the Borrower/Grantee payable from the Pledged Revenues.

(r) Right to Inspect. The NMFA shall have the right to inspect at all reasonable times all records, accounts and data relating to the System and to inspect the System and all properties comprising the System, and the Borrower/Grantee shall supply such records, accounts, and data as are requested by the NMFA, within thirty (30) days of receipt of such request, written or oral.

(s) Records and Reporting. The Borrower/Grantee shall maintain financial records in accordance with Generally Accepted Accounting Principles throughout the Agreement Term, and in the event that the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-14 does not apply, conduct an audit of the Project's financial records if requested by the CIB or the NMFA and provide any and all other information and access to the Project as requested by the CIB or the NMFA.

(t) Acquisition and Completion. The Borrower/Grantee shall proceed expeditiously to complete the Project and shall commence the Project in a commercially reasonable timeframe following the Closing Date. Further, the Borrower/Grantee hereby agrees that in order to effectuate the purposes of this Agreement and to acquire and complete the Project it shall take such steps as are necessary and appropriate to acquire, complete, operate and maintain the Project lawfully and efficiently in accord with all applicable laws, ordinances, resolutions and regulations relating to the acquisition, operation, maintenance and completion of the Project and use of the Loan/Grant proceeds. The Project shall be designed so as to incorporate the available technologies and operational design for water use efficiency. The plans and specifications shall be approved by all entities required by the CIB or NMFA in their sole discretion to approve such plans and specifications prior to the disbursement of any part of the Loan/Grant Amount for construction of the Project, and the Project shall be constructed and completed substantially in accordance with the approved plans and specifications. No Loan/Grant funds shall be used for items not constituting Eligible Items. The Borrower/Grantee shall exercise its power of eminent domain, if needed to comply with this paragraph 2.1(t) and paragraph 5.1(b).

(u) Use of Loan/Grant Proceeds for Construction; Other Qualified Entities The Borrower/Grantee shall operate and maintain the Project in good operating condition and repair at all times during the Useful Life of the Project, so that the Project will function properly over the Useful Life of the Project; provided, that if any portion of the Project will be constructed, installed, located, completed or extended on real property owned by a Qualified Entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may, prior to any use of the Loan/Grant funds for the Project on such real property, obtain the written agreement of such other Qualified Entity to perform these obligations with respect to such real property (and the portion of the Project to be constructed, installed, located, completed or extended on such real property), which written agreement shall be subject to approval by the NMFA and shall include an express

statement by such other Qualified Entity that the NMFA is a third party beneficiary of such written agreement.

(v) Local Match. The Local Match is legally available for the Project as a portion of the Loan Amount.

(w) Rate Covenant. The Borrower/Grantee 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 percent (100%) of the maximum annual principal and interest payments due on all outstanding obligations payable from the Pledged Revenues. The Borrower/Grantee's Governing Body has duly adopted and approved Resolution No. FY2024-03 on July 19, 2023, approving the Borrower/Grantee's FY-2024 budget providing for increases in rates that have been implemented in 2 phases, the first phase having been implemented on September 1, 2023, and the second phase having been implemented on March 1, 2024. Resolution No. FY2024-03 has not been amended or repealed and is in full force and effect. The rates approved by Resolution No. FY2024-03 are irrevocable as long as the Loan is outstanding. The Borrower/Grantee specifically covenants that if revenues from these required rate increases are not sufficient to allow the Borrower/Grantee to comply with this subsection (w) and with the requirements of the USDA consent to the Loan dated November 1, 2024, at the end of the Interim Period and throughout the life of the Loan, Borrower/Grantee will further increase such rates in an amount necessary to comply with this subsection (w).

(x) Audit Requirement. During the Agreement Term the Borrower/Grantee shall comply with the requirements of the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-14, as amended, and upon request, provide the NMFA with a copy of any review or audit, report of agreed upon procedures, or any other document prepared pursuant to or required by the State Audit Act.

(y) Executive Order 2013-006 Requirements. The Borrower/Grantee has and will meet the requirements of Executive Order 2013-006 prior to the first disbursement of any portion of the Loan/Grant Amount, the Conditions and the readiness to proceed requirements established for the Loan/Grant by the NMFA and the CIB.

(z) Additional Debt. Prior to entering into additional indebtedness secured by a lien on the Pledged Revenues that is senior to or on parity with this Agreement, the Borrower/Grantee will seek the written consent of the NMFA, which consent will not be unreasonably withheld. Prior to entering into additional indebtedness secured by a lien on the Pledged Revenue subordinate to this Agreement or a lien on any revenues of the Borrower/Grantee other than the Pledged Revenues, the Borrower/Grantee will notify the NMFA in writing of such indebtedness.

(aa) Other Liens. Other than as provided in the Term Sheet, there are no liens or encumbrances of any nature, whatsoever, on or against the Gross Revenues.

**ARTICLE III
AGREEMENT TERM**

The Agreement Term shall commence on the Closing Date and shall terminate upon the earliest of the following events: (a) submission and acceptance of a completed Form of Certificate of Completion, Exhibit “D”, and repayment of the Loan Amount and interest or (b) the exercise by the NMFA to terminate the Agreement pursuant to an Event of Default as outlined in Section IX of this Agreement.

**ARTICLE IV
LOAN/GRANT TO THE BORROWER/GRANTEE; INVESTMENT OF MONEYS**

Section 4.1 Loan and Grant to the Borrower/Grantee.

(a) Loan to the Borrower/Grantee. The NMFA hereby lends to the Borrower/Grantee and the Borrower/Grantee hereby borrows from and agrees to pay to the order of the NMFA, an amount equal to the Loan Amount, with the principal amount of the Loan Amount being payable as provided by Article VI and Exhibit “C” of this Agreement. The Loan Amount shall be pre-payable by the Borrower/Grantee at the conclusion of the Interim Period without penalty.

(i) Subordinate Nature of Loan Amount Obligation. The obligation of the Borrower/Grantee to make the Loan Payments shall be subordinate to all Senior Obligations and Other Subordinate Obligations secured by the Pledged Revenues and shall be on parity with any Parity Subordinate Obligations existing on the Closing Date and, further, that may in the future be secured by the Pledged Revenues. The obligation of the Borrower/Grantee to make the Loan Payments shall be on parity with any other obligation, present or future, of the Borrower/Grantee to repay a loan provided by the NMFA pursuant to the Act or the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-11, as amended.

(ii) Hardship Waivers of Payment. Each year while any portion of the Loan Amount remains outstanding, if a Borrower/Grantee has encountered an unforeseeable hardship, the Borrower/Grantee may apply in writing on or before April 1st to the NMFA for forgiveness of the annual Loan Payment coming due on June 1 of the same year. The Borrower/Grantee shall submit its application to the NMFA for a determination by the NMFA, in cooperation with DFA, and shall submit sufficient documentation of the existence of the unforeseeable hardship as is reasonably required by the NMFA, in cooperation with DFA, to make a determination. The Borrower/Grantee shall promptly respond to additional requests for information from the NMFA or DFA. Such application for a Hardship Waiver shall be executed by the Authorized Officers of the Borrower/Grantee. The NMFA shall communicate the decision to the Borrower/Grantee in writing. In the event of a determination of unforeseeable hardship, the Loan Payment otherwise due on June 1 of that year shall be forgiven. If no unforeseeable hardship is found to exist, the Loan Payment shall remain outstanding and due and payable in accordance with the terms of this Agreement.

(iii) Constitutional and Statutory Debt Limitations. No provision of this Agreement shall be construed or interpreted as creating a general obligation or other indebtedness

of the CIB, the NMFA, the State or the Borrower/Grantee within the meaning of any constitutional or statutory debt limitation.

(b) Grant to the Borrower/Grantee. The CIB has granted to the Borrower/Grantee and the Borrower/Grantee hereby accepts from the NMFA and the CIB an amount equal to the Grant Amount subject to the terms of this Agreement.

(c) Project Account. The NMFA may establish and maintain the Project Account as a book account only, on behalf of the Borrower/Grantee, which account shall be kept separate and apart from all other accounts of the NMFA.

Section 4.2 Investment of Borrower/Grantee's Accounts. Money on deposit in the Borrower/Grantee's accounts created hereunder and held by the NMFA may be invested by the NMFA for the credit of the Fund.

Section 4.3 Loan/Grant Amount Does Not Exceed Total Cost. The sum of the Grant Amount, the Loan Amount, and the Local Match (and as set forth on the Term Sheet) does not exceed the cost of the Project, which, along with other moneys reasonably expected to be available to the Borrower/Grantee, is sufficient to complete the Project.

Section 4.4 Final Requisition. The Final Requisition shall be submitted by the Borrower/Grantee within the Interim Period. The Interim Period may be extended only as approved in writing by an Authorized Officer of the NMFA, based on the Borrower/Grantee's demonstration, to the reasonable satisfaction of the Authorized Officer of the NMFA, that unanticipated circumstances resulted in delaying the acquisition and completion of the Project, and submission of the Borrower/Grantee's Final Requisition.

ARTICLE V LOAN/GRANT AMOUNT DISBURSEMENT CONDITIONS

Section 5.1 Conditions Precedent to Disbursement of Loan/Grant Amount. Prior to the payment of any requisition of the Loan/Grant Amount or any portion thereof by the NMFA from the Fund, the following conditions shall be satisfied:

(a) The NMFA shall have determined that the Borrower/Grantee has met the Conditions established for the Loan/Grant; and

(b) Prior to disbursement of any portion of the Loan/Grant Amount for installation or construction, the plans and specifications for the Project shall have been approved by all entities required by the CIB or the NMFA in their sole discretion to approve such plans and specifications and the Borrower/Grantee shall have provided written assurance addressed to the NMFA and signed by an attorney (or shall have provided a title insurance policy) that the Borrower/Grantee has or will acquire proper title to, easements, rights of way, permits or will acquire any necessary titles or access rights by exercise of its power of eminent domain on the real property upon or through which the Project is to be designed installed, constructed, located, completed or extended; and

(c) The Borrower/Grantee shall be in compliance with the provisions of this Agreement; and

(d) No Event of Default has occurred; and

(e) The Borrower/Grantee shall have provided any other information requested by the NMFA in its absolute discretion including documentation sufficient to make a determination whether any requested disbursement is for payment of Eligible Items and is fully consistent with the Act, the Board Rules, and the Policies, as applicable.

Section 5.2 Accounting for Amounts Credited to the Project Account. So long as Section 5.1 has been complied with and all Conditions to the disbursement of the Loan/Grant Amount have been satisfied (including approval of all plans and specifications), upon receipt by the NMFA of a requisition substantially in the form of Exhibit “B” attached hereto signed by an Authorized Officer of the Borrower/Grantee, supported by certification by the Borrower/Grantee’s project architect, engineer, or such other authorized representative of the Borrower/Grantee that the amount of the disbursement request represents the progress of design, installation, construction, acquisition or other Project-related activities accomplished as of the date of the disbursement request, the NMFA shall seek funds sufficient to satisfy the request and, upon receipt of those funds disburse from the Fund, amounts which together are sufficient to pay the requisition in full or that portion approved by the NMFA in its sole discretion. The certification provided pursuant to this Section 5.2 in support of the requisition must be acceptable in form and substance to the NMFA. The Borrower/Grantee shall provide such records or access to the Project as the NMFA, and, at its request, the CIB, in the discretion of each, may request in connection with the approval of the Borrower/Grantee’s requisition requests made hereunder.

Section 5.3 Acknowledgment and Non-liability for Funding Interruption. The Borrower/Grantee hereby acknowledges that the NMFA and the CIB may be required to seek or request funds to satisfy the request outlined in Section 5.2 from an agency, instrumentality or other Political Subdivision of the State and that the NMFA and the CIB may have no control or authority over those entities. The Borrower/Grantee hereby agrees to waive on behalf of itself and indemnify and hold the NMFA and the CIB harmless from any and all third party claims, liability or damage that may or could be caused as a result of a delay or denial of funds related to or arising from the procedure described above or any other mechanism necessary or required to request, secure or process funds.

Section 5.4 No Disbursement for Prior Expenditures Except upon Approval. No disbursement shall be made from the Fund, of the Loan/Grant Amount, or any portion thereof, without the approval of the NMFA to reimburse any expenditure made prior to the approval date of the award by the NMFA Board.

Section 5.5 Completion of Disbursement of Loan/Grant Funds. Upon completion of the Project an Authorized Officer of the Borrower/Grantee shall deliver a certificate to the NMFA, substantially in the form of Exhibit “E” attached hereto, stating that, to his or her knowledge, that the Project has been completed. No portion of the Loan/Grant Amount shall be disbursed after the expiration of the Interim Period.

Section 5.6 Application of Project Account Subsequent to Disbursement of Loan/Grant Amount; Termination of Pledge. Upon the first to occur of either (a) completion of the disbursement of the Loan/Grant Amount as signified by delivery of the completion certificate contemplated in Section 5.5 hereof; or (b) the earlier expiration of the time allowed for disbursements of Loan/Grant funds as provided in Section 5.5 hereof, the NMFA shall transfer the amounts remaining on deposit in the Project Account, if any, to such other fund permitted by law. Upon such entry, the pledge of the Project Account, if any, established in this Agreement shall terminate.

ARTICLE VI LOAN PAYMENTS BY THE BORROWER/GRANTEE

Section 6.1 Loan to the Borrower/Grantee; Payment Obligations Limited to Pledged Revenues; Pledge of Pledged Revenues. The NMFA hereby lends to the Borrower/Grantee and the Borrower/Grantee hereby borrows from the NMFA an amount not to exceed the Loan Amount. The Borrower/Grantee promises to pay, but solely from the sources pledged herein, the Loan Payments and other amounts owed by the Borrower/Grantee as herein provided. Subject to any outstanding Senior Obligations, Other Subordinate Obligations and Parity Subordinate Obligations, the Borrower/Grantee does hereby grant a security interest in and a subordinate lien (but not an exclusive subordinate lien) on the Pledged Revenues on parity with the Parity Subordinate Obligations and subordinate to the lien on the Pledged Revenues of the Senior Obligations and Other Subordinate Obligations and does hereby convey, assign and pledge unto the NMFA and unto its successors in trust forever all right, title and interest of the Borrower/Grantee in and to (i) the Pledged Revenues to the extent required to pay the Loan Payments, and other amounts owed by the Borrower/Grantee as herein provided, subject to and subordinate to all Senior Obligations and Other Subordinate Obligations pledges of the Pledged Revenues existing on the Closing Date and, further, that may exist in the future (provided that the pledge of the Pledged Revenues herein shall be on a parity with any other pledge of the Pledged Revenues by the Borrower/Grantee to repay any obligations issued by the NMFA pursuant to the Act or the Water Project Finance Act); (ii) the Loan/Grant Amount including the Project Account; and (iii) all other rights hereinafter granted, for the securing of the Borrower/Grantee's obligations under this Agreement, including payment of the Loan Payments and other amounts owed by the Borrower/Grantee as herein provided, however, that if the Borrower/Grantee, its successors or assigns, shall pay, or cause to be paid, all Loan Payments at the time and in the manner contemplated by this Agreement, and shall pay all other amounts due or to become due under this Agreement in accordance with its terms and provisions then, upon such final payment, this Agreement and the rights created thereby shall terminate; otherwise, this Agreement shall remain in full force and effect.

The schedule of Loan Payments, assuming the disbursal of the entire Loan/Grant Amount within twenty-four (24) months after the Closing Date, identified as the Interim Debt Service Schedule, is attached to this Agreement as Exhibit "C". Within thirty (30) days after the Final Requisition is made, the NMFA shall provide a Final Debt Service Schedule, reflecting the amount of the Loan/Grant Amount actually disbursed to the Borrower/Grantee pursuant to this Agreement. Such Final Debt Service Schedule shall supersede the schedule attached hereto as Exhibit "C".

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

Section 6.2 Deposit of Payments of Loan Amount to Colonias Infrastructure Project Fund. All Loan Payments made by the Borrower/Grantee to the NMFA to repay the Loan Amount and interest thereon, if any, shall be deposited into the Colonias Infrastructure Project Fund.

Section 6.3 Manner of Payment. The Loan Amount shall be payable by the Borrower/Grantee to the NMFA in annual installments of principal payable on June 1 after expiration of the Interim Period and continuing through the expiration of the last Loan Payment due as outlined in the Final Debt Service Schedule. All payments of the Borrower/Grantee hereunder shall be paid in lawful money of the United States of America to the NMFA at the address designated in Section 10.1 of this Agreement. The obligation of the Borrower/Grantee 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. Notwithstanding any dispute between the Borrower/Grantee and the NMFA, any vendor or any other person, the Borrower/Grantee 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 Borrower/Grantee assert any right of set-off or counterclaim against its obligation to make such deposits required hereunder.

Section 6.4 Borrower/Grantee May Budget for Payments. The Borrower/Grantee 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 make the Loan Payments and other amounts owed by the Borrower/Grantee hereunder; provided, however, the Borrower/Grantee has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

Section 6.5 NMFA's Release of Lien and Further Assurances. Upon payment in full of the Loan Amount and other amounts owed by the Borrower/Grantee as herein provided in this Agreement and upon written request from the Borrower/Grantee, the NMFA agrees to execute a release of lien and to give such further assurances as are reasonably necessary to ensure that the NMFA no longer holds or maintains any lien or claim against the Pledged Revenues.

ARTICLE VII ADMINISTRATION

Section 7.1 Borrower/Grantee Reporting to the NMFA. The Borrower/Grantee shall provide the NMFA with a quarterly written report substantially in the form of Exhibit "D" attached hereto, or other report format as designated by the NMFA, and signed by an Authorized Officer of the Borrower/Grantee. The first quarterly report shall be due on June 30, 2025, and subsequent reports shall be due on each March 31, June 30, September 30 and December 31 thereafter until the report date next following final distribution of the Loan/Grant funds. The description of the status of the Project in each quarterly report shall include, among other information, (a) a comparison of actual and anticipated requests for distributions of Loan/Grant funds as of the report date with those anticipated as of the Closing Date, (b) a description of actual and anticipated changes in the cost estimates for the Project as of the report date compared with those anticipated as of the Closing Date, and (c) a description of the percentage of completion of the Project.

Section 7.2 Application of Project Account Subsequent to Disbursement of Loan/Grant Funds. Upon the completion of the Project as signified by delivery of the completion certificate required by Section 5.5 hereof, the NMFA shall determine, by reference to the Project Account, if any, whether any portion of the authorized Loan/Grant Amount remains unexpended. If any of the Loan/Grant Amount remains unexpended, the funds shall be transferred by the NMFA to the appropriate account or fund in accordance with applicable law and the Borrower/Grantee shall have no right to access the funds.

Section 7.3 Further Assurances and Corrective Instruments. The NMFA and the Borrower/Grantee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues and carrying out the intention hereof.

Section 7.4 Representatives of the NMFA or of Borrower/Grantee. Whenever under the provisions hereof the approval of the NMFA or the Borrower/Grantee is required, or the Borrower/Grantee, or the NMFA is required to take some action at the request of any of them, such approval or such request shall be given for the NMFA or for the Borrower/Grantee, by an Authorized Officer of the NMFA or the Borrower/Grantee, as the case may be, and any party hereto shall be authorized to act on any such approval or request.

Section 7.5 Selection of Contractors. All contractors providing services or materials in connection with the Project shall be selected in accordance with applicable provisions of the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199, as amended, or, if the Borrower/Grantee is not subject to the New Mexico Procurement Code, shall be selected in accordance with a documented procurement process duly authorized and established pursuant to laws and regulations applicable to the Borrower/Grantee.

Section 7.6 Required Contract Provisions. The Borrower/Grantee shall require the following provisions in any contract or subcontract executed in connection with the Project to which the Borrower/Grantee is a party:

(a) There shall be no discrimination against any employee or applicant for employment because of race, color, creed, sex, religion, sexual preference, ancestry or national origin;

(b) Any contractor or subcontractor providing construction services in connection with the Project shall post a performance and payment bond in accordance with the requirements of NMSA 1978, § 13-4-18, as amended; and

(c) Any contractor or subcontractor providing construction services in connection with the Project shall comply with the prevailing wage laws in accordance with the requirements of NMSA 1978, § 13-4-11, as amended.

Section 7.7 Little Miller Act. To the extent NMSA 1978, § 13-4-1 et seq., (the “Little Miller Act”) is applicable to the Project, the Borrower/Grantee shall comply with the requirements of the Little Miller Act. If bonding requirements of the Little Miller Act are not applicable to the Project, the Borrower/Grantee will require that the contractor to whom is given any contract for construction appertaining to the Project supply a performance bond or bonds satisfactory to the Borrower/Grantee. Any sum or sums derived from said performance bond or bonds shall be used within six (6) months after such receipt for the completion of said construction, and if not so used within such period, shall be used as authorized by law.

ARTICLE VIII INSURANCE; NON-LIABILITY OF THE NMFA AND CIB

Section 8.1 Insurance. The Borrower/Grantee shall carry general liability insurance or participate in the State’s risk-management program and, to the extent allowed by the New Mexico Tort Claims Act, NMSA 1978, §§ 41-4-1 through 41-4-30, as amended, shall and hereby agrees to name the NMFA as additional insureds with respect to all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the acquisition, completion or implementation of the Project or otherwise during the Agreement Term; provided, that if any portion of the Project will be constructed, located, completed or extended on real property owned by a Qualified Entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may obtain the written agreement of such other Qualified Entity to perform these insurance/risk-management program requirements for Borrower/Grantee with respect to such real property (and the portion of the Project to be constructed, located, completed or extended on such real property), which written agreement shall include an express statement by such other Qualified Entity that the NMFA is a third party beneficiary of such written agreement.

Section 8.2 Non-Liability of the NMFA and the CIB.

(a) The NMFA and the CIB shall not be liable in any manner for the Project, Borrower/Grantee’s use of the Loan/Grant, the acquisition, implementation, construction, installation, ownership, operation or maintenance of the Project, or any failure to act properly by the Borrower/Grantee or any other owner or operator of the Project.

(b) The NMFA and the CIB shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession,

custody and control to the NMFA for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

(c) To the extent permitted by law, the Borrower/Grantee shall and hereby agrees to indemnify and save the NMFA and the CIB 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 Agreement Term, from: (i) any act of negligence or other misconduct of the Borrower/Grantee, or breach of any covenant or warranty by the Borrower/Grantee hereunder; and (ii) the incurrence of any cost or expense in connection with the acquisition or operation of the Project in excess of the Loan/Grant Agreement proceeds and interest on the investment thereof. The Borrower/Grantee shall indemnify and save the NMFA and the CIB harmless, from and to the extent of the available Pledged Revenues, 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 NMFA or the CIB, shall defend the NMFA or the CIB, as applicable, in any such action or proceeding.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

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

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

(b) Failure by the Borrower/Grantee to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower/Grantee by the NMFA, unless the NMFA 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 NMFA but cannot be cured within the applicable thirty (30) day period, the NMFA will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower/Grantee within the applicable period and diligently pursued until the failure is corrected; and provided, further, that if by reason of Force Majeure the Borrower/Grantee is unable to carry out the agreements on its part herein contained, the Borrower/Grantee shall not be deemed in default under this paragraph 9.1(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 Borrower/Grantee contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement is determined to be false or misleading in any material respect in the sole discretion of the NMFA; or

(d) A petition is filed against the Borrower/Grantee 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 NMFA shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests; or

(e) The Borrower/Grantee 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 Borrower/Grantee admits insolvency or bankruptcy or its inability to pay its debt as they become due or is generally not paying its debt as such debt 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 Borrower/Grantee 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 NMFA shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests; or

(g) Default by the Borrower/Grantee in performance or observance of any covenant contained in any other loan agreement, document or instrument of any type whatsoever evidencing or securing obligations of the Borrower/Grantee to the NMFA.

Section 9.2 Limitations on Remedies. A judgment requiring payment of money entered against the Borrower/Grantee shall be paid only from available Pledged Revenues unless the Borrower/Grantee in its sole discretion pays the judgment from other available funds.

Section 9.3 Remedies on Default. Whenever any Event of Default has occurred and is continuing, and subject to Section 9.4 hereof, the NMFA may take whatever of the following actions may appear necessary or desirable to enforce performance of any agreement of the Borrower/Grantee in this Agreement:

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

(b) Terminate this Agreement;

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

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

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

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

(g) Cause the Borrower/Grantee to account as if it were the trustee of an express trust for all of the Pledged Revenues; or

(h) 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 Agreement or to enforce any other of their rights hereunder.

The Borrower/Grantee shall be responsible for reimbursing the NMFA for any and all fees and costs incurred in enforcing the terms of this Agreement.

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

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

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

Section 9.7 Agreement to Pay Attorneys' Fees and Expenses. In the event that the Borrower/Grantee shall default under any of the provisions hereof, and the NMFA shall employ attorneys or incur 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 Borrower/Grantee herein contained, the Borrower/Grantee agrees that it shall, on demand therefor, pay to the NMFA the fees of such attorneys and such other expenses so incurred, to the extent such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the Borrower/Grantee under this Section shall be limited to expenditures from and to the extent of the available Pledged Revenues.

**ARTICLE X
MISCELLANEOUS**

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

If to the Borrower/Grantee, to:

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

If to the NMFA, to:

New Mexico Finance Authority
Attn.: Chief Executive Officer
810 W. San Mateo
Santa Fe, New Mexico 87505

The Borrower/Grantee or the NMFA may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

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

Section 10.3 Integration. This Agreement and any other agreements, certifications and commitments entered into between the NMFA and the Borrower/Grantee on the Effective Date constitute the entire agreement of the parties regarding the Loan/Grant and the funding of the Project through the Loan/Grant as of the Effective Date, and the terms of this Agreement supersede any prior applications, discussions, understandings or agreements between or among the parties in connection with the Loan/Grant, to the extent such prior applications, discussions, understandings or agreements are inconsistent with this Agreement.

Section 10.4 Amendments. This Agreement may be amended only with the written consent of all of the parties to this Agreement. The consent of the NMFA for amendments not affecting the terms of payment of the loan component of this Agreement may be given by an Authorized Officer of the NMFA. The execution of any such consent by an Authorized Officer of the NMFA shall constitute his or her determination that such amendment does not affect the terms of payment of the loan component of this Agreement.

Section 10.5 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the NMFA or the CIB, or against any officer, employee, director or member of the Borrower/Grantee, 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 Borrower/Grantee, the CIB or of the NMFA is hereby expressly waived and released by the Borrower/Grantee, the CIB and the NMFA as a condition of and in consideration for the execution of this Agreement.

Section 10.6 Severability. In the event that any provision of this Agreement, other than the obligation of the Borrower/Grantee to make the Loan Payments, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

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

Section 10.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico. Pursuant to NMSA 1978, § 6-21-26, as amended, the venue for any proceedings or any other action or procedure against the NMFA shall be in Santa Fe County.

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

Section 10.10 Application of Act and Board Rules. The NMFA and the Borrower/Grantee expressly acknowledge that this Agreement is governed by provisions and requirements of the Act and the Board Rules, as amended and supplemented, and all applicable provisions and requirements of the Act and the Board Rules are incorporated into this Agreement by reference.

Section 10.11 CONSENT TO JURISDICTION. THE BORROWER/GRANTEE IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE DOCUMENTS SIGNED IN CONNECTION WITH THIS TRANSACTION WILL BE LITIGATED IN THE FIRST JUDICIAL DISTRICT COURT, SANTA FE COUNTY, NEW MEXICO, PURSUANT TO NMSA 1978, § 6-21-26.

[Remainder of page intentionally left blank.]

[Signature pages follow.]

IN WITNESS WHEREOF, the NMFA, has executed this Agreement, which was approved by the CIB on May 16, 2024 and by the NMFA's Board of Directors on June 27, 2024, in its corporate name by its duly Authorized Officer; and the Borrower/Grantee has caused this Agreement to be executed and attested by duly Authorized Officers thereof. All of the above are effective as of the date first above written.

NMFA:

NEW MEXICO FINANCE AUTHORITY

By _____
Marquita D. Russel, Chief Executive Officer

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

VIRTUE & NAJJAR, PC

By _____
Carla R. Najjar

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

By _____
Susan G. Pittard, Associate Counsel

BORROWER/GRANTEE:

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

By _____
Esperanza Holguin, Chair

ATTEST:

By _____
Glory Juarez, Secretary

EXHIBIT "A"

TERM SHEET

**\$875,000 COLONIAS INFRASTRUCTURE PROJECT LOAN/GRANT TO THE
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, DOÑA ANA
COUNTY, NEW MEXICO**

Project Description:	The Project is infrastructure development in accordance with the Act consisting of improvements to a water system, but does not include general operation and maintenance, equipment, housing allowance payments or mortgage subsidies and is more specifically described as financing the costs of the design and construction or replacement of aging undersized water pipelines and relocation of those pipelines currently on private property to county right of way and shall include such other related work and revisions necessary to complete the Project.
Grant Amount:	\$700,000
Loan Amount:	\$175,000
Interest Component:	0%
Pledged Revenues:	Net System Revenues
Outstanding Senior Obligations for Pledged Revenues:	USDA Loan 93-09/93-27, Matures in 2052; USDA Loan 91-14/91-30, Matures in 2049; NMFA Loan PPRF-2601, Matures 2041; USDA Loan 91-04, Matures in 2052; USDA Loan 92-13, Matures in 2052; USDA Loan 91-15/91-31, Matures in 2052; USDA Loan 92-19, Matures in 2052; USDA Loan 91-02(LRG), Matures in 2054; USDA Loan 92-22, Matures in 2054; USDA Loan 61062, Matures 2062; USDA Loan 71584, Matures 2062; and USDA Loan 1940-01, Matures in 2054.
Outstanding Other Subordinate Obligations for Pledged Revenues:	NMFA DW Loan DW-3394, Matures 2038; NMFA DW Loan DW-4213, Matures 2054; NMFA DW Loan DW-4796 Matures 2041; NMED 2018 RIP Loan RIP 00024, Matures 2038 and NMFA DW Loan DW-5631, Matures 2054.
Outstanding Parity Subordinate Obligations for Pledged Revenues:	NMFA WTB Loan WTB-223, Matures 2032; NMFA CIF Loan CIF-2766, Matures 2033; NMFA CIF Loan CIF-4645 Matures 2041; NMFA CIF Loan CIF-4915, Matures 2041; NMFA CIF Loan CIF-4916, Matures 2041; NMFA CIF Loan CIF-5535, Matures 2043; NMFA CIF Loan CIF-5536,

Matures 2043; NMFA CIF-5782, Matures in 2043; NMFA WPF-5968, Matures in 2045; NMFA CIF-6136 Matures in 2045; and NMFA CIF-6429 Matures in 2046

Authorizing Legislation: Borrower/Grantee Resolution No. FY2025-10, adopted January 15, 2025

Local Match: 10% additional loan amount of \$87,500 in lieu of Local Match

Closing Date: February 21, 2025

Project Account Deposit: \$875,000

Conditions to be satisfied prior to first disbursement of the Loan/Grant Amount:

Delivery to NMFA of (i) a copy of the agenda of the meeting of the Governing Body at which the Resolution was adopted and at which this Agreement, the Resolution and all other Loan/Grant documents were authorized by the Governing Body (the “Meeting”), certified as a true and correct copy by the Secretary of the Borrower/Grantee, (ii) a copy of the minutes or record of proceedings of the Meeting, approved and signed by the Chair and attested to by the Secretary of the Borrower/Grantee, and (iii) a copy of the notice of meeting for the Meeting evidencing compliance with the Borrower/Grantee’s Open Meetings standards in effect on the date of the Meeting.

Other Conditions applicable to the Loan/Grant:

All Conditions defined in the Agreement.

EXHIBIT "B"

**FORM OF REQUISITION
(Colonias Infrastructure Project Fund)**

RE: \$875,000 Loan/Grant Agreement by and between the New Mexico Finance Authority and the Lower Rio Grande Public Water Works Authority, New Mexico, as Borrower/Grantee (the "Agreement" or "Loan/Grant Agreement").

Loan/Grant No. CIF-6428

Closing Date: February 21, 2025

TO: NEW MEXICO FINANCE AUTHORITY, colonias@nmfa.net

You are hereby authorized to disburse from the Project Account – Lower Rio Grande Public Water Works Authority with regard to the above-referenced Agreement, the following:

I. PAYMENT INFORMATION

REQUISITION NO. _____ PAYMENT AMOUNT: \$ _____

PAYEE'S NAME: _____

PAYEE'S ADDRESS: _____

II. REQUISITION INFORMATION (complete for all payments)

- *Attach proof of expenditures (cancelled check, wire transfer receipt, bank ledger, etc.).*
- *List all Vendors, Payment Purposes, or Eligible Item Categories below or attach separate page or spreadsheet if needed.*

Vendor Name _____

Total Amount \$ _____ Invoice No.(s) _____

Purpose of Payment _____

Eligible Item Category _____

Vendor Name _____

Total Amount \$ _____ Invoice No.(s) _____

Purpose of Payment _____

Eligible Item Category _____

Vendor Name _____

Total Amount \$ _____ Invoice No.(s) _____

Purpose of Payment _____

Eligible Item Category _____

III. WIRING INFORMATION:

BANK NAME:	
ABA ROUTING NUMBER:	
ACCOUNT NUMBER:	

IV. MATCH INFORMATION

AMOUNT OF LOCAL MATCH EXPENDED SINCE LAST REQUISITION: \$ _____
Attach proof of expenditures for hard match (detailed invoices, cancelled checks, wire transfer receipt, bank statement, etc.) and written certification of type and value of any soft match.

AMOUNT OF LOCAL MATCH EXPENDED TO DATE: \$ _____

TOTAL REQUIRED MATCH: \$0.00, 10% additional loan in lieu of Local Match

V. VERIFICATION AND AUTHORIZATION

Each obligation, item of cost or expense mentioned herein is for a loan/grant made by the NMFA pursuant to the Colonias Infrastructure Act to the Borrower/Grantee within the State of New Mexico, is due and payable, has not been the subject of any previous requisition and is a proper charge against the Project Account – Lower Rio Grande Public Water Works Authority, New Mexico. All representations contained in the Agreement, the related closing documents remain true and correct, and the Borrower/Grantee is not in breach of any of the covenants contained therein.

The proceeds of the Loan/Grant are to be used to pay the costs of Eligible Items, as defined in the Agreement. Eligible Items include (1) planning, designing, construction, improving or expanding a qualified project; (2) developing engineering feasibility reports for Qualified Projects; (3) inspecting construction of Qualified Projects; (4) providing professional services; (5) completing environmental assessments or archeological clearances and other surveys for Qualified Projects; (6) acquiring land, water rights, easements or rights of way; (7) eligible legal costs and eligible fiscal agent fees associated with development of Qualified Projects, within limits set by the Colonias Infrastructure Board (“CIB”).

All construction and all installation of equipment with proceeds of the Loan/Grant has or will be used in accordance with plans and/or specifications approved by all entities required by the CIB and the New Mexico Finance Authority in their sole discretion to approve such plans and specifications, has or will be acquired in compliance with applicable procurement laws and regulations and has or will be inspected and approved in accordance with applicable laws and regulations.

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

DATE: _____

AUTHORIZED OFFICER
(As Provided in the Loan/Grant Agreement)
Print Name: _____
Print Title: _____

EXHIBIT “C”

PAYMENT PROVISIONS OF THE LOAN

The Loan Amount shall be payable by the Borrower/Grantee to the NMFA in twenty (20) annual installments of principal pursuant to the attached debt service schedule, beginning June 1, 2027 and ending June 1, 2046. The Loan Amount shall be pre-payable upon expiration of the Interim Period without penalty.

EXHIBIT "D"

**COLONIAS INFRASTRUCTURE PROJECT FUND STATUS REPORT
PREPARED FOR THE
NEW MEXICO FINANCE AUTHORITY**

Fund Recipient: Lower Rio Grande Public Water Works Authority Contact Name: _____ Title: _____ Email Address: _____	Project Number: CIF-6428 Project Name: High Valley Water Line Replacement Project Project Type: Water Infrastructure – Design and Construction
Reporting Period: From _____ To _____ <input type="checkbox"/> Quarterly Project Report: <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> Final Project Report <input type="checkbox"/> Other _____	
CIF Funding Expiration: _____ Total CIF Award: \$875,000 Current Balance: \$ _____ Loan 20% Grant 80% Match \$0.00, additional Loan in lieu of Local Match Expected CIF Award Expenditure Next Quarter: \$ _____ Local Match Expenditure: To Date \$ _____ Next Quarter \$ _____	
Project Phase: <input type="checkbox"/> Planning <input type="checkbox"/> Design <input type="checkbox"/> Construction	
PROJECT COMPLETION: Original Date _____ Current Date _____ _____ % Complete Days Remaining to Complete _____ On Schedule? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Briefly Describe Project Progress During This Reporting Period: 	
Issues Addressed During This Reporting Period, including any current or anticipated issues that remain unresolved: 	
Goals/Milestones, With Timeline or Dates, For The Next Reporting Period: 	
Authorized Officer PRINT NAME: _____ PRINT TITLE: _____	
SIGNATURE: _____	Date: _____

****All fields must be completed***

EXHIBIT "E"

FORM OF CERTIFICATE OF COMPLETION

RE: \$875,000 Loan/Grant Agreement by and between the NMFA and the Lower Rio Grande Public Water Works Authority, New Mexico, as Borrower/Grantee (the "Agreement" or "Loan/Grant Agreement")

Loan/Grant No. CIF-6428

Closing Date: February 21, 2025

TO: NEW MEXICO FINANCE AUTHORITY, colonias@nmfa.net

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

Borrower/Grantee, hereby certify as follows:

1. The project described in the Agreement (the "Project"), or the applicable phase of the project if funding was for a phased 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/Grant Amount was \$ _____.

4. The portion of the Loan/Grant 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 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, DOÑA ANA COUNTY, NEW MEXICO

By: _____

Its: _____

EXHIBIT “F”

DOCUMENTS

1. Open Meetings Act Resolution No. FY2024-22 adopted by the Borrower/Grantee on May 15, 2024
2. Resolution No. FY2025-10 adopted on January 15, 2025, Notice of Meeting, Meeting Agenda, Minutes and Affidavit of Publication of Notice of Adoption of Resolution in the *Las Cruces Sun News*
3. Loan/Grant Agreement
4. General and No Litigation Certificate of the Borrower/Grantee
5. Delivery, Deposit and Cross-Receipt Certificate
6. Right of Way Certificate of Borrower/Grantee
7. Final Opinion of Counsel for the Borrower/Grantee
8. Approving Opinion of Virtue & Najjar, PC, Loan/Grant Counsel to the NMFA
9. NMFA Application and Project Approval (informational only)
10. Written consent of existing lenders to Colonias loan

\$875,000
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
COLONIAS INFRASTRUCTURE PROJECT FUND LOAN/GRANT
NO. CIF-6428

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

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

Capitalized terms used in this Certificate have the same meaning as defined in Resolution No. FY2025-10 adopted by the Governing Body of the Borrower/Grantee on January 15, 2025 (the “Resolution”) unless otherwise defined in this Certificate or the context requires otherwise.

1. The Borrower/Grantee is a duly organized and existing public water works authority under the laws of the State of New Mexico.

2. There exists within the boundaries or service area of the Borrower/Grantee, the Colonia of Vado, a community that has been designated by the Borrower/Grantee as a Colonia within the meaning of the Colonias Infrastructure Act, and the Borrower/Grantee will be receiving the Loan/Grant for the benefit of the Colonia of Vado and its residents.

3. From at least July 1, 2024, to and including the date of this Certificate, the following were and now are the duly chosen qualified and acting officers of the Borrower/Grantee:

Chair: Esperanza Holguin (District 4)

Vice Chair: James Cadena (District 3)

Board of Directors: Vacant (District 1)
Enrique Franco (District 2)
Juan L. Perez (District 5)
Muriel Bowles (District 7)

Secretary: Glory Juarez (District 6)

Finance Manager: Kathi Jackson

General Manager: Martin Lopez

Projects Manager: Karen Nichols

Attorney: Nann M. Winter

4. The population of Doña Ana County, New Mexico is less than 75% English speaking and less than 75% Spanish speaking.

5. Notice of adoption of the Resolution was published in English in the *Las Cruces Sun News*, a newspaper qualified to publish legal notices that is of general circulation in Doña Ana County, New Mexico.

6. There is no reason within our knowledge and belief after due investigation, why the Borrower/Grantee may not enter into the Loan/Grant Agreement with the New Mexico Finance Authority, as authorized by the Resolution.

7. No material adverse change has occurred, nor has any development occurred involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects, or properties of the Borrower/Grantee since the date of the Resolution.

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

9. There is no threatened action, suit, proceeding, inquiry or investigation against the Borrower/Grantee, at law or in equity, by or before any court, public board or body, nor to our knowledge is there any basis therefor, affecting the existence of the Borrower/Grantee or the titles of its officials to their respective offices, or seeking to prohibit, restrain or enjoin the pledge of the Pledged Revenues to pay the principal, interest or administrative fees on the Loan/Grant Agreement, or in any way materially adversely affecting or questioning (a) the use of the proceeds of the Loan/Grant Agreement for the Project and to pay certain expenses as described therein, (b) the validity or enforceability of the Loan/Grant Agreement or any proceedings of the Borrower/Grantee taken with respect to the Resolution or the Loan/Grant Agreement (c) the execution and delivery of the Loan/Grant Agreement, or (d) the power of the Borrower/Grantee to carry out the transactions contemplated by the Resolution and the Loan/Grant Agreement. No referendum petition or request for an election has been filed with respect to the Resolution or Loan/Grant Agreement under the provisions the laws, bylaws, rules, regulations or other governance document of the Borrower/Grantee or the State with respect to the Resolution or the Loan/Grant Agreement.

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

11. The Borrower/Grantee is not in default, and has not been in default within the ten (10) years immediately preceding the date of this Certificate, in the payment of principal of, premium, if any, or interest on any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

12. To our knowledge and belief after due investigation, neither the Chair, the Secretary, any member of the Governing Body of the Borrower/Grantee, nor any other officer, employee or other agent of the Borrower/Grantee is interested (except in the performance of his

or her official rights, privileges, powers and duties), directly or indirectly, in the profits of any contract, or job for work, or services to be performed and appertaining to the Project.

13. Regular meetings of the Borrower/Grantee's Governing Body and the meeting at which the Resolution was adopted have been held at the La Mesa Office of the Borrower/Grantee located at 521 St. Valentine, La Mesa, New Mexico, one of the principal meeting place of the Borrower/Grantee.

14. The Borrower/Grantee's Governing Body has no rules of procedure which would invalidate or make ineffective the Resolution or other action taken by the Borrower/Grantee's Governing Body in connection with the Loan/Grant Agreement. The Open Meetings Act Resolution adopted and approved by the Governing Body on May 15, 2024, establishes notice standards for meetings of the Governing Body. The Open Meetings Act Resolution has not been amended or repealed. All action of the Governing Body with respect to the Resolution and the Loan/Grant Agreement was taken at meetings held in compliance with the Open Meetings Act Resolution No. FY2024-22 which resolution was effective on January 15, 2025, and has not been amended, repealed or rescinded.

15. The Borrower/Grantee is in compliance with the requirements of the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-14, as amended.

16. The Chair and the Secretary on the date of the signing of the Loan/Grant Agreement and on the date of this Certificate, are the duly chosen, qualified and acting officers of the Borrower/Grantee authorized to execute the Loan/Grant Agreement.

17. This Certificate is for the benefit of the NMFA and the Colonias Infrastructure Board.

18. This Certificate may be executed in counterparts.

[Signature page follows.]

WITNESS our signatures and the seal of the Borrower/Grantee this 21st day of February, 2025.

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

By _____
Esperanza Holguin, Chair

(SEAL)

By _____
Glory Juarez, Secretary

\$875,000
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
COLONIAS INFRASTRUCTURE PROJECT FUND LOAN/GRANT
NO. CIF-6428

STATE OF NEW MEXICO)
) ss. DELIVERY, DEPOSIT AND
COUNTY OF DOÑA ANA) CROSS-RECEIPT CERTIFICATE

IT IS HEREBY CERTIFIED by the undersigned, the duly chosen, qualified and acting Chair and Secretary of the Lower Rio Grande Public Water Works Authority, Doña Ana County, New Mexico (the "Borrower/Grantee"):

1. On the date of this Certificate, the Borrower/Grantee executed and delivered, or caused to be executed and delivered, a Loan/Grant Agreement between the Borrower/Grantee and the New Mexico Finance Authority (the "NMFA" or "Lender/Grantor"), in the aggregate principal amount of eight hundred seventy-five thousand dollars (\$875,000) (the "Loan/Grant Agreement"), as authorized by Borrower/Grantee Resolution No. FY2025-10 (the "Resolution") adopted on January 15, 2025 relating to the execution and delivery of the Loan/Grant Agreement. The Grant Amount equals seven hundred thousand dollars (\$700,000) and the Loan Amount equals one hundred seventy-five thousand dollars (\$175,000) as such terms are defined in the Loan/Grant Agreement.

2. The undersigned acknowledge that the Loan/Grant Amount, as defined in the Loan/Grant Agreement, is available for disbursement to the Borrower/Grantee pursuant to the terms of Section 5.2 of the Loan/Grant Agreement upon transmission of payment requisitions to the NMFA in substantially the form attached as Exhibit "B" to the Loan/Grant Agreement, with supporting documentation as provided in the Loan/Grant Agreement, and will be used as set forth in the Resolution and the Loan/Grant Agreement.

WITNESS our hands this 21st day of February, 2025.

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

By _____
Esperanza Holguin, Chair

By _____
Glory Juarez, Secretary

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

It is hereby certified by the undersigned, a duly qualified and acting official of the New Mexico Finance Authority, that, the undersigned has on the date of this Certificate, received the Loan/Grant Agreement for Project No. CIF-6428 from the Lower Rio Grande Public Water Works Authority, Doña Ana County, New Mexico.

NEW MEXICO FINANCE AUTHORITY

By _____
Marquita D. Russel, Chief Executive Officer

RECORD OF PROCEEDINGS RELATING TO THE ADOPTION OF
RESOLUTION NO. FY2025-11 OF THE BOARD OF DIRECTORS
OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
JANUARY 15, 2025

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

The Board of Directors (the “Governing Body”) of the Lower Rio Grande Public Water Works Authority, New Mexico (the “Borrower/Grantee”) met in a regular session in full conformity with the law and the rules and regulations of the Governing Body at the La Mesa Office of the Borrower/Grantee located at 521 St. Valentine, La Mesa, New Mexico, being the meeting place of the Governing Body for the meeting held on the 15th day of January, 2025 at the hour of 9:30 a.m. Upon roll call, the following members were found to be present:

Present:

Chair: Esperanza “Espy” Holguin
Directors: James Cadena, Vice-Chair
Glory Juarez, Treasurer
Enrique “Rick” Franco, Director
Juan Perez, Director
Muriel Bowles, Director

Absent:

Also Present:
Martin G. Lope, General Manager
Kathi Jackson, Finance Manager
Karen Nichols, Projects Manager
Mike Lopez, Operations Manager
Patty Charles, Projects Specialist
John Schroder, Accounting Assistant

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

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2025-11

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A COLONIAS INFRASTRUCTURE PROJECT FUND LOAN/GRANT AGREEMENT (“AGREEMENT” OR “LOAN/GRANT AGREEMENT”) BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY (“NMFA,” OR “LENDER/GRANTOR”) AND THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY DOÑA ANA COUNTY, NEW MEXICO (“BORROWER/GRANTEE”), FOR THE BENEFIT OF THE DESIGNATED COLONIAS OF MESQUITE AND BRAZITO, IN THE TOTAL AMOUNT OF FOUR HUNDRED FOUR THOUSAND THREE DOLLARS (\$404,003), EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF THE DESIGN OF TEN (10) LIFT STATIONS WITH UPGRADED PUMPS, SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA), REPLACE FLOATS WITH TRANSDUCERS OR PROBES AND REPLACEMENT OF PIPING, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE LOAN AMOUNT OF FORTY-FOUR THOUSAND FOUR HUNDRED FORTY DOLLARS (\$44,440) SOLELY FROM THE NET SYSTEM REVENUES OF THE WATER SYSTEM AND ACCEPTANCE OF A GRANT AMOUNT OF THREE HUNDRED FIFTY-NINE THOUSAND FIVE HUNDRED SIXTY-THREE DOLLARS (\$359,563); CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

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

WHEREAS, the Colonias Infrastructure Board (“CIB”) is a public body duly organized and created under and pursuant to the laws of the State of New Mexico (the “State”), particularly the Colonias Infrastructure Act, NMSA 1978, §§ 6-30-1 through 6-30-8, as amended, (the “Colonias Infrastructure Act” or the “Act”); and

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

WHEREAS, the Borrower/Grantee is a Political Subdivision of the State, being a legally and regularly created, established, organized and existing public water works authority under the general laws of the State and more specifically, NMSA 1978, § 73-26-1; and

WHEREAS, the Act creates the Colonias Infrastructure Project Fund (the “Fund”) in the NMFA, to be administered by the NMFA to originate grants or loans to Qualified Entities for Qualified Projects recommended by the CIB; and

WHEREAS, there exists within the boundaries or service area of the Borrower/Grantee, the Colonias of Mesquite and Brazito, communities that have been designated as Colonias within the meaning of the Act; and

WHEREAS, the Borrower/Grantee will be receiving the Loan/Grant for the benefit of the Colonias of Mesquite and Brazito and the public they serve; and

WHEREAS, the Borrower/Grantee submitted an application dated February 28, 2024 for the Project; and

WHEREAS, the CIB has determined that the Project is a Qualified Project and that the Borrower/Grantee is a Qualified Entity under the Board Rules; and

WHEREAS, the CIB on May 16, 2024 recommended to the NMFA that the Borrower/Grantee receive financial assistance from the Fund in the form of the Loan/Grant, for the benefit of the Colonia and the CIB has recommended that the NMFA enter into and administer the Loan/Grant Agreement; and

WHEREAS, the NMFA approved the Loan/Grant Amount from the Fund to the Borrower/Grantee on June 27, 2024; and

WHEREAS, the Borrower/Grantee has determined that it is in the best interests of the Borrower/Grantee and the Colonia that the Borrower/Grantee enter into an Agreement with the Lender/Grantor to borrow forty-four thousand four hundred forty dollars (\$44,440) from the Lender/Grantor and to accept a grant in the amount of three hundred fifty-nine thousand five hundred sixty-three dollars (\$359,563) from the Lender/Grantor to finance the costs of the design of ten (10) lift stations with upgraded pumps, supervisory control and data acquisition (SCADA), replace floats with transducers or probes and replacement of piping, this project being more particularly described in the Term Sheet; and

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

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

WHEREAS, the Loan/Grant Agreement shall not constitute a general obligation of the Borrower/Grantee, the CIB or the NMFA or a debt or pledge of the full faith and credit of the Borrower/Grantee, the CIB, the NMFA or the State; and

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

WHEREAS, the Governing Body hereby determines that the Local Match is now available to the Borrower/Grantee to complete the Project; and

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

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

Section 1. Definitions. Capitalized terms defined in the foregoing recitals shall have the same meaning when used in this Resolution unless the context clearly requires otherwise. Capitalized terms not defined in the recitals and defined in this Article I shall have the same meaning when used in this Resolution including the foregoing recitals, unless the context clearly requires otherwise. Capitalized terms not defined herein shall have the meaning given them by the Loan/Grant Agreement.

“Agreement” or “Loan/Grant Agreement” means the Loan/Grant Agreement and any amendments or supplements thereto, including the Exhibits attached thereto.

“Authorized Officers” means, any one or more of the Chair, the Finance Manager, the General Manager and Secretary of the Borrower/Grantee.

“Closing Date” means the date of execution of the Loan/Grant Agreement by the Borrower/Grantee and the NMFA.

“Colonia” or “Colonias” means a Colonia as defined in the Act, and more particularly in NMSA 1978, § 6-30-3(C), as amended, and particularly the Colonias of Mesquite and Brazito.

“Colonias Infrastructure Project Fund” or “Fund” means the fund of the same name created pursuant to the Act and held and administered by the NMFA.

“Conditions” has the meaning given to that term in the Loan/Grant Agreement.

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

“Eligible Fiscal Agent Fees” means fees and costs incurred by a fiscal agent for the administration of Project funds, including the collection and reporting of Project information as required by the Loan/Grant Agreement, in an amount not exceeding five percent (5%) of the Loan/Grant Amount.

“Eligible Items” means eligible Project costs for which loans/grants may be made pursuant to Title 2, Chapter 91, Part 2 NMAC, the Board Rules and applicable Policies, and includes costs of acquiring and completing the Project, and, without limitation, Eligible Legal Costs, Eligible Fiscal Agent Fees and Eligible Project Management Fees.

“Eligible Legal Costs” means legal fees and costs for services rendered by legal counsel on behalf of the Borrower/Grantee for transaction of the Project and those directly associated with the qualified project, in an amount not exceeding ten percent (10%) of the Loan/Grant Amount, but does not include adjudication services.

“Eligible Project Management Fees” means the fees and costs associated with the planning, implementation and technical oversight of the project management costs for services rendered to the Borrower/Grantee for the transaction of the Project and those directly associated with the Project, in an amount up to ten percent (10%) of the Loan/Grant Amount.

“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 Borrower/Grantee as its fiscal year.

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

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

“Grant” or “Grant Amount” means the amount provided to the Borrower/Grantee as a grant pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and shall equal 89% of the amount disbursed not to exceed three hundred fifty-nine thousand five hundred sixty-three dollars (\$359,563).

“Gross Revenues” has the meaning given to that term in the Loan/Grant Agreement.

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

“Loan” or “Loan Amount” means 11% of the amount disbursed to the Borrower/Grantee during the Interim Period for the purpose of funding the Project, including a portion of the Local Match, and shall not equal more than forty-four thousand four hundred forty dollars (\$44,440).

“Loan/Grant” or “Loan/Grant Amount” means the combined amount distributed to the Borrower/Grantee during the Interim Period as the Grant Amount and borrowed by the Borrower/Grantee as the Loan Amount pursuant to the Loan/Grant Agreement for the purpose of funding the Project and shall not equal more than four hundred four thousand three dollars (\$404,003).

“Loan Payments” means, collectively, the Principal Component (defined in the Loan/Grant Agreement) to be paid by the Borrower/Grantee as payment of the Loan/Grant Agreement as shown on Exhibit “C” to the Loan/Grant Agreement.

“Local Match” means the amount determined pursuant to the Policies to be provided by the Borrower/Grantee which includes the total value of the soft or hard match (each as defined in the Policies) which, in combination with the Loan/Grant Amount and other monies available to the Borrower/Grantee, is sufficient to complete the Project. The Local Match is thirty-eight thousand five hundred six dollars (\$38,506) and an additional loan in the amount of four thousand forty dollars (\$4,040) included and incorporated in the Loan Amount.

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

“NMAC” means the New Mexico Administrative Code.

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

“Operation and Maintenance Expenses” has the meaning given to that term in the Loan/Grant Agreement.

“Pledged Revenues” means the Net System Revenues of the Borrower/Grantee pledged to the payment of the Loan Payments pursuant to this Resolution and the Loan/Grant Agreement and described in the Term Sheet.

“Policies” means the Colonias Infrastructure Project Fund Project Selection and Management Policies, approved by the CIB.

“Political Subdivision of the State” means a municipality, a county, water and sanitation district, an association organized and existing pursuant to the Sanitary Projects Act, NMSA 1978, § 3-29-1 through § 3-29-21, as amended, or any other entity recognized by statute as a political subdivision of the State, including the Borrower/Grantee

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

“Project Account” means the book account, if any, established by the NMFA in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, as shown in the Term Sheet, which account shall be kept separate and apart from all other accounts of the NMFA.

“Qualified Entity” means a county, municipality, or other entity recognized as a Political Subdivision of the State pursuant to NMSA 1978, § 6-30-3(F), as amended.

“Qualified Project” means a capital outlay project recommended by the CIB to the NMFA for financial assistance that is primarily intended to develop Colonias infrastructure. A Qualified Project may include a water system, a wastewater system, solid waste disposal facilities, flood and drainage control, roads or housing infrastructure pursuant to NMSA 1978, § 6-30-3(G), as amended, but does not include general operation and maintenance, equipment, housing allowance payments or mortgage subsidies.

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

“Rules” means Review and Selection of Colonias Infrastructure Projects, New Mexico Colonias Infrastructure Board, Sections 2.91.2.1 through 2.91.2.18 NMAC.

“State” means the State of New Mexico.

“System” means the water and wastewater, if any, utility system operated pursuant to NMSA 1978, § 73-26-1 and the Governance Document of the Lower Rio Grande Public Water Works Authority, adopted on October 10, 2010 as amended from time to time, of the Borrower/Grantee, owned and operated by the Borrower/Grantee, and of which the Project, when completed, will form part.

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

“Useful Life” means the period during which the Project is expected to be usable for the purpose for which it was acquired, which is twenty (20) years.

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

Section 3. Authorization of the Project and the Loan/Grant Agreement. The acquisition and completion of the Project and the method of funding the Project through execution and delivery of the Loan/Grant Agreement and the other documents related to the transaction are hereby authorized and ordered. The Project is for the benefit and use of the Borrower/Grantee, the Colonias and the public they serve.

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

A. The Project is needed to meet the needs of the Borrower/Grantee, the Colonias and the public they serve.

B. Moneys available and on hand for the Project from all sources other than the Loan/Grant are not sufficient to defray the cost of acquiring and completing the Project but, together with the Loan/Grant Amount, are sufficient to complete the Project.

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

D. The Borrower/Grantee will acquire and complete the Project with the proceeds of the Loan/Grant, the Local Match and other amounts available to the Borrower/Grantee, and except as otherwise expressly provided by the Loan/Grant Agreement, will utilize, operate and maintain the Project for the duration of its Useful Life.

E. Together with the Loan/Grant Amount, and other amounts available to the Borrower/Grantee, the Local Match is now available to the Borrower/Grantee, and in combination with the Loan/Grant Amount, will be sufficient to complete the Project.

F. The Lender/Grantor shall maintain on behalf of the Borrower/Grantee a separate Project Account as a book account only on behalf of the Borrower/Grantee and financial records in accordance with Generally Accepted Accounting Principles during the construction or implementation of the Project.

G. The Borrower/Grantee has or will acquire, prior to disbursement of monies for design, proper title to, easements, rights of way, permits or the requisite access needed, on the real property upon which the Project is being conducted by right of use or adverse possession, by legal conveyances such as right-of-way, easements, deeds, permits or other instruments, or will acquire any necessary titles or access rights by exercise of its power of eminent domain,.

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

A. Authorization. This Resolution has been adopted by the affirmative vote of at least a majority of all of 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 Borrower/Grantee and acquiring and completing the Project, it is hereby declared necessary that the Borrower/Grantee execute and deliver the Loan/Grant Agreement evidencing the Borrower/Grantee's acceptance of the Grant Amount of three hundred fifty-nine thousand five hundred sixty-three dollars (\$359,563) and borrowing the Loan Amount of forty-four thousand four hundred forty dollars (\$44,440) to be utilized solely for Eligible Items necessary to complete the Project, and solely in the manner and according to the restrictions set forth in the Loan/Grant Agreement, the execution and delivery of which is hereby authorized. The Borrower/Grantee shall use the Loan/Grant Amount to finance the acquisition and completion of the Project.

B. Detail. The Loan/Grant Agreement shall be in substantially the form of the Loan/Grant Agreement presented at the meeting of the Governing Body at which this Resolution was adopted. The Grant shall be in the amount of three hundred fifty-nine thousand five hundred sixty-three dollars (\$359,563) and the Loan shall be in the amount of forty-four thousand four hundred forty dollars (\$44,440). Interest on the Loan Amount shall be zero percent (0%) per annum of the unpaid principal balance of the Loan Amount.

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

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

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

A. Project Account. The Borrower/Grantee hereby consents to creation of the Project Account by the NMFA and further approves of the deposit or crediting of a portion of the Loan/Grant Amount to pay expenses. Until the Completion Date, the amount of the Loan/Grant credited to the Project Account shall be used and paid out solely for Eligible Items necessary to acquire and complete the Project in compliance with applicable law and the provisions of the Loan/Grant Agreement.

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

C. CIB and NMFA Not Responsible. Borrower/Grantee shall apply the funds derived from the Loan/Grant Agreement as provided therein, and in particular Article V of the Loan/Grant Agreement. Neither the CIB nor the NMFA shall in any manner be responsible for the application or disposal by the Borrower/Grantee or by its officers of the funds derived from the Loan/Grant Agreement or of any other funds held by or made available to the Borrower/Grantee in connection with the Project. Lender/Grantor shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession, custody and control to the NMFA for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

Section 9. Payment of Loan Amount. Pursuant to the Loan/Grant Agreement, the Borrower/Grantee shall pay the Loan Amount directly from the Pledged Revenues to the NMFA

as provided in the Loan/Grant Agreement in an amount sufficient to pay principal and other amounts due under the Loan/Grant Agreement and to cure any deficiencies in the payment of the Loan Amount or other amounts due under the Loan/Grant Agreement.

Section 10. Lien on Pledged Revenues. Pursuant to the Loan/Grant Agreement, the Loan/Grant Agreement constitutes an irrevocable lien (but not an exclusive lien) upon the Pledged Revenues to the extent of the Loan Amount, the priority of which is consistent with that shown on the Term Sheet.

Section 11. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the Loan/Grant Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Resolution and the Loan/Grant Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the Loan/Grant Agreement including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan/Grant Agreement.

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

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

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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

Section 16. Effective Date. Upon due adoption of this Resolution, it shall be recorded in the book of the Borrower/Grantee kept for that purpose, authenticated by the signatures of the Chair and Secretary of the Borrower/Grantee, and this Resolution shall be in full force and effect thereafter, in accordance with law; provided, however, that if recording is not required for the effectiveness of this Resolution, this Resolution shall be effective upon adoption of this Resolution by the Governing Body.

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

[Form of Notice of Adoption of Resolution for Publication]

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA 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. FY2025-11, duly adopted and approved by the Board of Directors of Lower Rio Grande Public Water Works Authority on January 15, 2025. A complete copy of the Resolution is 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,
DOÑA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2025-11

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A COLONIAS INFRASTRUCTURE PROJECT FUND LOAN/GRANT AGREEMENT (“AGREEMENT” OR “LOAN/GRANT AGREEMENT”) BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY (“NMFA,” OR “LENDER/GRANTOR”) AND THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY DOÑA ANA COUNTY, NEW MEXICO (“BORROWER/GRANTEE”), FOR THE BENEFIT OF THE DESIGNATED COLONIAS OF MESQUITE AND BRAZITO, IN THE TOTAL AMOUNT OF FOUR HUNDRED FOUR THOUSAND THREE DOLLARS (\$404,003), EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF THE DESIGN OF TEN (10) LIFT STATIONS WITH UPGRADED PUMPS, SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA), REPLACE FLOATS WITH TRANSDUCERS OR PROBES AND REPLACEMENT OF PIPING, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE LOAN AMOUNT OF FORTY-FOUR THOUSAND FOUR HUNDRED FORTY DOLLARS (\$44,440) SOLELY FROM THE NET SYSTEM REVENUES OF THE WATER SYSTEM AND ACCEPTANCE OF A GRANT AMOUNT OF THREE HUNDRED FIFTY-NINE THOUSAND FIVE HUNDRED SIXTY-THREE DOLLARS (\$359,563); CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

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

[End of Form of Notice of Adoption for Publication]

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PASSED, APPROVED AND ADOPTED THIS 15TH DAY OF JANUARY, 2025.

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

By _____
Esperanza Holguin, Chair

ATTEST:

By:
Glory Juarez, Secretary

[Remainder of page intentionally left blank.]

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

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

Those Voting Aye: Esperanza "Espy" Holguin
James Cadena, Vice-Chair
Glory Juarez, Treasurer
Enrique "Rick" Franco, Director
Juan Perez, Director
Muriel Bowles, Director

Those Voting Nay: None

Those Absent: _____

Six (6) Members of the Governing Body having voted in favor of the motion, the Chair declared the motion carried and the Resolution adopted, whereupon the Chair and Secretary signed the Resolution upon the records of the minutes of the Governing Body.

[Remainder of page intentionally left blank.]

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

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

By _____
Esperanza Holguin, Chair

ATTEST:

By _____
Glory Juarez, Secretary

[Remainder of page intentionally left blank.]

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

I, Glory Juarez, the duly qualified and acting Secretary of the Lower Rio Grande Public Water Works Authority, New Mexico (the “Borrower/Grantee”), do hereby certify:

1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the Board of Directors of the Borrower/Grantee (the “Governing Body”), had and taken at a duly called regular meeting held at the La Mesa Office of the Borrower/Grantee located at 521 St. Valentine, La Mesa, New Mexico, on January 15, 2025 at the hour of 9:30 a.m., insofar as the same relate to the adoption of Resolution No. FY2025-11 and the execution and delivery of the proposed Loan/Grant Agreement, a copy of which is set forth in the official records of the proceedings of the Governing Body kept in my office. None of the action taken has been rescinded, repealed, or modified.

2. The proceedings were duly had and taken as therein shown, the meeting therein was duly held, and the persons therein named were present at said meeting, as therein shown.

3. Notice of the meeting was given in compliance with the permitted methods of giving notice of meetings of the Governing Body as required by the State Open Meetings Act, NMSA 1978, § 10-15-1, as amended, including the Borrower/Grantee’s open meetings Resolution No. FY2024-22, adopted and approved on May 15, 2024 in effect on the date of the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of February, 2025.

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

By _____
Glory Juarez, Secretary

EXHIBIT "A"

Notice of Meeting, Meeting Agenda, Minutes and
Affidavit of Publication of Notice of Adoption of Resolution

\$404,003

**COLONIAS INFRASTRUCTURE PROJECT FUND
LOAN/GRANT AGREEMENT**

Dated

February 21, 2025

By and Between the

NEW MEXICO FINANCE AUTHORITY,

and the

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

**COLONIAS INFRASTRUCTURE PROJECT FUND
LOAN/GRANT AGREEMENT**

THIS LOAN/GRANT AGREEMENT (the “Agreement” or “Loan/Grant Agreement”) dated February 21, 2025, is entered into by and between the **NEW MEXICO FINANCE AUTHORITY** (the “NMFA” or “Lender/Grantor”), and the **LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY** in Doña Ana County, New Mexico, (the “Borrower/Grantee”) for the benefit of the Colonias of Mesquite and Brazito, New Mexico (the “Colonias”).

WITNESSETH:

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

WHEREAS, the Colonias Infrastructure Act, NMSA 1978, §§ 6-30-1 through 6-30-8, as amended (the “Colonias Infrastructure Act” or the “Act”) creates the Colonias Infrastructure Project Fund (the “Fund”) in the NMFA, to be administered by the NMFA to originate grants or loans to Qualified Entities for Qualified Projects recommended by the Colonias Infrastructure Board (the “CIB”); and

WHEREAS, the Borrower/Grantee is a Political Subdivision of the State, being a legally and regularly created, established, organized and existing public water works authority under the general laws of the State and more specifically, NMSA 1978, § 73-26-1, as amended; and

WHEREAS, there exists within the boundaries or service area of the Borrower/Grantee, the Colonias of Mesquite and Brazito, communities that have been designated as Colonias within the meaning of the Act; and

WHEREAS, the Borrower/Grantee will be receiving the Loan/Grant for the benefit of the Colonias of Mesquite and Brazito and the public the Borrower/Grantee serves; and

WHEREAS, pursuant to the Act, Board Rules and the Policies, the CIB authorizes the NMFA to make loans/grants to Qualified Entities from the Fund for recommended Qualified Projects; and

WHEREAS, the Borrower/Grantee submitted an application dated February 28, 2024 for the Project; and

WHEREAS, the CIB has determined that the Project is a Qualified Project and that the Borrower/Grantee is a Qualified Entity under the Board Rules; and

WHEREAS, the CIB on May 16, 2024 recommended to the NMFA that the Borrower/Grantee receive financial assistance from the Fund in the form of the Loan/Grant, for the benefit of the Colonias and the CIB has recommended that the NMFA enter into and administer this Agreement; and

WHEREAS, the NMFA approved the Loan/Grant Amount from the Fund to the Borrower/Grantee on June 27, 2024; and

WHEREAS, pursuant to the Board Rules and the Policies, the Borrower/Grantee will receive eleven percent (11%) of its funding as a loan, in order to ensure the long-term solvency of the Fund by providing annual streams of revenue available to fund additional Qualified Projects; and

WHEREAS, the Borrower/Grantee is willing to pledge the Pledged Revenues to the payment of the Loan and Administrative Fee and grant a subordinate lien (but not an exclusive subordinate lien) to the NMFA on the Pledged Revenues on parity with the Parity Subordinate Obligations and subordinate to the lien on the Pledged Revenues of Senior Obligations and Other Subordinate Obligations provided that the lien on the Pledged Revenues of any future loans from the NMFA to the Borrower/Grantee pursuant to the Act or the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-11, as amended, shall be on a subordinate parity position with this Loan/Grant; and

WHEREAS, the obligation of the Borrower/Grantee under this Agreement shall constitute a special, limited obligation of the Borrower/Grantee, limited to the Pledged Revenues, and shall not constitute a general obligation or other indebtedness of the Borrower/Grantee or a charge upon the general credit or ad valorem taxing power of the Borrower/Grantee, or the State; and

WHEREAS, the execution, performance, and delivery of this Agreement have been authorized, approved, and directed by the Governing Body pursuant to the Resolution; and

WHEREAS, the execution and performance of this Agreement have been authorized, approved, and directed by all necessary and appropriate action of the CIB and the NMFA and their respective officers.

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

ARTICLE I DEFINITIONS

Capitalized terms defined in the foregoing recitals shall have the same meaning when used in this Agreement unless the context clearly requires otherwise. Capitalized terms not defined in the recitals and defined in this Article I shall have the same meaning when used in this Agreement including the foregoing recitals, unless the context clearly requires otherwise.

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

“Application” means the Colonias Infrastructure Project Fund Application for Funding dated February 28, 2024 of the Borrower/Grantee and pursuant to which the Borrower/Grantee requested funding for the Project.

“Authorized Officers” means, with respect to the Borrower/Grantee, any one or more of the Chair, the Finance Manager, the General Manager and Secretary thereof; and with respect to the NMFA, the Chair, Vice-Chair and Secretary of the Board of Directors and the Chief Executive Officer or any other officer or employee of the NMFA designated in writing by an Authorized Officer.

“Board Rules” means Review and Selection of Colonias Infrastructure Projects, New Mexico Colonias Infrastructure Board, Sections 2.91.2.1 through 2.91.2.18 NMAC.

“Closing Date” means the date of execution of this Agreement by the Borrower/Grantee and the NMFA.

“Colonia” or “Colonias” means a Colonia as defined in the Act, and more particularly in NMSA 1978, § 6-30-3(C), as amended, and particularly the Colonias of Mesquite and Brazito, New Mexico.

“Conditions” means (1) all readiness to proceed requirements established for the Loan/Grant by the NMFA and the CIB; (2) all requirements set forth in the Term Sheet; (3) all requirements outlined in Section 2.1(p) and Section 5.1; and (4) a determination that the disbursement applied for does not exceed any limitation upon the amount payable for any Eligible Item pursuant to the Act, the Board Rules, and the Policies.

“Department of Finance and Administration” or “DFA” means the department of finance and administration of the State.

“Eligible Fiscal Agent Fees” means fees and costs incurred by a fiscal agent for the administration of Project funds, including the collection and reporting of Project information as required by this Agreement in an amount not exceeding five percent (5%) of the Loan/Grant Amount.

“Eligible Items” means eligible Project costs for which loans/grants may be made pursuant to Title 2, Chapter 91, Part 2 NMAC, the Board Rules and applicable Policies, and includes costs of acquiring and completing the Project, and, without limitation, Eligible Legal Costs, Eligible Fiscal Agent Fees, and Eligible Project Management Fees.

“Eligible Legal Costs” means legal fees and costs for services rendered by legal counsel on behalf of the Borrower/Grantee for transaction of the Project and those directly associated with the Qualified Project in an amount not exceeding ten percent (10%) of the Loan/Grant Amount, but does not include adjudication services.

“Eligible Project Management Fees” means the fees and costs associated with the planning, implementation and technical oversight of the project management costs for services rendered to the Borrower/Grantee for the transaction of the Project and those directly associated with the Project in an amount up to ten percent (10%) of the Loan/Grant Amount.

“Event of Default” means one or more events of default as defined in Section 9.1 of this Agreement.

“Final Debt Service Schedule” means the schedule of Loan Payments due on this Agreement following the Final Requisition, as determined on the basis of the Loan Amount.

“Final Requisition” means the final requisition of moneys to be submitted by the Borrower/Grantee, which shall be submitted by the Borrower/Grantee on or before the expiration of the Interim Period as provided in Section 4.4 of this Agreement.

“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 Borrower/Grantee as its fiscal year.

“Force Majeure” means acts of God and natural disasters; strikes or labor disputes; war, civil strife or other violence; an order of any kind of the Government of the United States or of the State or civil or military authority or any court of competent jurisdiction; or any other act or condition that was beyond the reasonable control of, without fault or negligence of, or not reasonably foreseeable by the party claiming the Force Majeure event; except for (i) general economic conditions; or (ii) an inability of a party claiming the Force Majeure event to pay any debts when due.

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

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

“Grant” or “Grant Amount” means the amount provided to the Borrower/Grantee as a grant pursuant to this Agreement for the purpose of funding the Project and shall equal 89% of the amount disbursed during the Interim Period not to exceed three hundred fifty-nine thousand five hundred sixty-three dollars (\$359,563).

“Gross Revenues” means all income and revenues directly or indirectly derived by the Borrower/Grantee from the operation and use of the System for any particular Fiscal Year or period to which term is applicable. In the event there is a conflicting description of Gross Revenues in any ordinance or resolution of the Borrower/Grantee, the language of such ordinance or resolution shall control.

“Hardship Waiver” means a determination by the NMFA pursuant to Section 4.1(a)(ii) herein that the annual principal payment by the Borrower/Grantee should be forgiven because such payment would cause undue hardship for the Borrower/Grantee or the public it serves.

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

“Interest Component” means the portion of each Loan Payment paid as interest on this Agreement, if any, as shown on Exhibit “C” hereto.

“Interim Debt Service Schedule” means the anticipated schedule of Loan Payments due on this Agreement following the Final Requisition, assuming disbursement of the entire Loan Amount within twenty-four (24) months of the Closing Date. The Interim Debt Service Schedule is attached hereto as Exhibit “C”.

“Interim Period” means the period no greater than twenty-four (24) months, unless a longer period is approved by the NMFA as provided in Section 4.4 of this Agreement, beginning on the Closing Date, during which the NMFA will disburse moneys to the Borrower/Grantee to pay costs of the Project.

“Loan” or “Loan Amount” means 11% of the amount disbursed to the Borrower/Grantee during the Interim Period for the purpose of funding the Project, including a portion of the Local Match, and shall not equal more than forty-four thousand four hundred forty dollars (\$44,440).

“Loan/Grant” or “Loan/Grant Amount” means the combined amount distributed to the Borrower/Grantee during the Interim Period partially as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan Amount pursuant to this Agreement for the purpose of funding the Project and shall not equal more than four hundred four thousand three dollars (\$404,003).

“Loan Payments” means, collectively, the Principal Component and interest, if any, to be paid by the Borrower/Grantee as payment of this Agreement as shown on Exhibit “C” hereto.

“Local Match” means the amount determined pursuant to the Policies to be provided by the Borrower/Grantee which includes the total value of the soft or hard match (each as defined in the Policies) which, in combination with the Loan/Grant Amount and other monies available to the Borrower/Grantee, is sufficient to complete the Project. The Local Match is thirty-eight thousand five hundred six dollars (\$38,506) and an additional loan in the amount of four thousand forty dollars (\$4,040) included and incorporated in the Loan Amount.

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

“NMAC” means the New Mexico Administrative Code.

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

“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. In the event there is a conflicting description of Operation and Maintenance Expenses in any ordinance or resolution of the Borrower/Grantee, the language of such ordinance or resolution shall control.

“Other Subordinate Obligations” means obligations now outstanding or hereafter issued or incurred with a lien on the Pledged Revenues junior to Senior Obligations and senior to the Loan and other Parity Subordinate Obligations, including any such obligations shown on the Term Sheet.

“Parity Subordinate Obligations” means this Agreement, and any other obligations, now outstanding or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on parity with this Agreement and subordinate to Senior Obligations and Other Subordinate Obligations, as shown on the Term Sheet.

“Pledged Revenues” means the Net System Revenues of the Borrower/Grantee pledged to the payment of the Loan Payments pursuant to the Resolution and this Agreement and described in the Term Sheet.

“Policies” means the Colonias Infrastructure Project Fund Project Selection and Management Policies, approved by the CIB.

“Political Subdivision of the State” means a municipality, a county, water and sanitation district, an association organized and existing pursuant to the Sanitary Projects Act, NMSA 1978, § 3-29-1 through § 3-29-21, as amended, or any other entity recognized by statute as a political subdivision of the State.

“Principal Component” means the portion of each Loan Payment paid as principal on this Agreement as shown on Exhibit “C” attached hereto.

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

“Project Account” means the book account, if any, established by the NMFA in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, which shall be kept separate and apart from all other accounts of the NMFA.

“Qualified Entity” means a county, municipality, or other entity recognized as a Political Subdivision of the State pursuant to NMSA 1978, § 6-30-3(F), as amended.

“Qualified Project” means a capital outlay project recommended by the CIB to the NMFA for financial assistance that is primarily intended to develop Colonias infrastructure. A Qualified Project may include a water system, a wastewater system, solid waste disposal facilities, flood and drainage control, roads or housing infrastructure pursuant to NMSA 1978, § 6-30-3(G), as amended, but does not include general operation and maintenance, equipment, housing allowance payments or mortgage subsidies.

“Resolution” means the Borrower/Grantee Resolution No. FY2025-11 adopted by the Governing Body on January 15, 2025 authorizing the acceptance of the Loan/Grant, approving this Agreement and pledging the Pledged Revenues to the payment of the Loan Payments as shown on the Term Sheet.

“Senior Obligations” means the senior obligations now outstanding or hereafter issued with a superior lien on the Pledged Revenues to Other Subordinate Obligations and Parity Subordinate Obligations, and meeting the requirements of this Agreement applicable to the issuance of Senior Obligations, including any such obligations shown on the Term Sheet.

“State” means the State of New Mexico.

“System” means the water and wastewater, if any, utility system operated pursuant to NMSA 1978, § 73-26-1 and the Governance Document of the Lower Rio Grande Public Water Works Authority, adopted on October 10, 2010 as amended from time to time, of the Borrower/Grantee, owned and operated by the Borrower/Grantee, and of which the Project, when completed, will form part.

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

“Useful Life” means the period during which the Project is expected to be usable for the purpose for which it was acquired, which is twenty (20) years.

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE BORROWER/GRANTEE

Section 2.1 Representations, Covenants and Warranties of the Borrower/Grantee: The Borrower/Grantee represents, covenants and warrants for the benefit of the NMFA as follows:

(a) Binding Nature of Covenants; Enforceability. All representations, covenants, stipulations, obligations and agreements of the Borrower/Grantee contained in this Agreement shall be deemed to be the representations, covenants, stipulations, obligations and agreements of the Borrower/Grantee to the full extent authorized or permitted by law, and such representations, covenants, stipulations, obligations and agreements shall be binding upon the Borrower/Grantee and its successors and enforceable in accordance with their terms, and upon any board or body to which any powers or duties affecting such representations, covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

(b) Authorization of Agreement. The Borrower/Grantee is a Qualified Entity as defined in the Act and the Board Rules. Pursuant to the laws of the State and in particular, the laws governing its creation and existence, as amended and supplemented from time to time, the Borrower/Grantee is authorized to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Borrower/Grantee has duly authorized and approved its acceptance of the Loan/Grant and the execution and delivery of this Agreement and the other documents related to the transaction described in this Agreement, and this Agreement and the other documents related to the transaction to which the Borrower/Grantee is a party constitute legal, valid and binding special obligations of the Borrower/Grantee enforceable against the Borrower/Grantee in accordance with their respective terms.

(c) Necessity of Project. The completion and operation of the Project under the terms and Conditions provided in this Agreement are necessary, convenient, and in furtherance of

the governmental purposes of the Borrower/Grantee and are in the best interest of the Borrower/Grantee, Colonias and the public the Borrower/Grantee serves.

(d) Useful Life. The Agreement Term is not greater than the Useful Life of the Project, and in any event shall not exceed twenty (20) years.

(e) Nature and Use of Agreement Proceeds. The Borrower/Grantee acknowledges that the proceeds of the Loan/Grant Amount shall be distributed pro rata as the Loan Amount and Grant Amount. The Borrower/Grantee shall apply the proceeds of the Loan/Grant solely to Eligible Items that will facilitate the completion of the Project, and shall not use the Loan/Grant proceeds for any other purpose. The Loan/Grant Amount, together with the Local Match and other moneys reasonably expected to be available to the Borrower/Grantee, is sufficient to complete the Project in its entirety.

(f) Lien. The Loan Payments constitute an irrevocable lien on the distribution on the Pledged Revenues, the priority of which is consistent with that shown on the Term Sheet.

(g) Payment of Loan Amount. The Borrower/Grantee shall promptly pay the Loan Payments as provided in this Agreement, except when a Hardship Waiver is obtained pursuant to Section 4.1(a)(ii) of this Agreement. The Loan Payments shall be payable solely from Pledged Revenues and nothing in this Agreement shall be construed as obligating the Borrower/Grantee to make the Loan Payments from any general or other fund of the Borrower/Grantee other than the Pledged Revenues; however, nothing in this Agreement shall be construed as prohibiting the Borrower/Grantee in its sole and absolute discretion, from making such payments from any moneys which may be lawfully used, and which are legally available, for that purpose.

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

(i) Irrevocable Enactments. While this Agreement remains outstanding and unpaid, any ordinance, resolution or other enactment of the Governing Body applying the Pledged Revenues for payment of this Agreement, including the Resolution, shall be irrevocable until the Project has been fully acquired and completed, and the Loan Amount, including all principal and interest that has been repaid, or provision made for payment thereof, shall not be subject to amendment or modification in any manner which would result in any use of the proceeds of this Agreement in a manner not permitted or contemplated by the terms hereof. The Borrower/Grantee shall not impair the rights of the NMFA or of any holders of bonds or other obligations payable from the Pledged Revenues while this Agreement is outstanding.

(j) No Litigation. To the knowledge of the Borrower/Grantee, no litigation or proceeding is pending or threatened against the Borrower/Grantee or any other person affecting the right of the Borrower/Grantee to execute or deliver this Agreement and the other documents related to the transaction or to comply with its obligations under this Agreement and the other documents related to the transaction.

(k) Agency Approval. Neither the execution and delivery of this Agreement and the other documents related to the transaction by the Borrower/Grantee nor compliance by the Borrower/Grantee with the obligations under this Agreement and the other documents related to the transaction, 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.

(l) No Event of Default. No event has occurred and no condition exists which, with the giving of notice or the passage of time or upon the execution and delivery of this Agreement or the other documents related to the transaction, would constitute an Event of Default on the part of the Borrower/Grantee under this Agreement and the other documents related to the transaction.

(m) Pledged Revenues Not Budgeted. The portion of the Pledged Revenues necessary to pay the Loan Payments, as and when due, is not needed or budgeted to pay current or anticipated Operation and Maintenance Expenses or other expense of the Borrower/Grantee.

(n) Borrower/Grantee's Existence. The Borrower/Grantee will maintain its legal identity and existence so long as this Agreement remains outstanding unless another Political Subdivision of the State, State agency, or other entity by operation of law succeeds to the liabilities, rights and duties of the Borrower/Grantee under this Agreement without adversely affecting to any substantial degree the privileges and rights of the CIB and NMFA.

(o) Budgeting of Pledged Revenues. The Pledged Revenues will be sufficient to make the Loan Payments, as and when due. The Borrower/Grantee will adequately budget for the Loan Payments and other amounts payable by the Borrower/Grantee under this Agreement.

(p) Use of Project; Continuing Covenant. During the Agreement Term, the Borrower/Grantee will at all times use the Project for the benefit of the Borrower/Grantee and the public it serves. The engineering design or engineering feasibility reports shall not involve or anticipate a sale, lease, mortgage, pledge, or the relocation or disposal of any part of the product or system designed during its Useful Life; provided, however, that if the Project is a joint project of the Borrower/Grantee and other Qualified Entities (as defined by the Act), the Borrower/Grantee and the other Qualified Entities may, with the express written approval of the NMFA and not otherwise, enter into an agreement allocating ownership and operational and maintenance responsibilities for the Project during the term of the Agreement. Any such agreement shall provide that the NMFA shall have the power to enforce the terms of this Agreement, without qualification, as to each and every Qualified Entity (as defined by the Act) other than the Borrower/Grantee, owning or operating any portion of the Project during the term of the Agreement. The Borrower/Grantee will operate and maintain the Project, so that it will function properly over its Useful Life.

(q) Expected Coverage Ratio. The Pledged Revenues are reasonably expected to equal or exceed—from the Fiscal Year in which the Closing Date occurs and, on an ongoing basis during each Fiscal Year of the Agreement Term—one hundred percent (100%) of the maximum annual principal and interest due on all outstanding obligations of the Borrower/Grantee payable from the Pledged Revenues.

(r) Right to Inspect. The NMFA shall have the right to inspect at all reasonable times all records, accounts and data relating to the System and to inspect the System and all properties comprising the System, and the Borrower/Grantee shall supply such records, accounts, and data as are requested by the NMFA, within thirty (30) days of receipt of such request, written or oral.

(s) Records and Reporting. The Borrower/Grantee shall maintain financial records in accordance with Generally Accepted Accounting Principles throughout the Agreement Term, and in the event that the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-14 does not apply, conduct an audit of the Project's financial records if requested by the CIB or the NMFA and provide any and all other information and access to the Project as requested by the CIB or the NMFA.

(t) Acquisition and Completion. The Borrower/Grantee shall proceed expeditiously to complete the Project and shall commence the Project in a commercially reasonable timeframe following the Closing Date. Further, the Borrower/Grantee hereby agrees that in order to effectuate the purposes of this Agreement and to acquire and complete the Project it shall take such steps as are necessary and appropriate to acquire and complete, the Project lawfully and efficiently in accord with all applicable laws, ordinances, resolutions and regulations relating to the acquisition and completion of the Project and use of the Loan/Grant proceeds. The plans and specifications for the Project shall fully incorporate available technologies and operational design for water use efficiency described in the approved plans and specifications. No Loan/Grant funds shall be used for items not constituting Eligible Items. The Borrower/Grantee shall exercise its power of eminent domain, if needed to comply with this paragraph 2.1(t) and paragraph 5.1(b).

(u) Use of Loan/Grant Proceeds for Construction; Other Qualified Entities. If any of the proceeds of the Loan/Grant are used for construction, the Borrower/Grantee shall operate and maintain the Project in good operating condition and repair at all times during the Useful Life of the Project, so that the Project will function properly over the Useful Life of the Project; provided, that if any portion of the Project will be constructed, installed, located, completed or extended on real property owned by a Qualified Entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may, prior to any use of the Loan/Grant funds for the Project on such real property, obtain the written agreement of such other Qualified Entity to perform these obligations with respect to such real property (and the portion of the Project to be constructed, installed, located, completed or extended on such real property), which written agreement shall be subject to approval by the NMFA and shall include an express statement by such other Qualified Entity that the NMFA is a third party beneficiary of such written agreement.

(v) Local Match. A portion of the Local Match is legally available for the Project as a portion of the Loan Amount and another portion is legally available for the Project, has been applied or set aside by the Borrower/Grantee solely for the purposes of the Project, and sufficient evidence of the Local Match has been provided and will be continued to be provided as part of the Borrower/Grantee's quarterly reporting as outlined in Section 7.1 and as otherwise requested by the NMFA.

(w) Rate Covenant. The Borrower/Grantee 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 percent (100%) of the maximum annual principal and interest payments due on all outstanding obligations payable from the Pledged Revenues. The Borrower/Grantee's Governing Body has duly adopted and approved Resolution No. FY2024-03 on July 19, 2023 approving the Borrower/Grantee's FY-2024 budget providing for increases in rates that have been implemented in 2 phases, the first phase having been implemented on September 1, 2023 and the second phase having been implemented on March 1, 2024. Resolution No. FY2024-03 has not been amended or repealed and is in full force and effect. The rates approved by Resolution No. FY2024-03 are irrevocable as long as the Loan is outstanding. The Borrower/Grantee specifically covenants that if revenues from these required rate increases are not sufficient to allow the Borrower/Grantee to comply with this subsection (w) and with the requirements of the USDA consent to the Loan dated November 1, 2024, at the end of the Interim Period and throughout the life of the Loan, Borrower/Grantee will further increase such rates in an amount necessary to comply with this subsection (w).

(x) Audit Requirement. During the Agreement Term the Borrower/Grantee shall comply with the requirements of the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-14, as amended, and upon request, provide the NMFA with a copy of any review or audit, report of agreed upon procedures, or any other document prepared pursuant to or required by the State Audit Act.

(y) Executive Order 2013-006 Requirements. The Borrower/Grantee has and will meet the requirements of Executive Order 2013-006 prior to the first disbursement of any portion of the Loan/Grant Amount, the Conditions and the readiness to proceed requirements established for the Loan/Grant by the NMFA and the CIB.

(z) Additional Debt. Prior to entering into additional indebtedness secured by a lien on the Pledged Revenues that is senior to or on parity with this Agreement, the Borrower/Grantee will seek the written consent of the NMFA, which consent will not be unreasonably withheld. Prior to entering into additional indebtedness secured by a lien on the Pledged Revenue subordinate to this Agreement or a lien on any revenues of the Borrower/Grantee other than the Pledged Revenues, the Borrower/Grantee will notify the NMFA in writing of such indebtedness.

(aa) Other Liens. Other than as provided in the Term Sheet, there are no liens or encumbrances of any nature, whatsoever, on or against the Gross Revenues.

ARTICLE III AGREEMENT TERM

The Agreement Term shall commence on the Closing Date and shall terminate upon the earliest of the following events: (a) submission and acceptance of a completed Form of Certificate of Completion, Exhibit “D”, and repayment of the Loan Amount and interest or (b) the exercise by the NMFA to terminate the Agreement pursuant to an Event of Default as outlined in Section IX of this Agreement.

ARTICLE IV LOAN/GRANT TO THE BORROWER/GRANTEE; INVESTMENT OF MONEYS

Section 4.1 Loan and Grant to the Borrower/Grantee.

(a) Loan to the Borrower/Grantee. The NMFA hereby lends to the Borrower/Grantee and the Borrower/Grantee hereby borrows from and agrees to pay to the order of the NMFA, an amount equal to the Loan Amount, with the principal amount of the Loan Amount being payable as provided by Article VI and Exhibit “C” of this Agreement. The Loan Amount shall be pre-payable by the Borrower/Grantee at the conclusion of the Interim Period without penalty.

(i) Subordinate Nature of Loan Amount Obligation. The obligation of the Borrower/Grantee to make the Loan Payments shall be subordinate to all Senior Obligations and Other Subordinate Obligations secured by the Pledged Revenues and shall be on parity with any Parity Subordinate Obligations existing on the Closing Date and, further, that may in the future be secured by the Pledged Revenues. The obligation of the Borrower/Grantee to make the Loan Payments shall be on parity with any other obligation, present or future, of the Borrower/Grantee to repay a loan provided by the NMFA pursuant to the Act or the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-11, as amended.

(ii) Hardship Waivers of Payment. Each year while any portion of the Loan Amount remains outstanding, if a Borrower/Grantee has encountered an unforeseeable hardship, the Borrower/Grantee may apply in writing on or before April 1st to the NMFA for forgiveness of the annual Loan Payment coming due on June 1 of the same year. The Borrower/Grantee shall submit its application to the NMFA for a determination by the NMFA, in cooperation with DFA, and shall submit sufficient documentation of the existence of the unforeseeable hardship as is reasonably required by the NMFA, in cooperation with DFA, to make a determination. The Borrower/Grantee shall promptly respond to additional requests for information from the NMFA or DFA. Such application for a Hardship Waiver shall be executed by the Authorized Officers of the Borrower/Grantee. The NMFA shall communicate the decision to the Borrower/Grantee in writing. In the event of a determination of unforeseeable hardship, the Loan Payment otherwise due on June 1 of that year shall be forgiven. If no unforeseeable hardship is found to exist, the Loan Payment shall remain outstanding and due and payable in accordance with the terms of this Agreement.

(iii) Constitutional and Statutory Debt Limitations. No provision of this Agreement shall be construed or interpreted as creating a general obligation or other indebtedness

of the CIB, the NMFA, the State or the Borrower/Grantee within the meaning of any constitutional or statutory debt limitation.

(b) Grant to the Borrower/Grantee. The CIB has granted to the Borrower/Grantee and the Borrower/Grantee hereby accepts from the NMFA and the CIB an amount equal to the Grant Amount subject to the terms of this Agreement.

(c) Project Account. The NMFA may establish and maintain the Project Account as a book account only, on behalf of the Borrower/Grantee, which account shall be kept separate and apart from all other accounts of the NMFA.

Section 4.2 Investment of Borrower/Grantee's Accounts. Money on deposit in the Borrower/Grantee's accounts created hereunder and held by the NMFA may be invested by the NMFA for the credit of the Fund.

Section 4.3 Loan/Grant Amount Does Not Exceed Total Cost. The sum of the Grant Amount, the Loan Amount, and the Local Match (and as set forth on the Term Sheet) does not exceed the cost of the Project, which, along with other moneys reasonably expected to be available to the Borrower/Grantee, is sufficient to complete the Project.

Section 4.4 Final Requisition. The Final Requisition shall be submitted by the Borrower/Grantee within the Interim Period. The Interim Period may be extended only as approved in writing by an Authorized Officer of the NMFA, based on the Borrower/Grantee's demonstration, to the reasonable satisfaction of the Authorized Officer of the NMFA, that unanticipated circumstances resulted in delaying the acquisition and completion of the Project, and submission of the Borrower/Grantee's Final Requisition.

ARTICLE V LOAN/GRANT AMOUNT DISBURSEMENT CONDITIONS

Section 5.1 Conditions Precedent to Disbursement of Loan/Grant Amount. Prior to the payment of any requisition of the Loan/Grant Amount or any portion thereof by the NMFA from the Fund, the following conditions shall be satisfied:

(a) The NMFA shall have determined that the Borrower/Grantee has met the Conditions established for the Loan/Grant; and

(b) Prior to disbursement of any portion of the Loan/Grant Amount for acquisition, planning, design or survey, the Borrower/Grantee shall have provided written assurance addressed to the NMFA and signed by an attorney (or shall have provided a title insurance policy) that the Borrower/Grantee, or the benefiting Colonia, is the owner in fee simple of the lands needed for the facilities to be designed with the proceeds of the Loan/Grant, or that the Borrower/Grantee, has or will acquire proper title to, easements, rights of way, permits, or the requisite access needed, on the real property upon or through which the planning, design or survey phase is to be conducted by right of use or adverse possession, by legal conveyances such as right-of-way, easements, deeds, permits or other instruments, or will acquire any necessary titles or access rights by exercise of its power of eminent domain. If acquisition and completion of the Project does not require physical or visual access to existing lands or facilities, the

Borrower/Grantee shall have provided written assurance addressed to the NMFA and signed by an attorney certifying that no title to, easements, rights of way, or permits are necessary to acquire and complete the Project; and

(c) The Borrower/Grantee shall be in compliance with the provisions of this Agreement; and

(d) No Event of Default has occurred; and

(e) The Borrower/Grantee shall have provided any other information requested by the NMFA in its absolute discretion including documentation sufficient to make a determination whether any requested disbursement is for payment of Eligible Items and is fully consistent with the Act, the Board Rules, and the Policies, as applicable.

Section 5.2 Accounting for Amounts Credited to the Project Account. So long as Section 5.1 has been complied with and all Conditions to the disbursement of the Loan/Grant Amount have been satisfied (including approval of all plans and specifications), upon receipt by the NMFA of a requisition substantially in the form of Exhibit "B" attached hereto signed by an Authorized Officer of the Borrower/Grantee, supported by certification by the Borrower/Grantee's project architect, engineer, or such other authorized representative of the Borrower/Grantee that the amount of the disbursement request represents the progress of design, installation, construction, acquisition or other Project-related activities accomplished as of the date of the disbursement request, the NMFA shall seek funds sufficient to satisfy the request and, upon receipt of those funds disburse from the Fund, amounts which together are sufficient to pay the requisition in full or that portion approved by the NMFA in its sole discretion. The certification provided pursuant to this Section 5.2 in support of the requisition must be acceptable in form and substance to the NMFA. The Borrower/Grantee shall provide such records or access to the Project as the NMFA, and, at its request, the CIB, in the discretion of each, may request in connection with the approval of the Borrower/Grantee's requisition requests made hereunder.

Section 5.3 Acknowledgment and Non-liability for Funding Interruption. The Borrower/Grantee hereby acknowledges that the NMFA and the CIB may be required to seek or request funds to satisfy the request outlined in Section 5.2 from an agency, instrumentality or other Political Subdivision of the State and that the NMFA and the CIB may have no control or authority over those entities. The Borrower/Grantee hereby agrees to waive on behalf of itself and indemnify and hold the NMFA and the CIB harmless from any and all third party claims, liability or damage that may or could be caused as a result of a delay or denial of funds related to or arising from the procedure described above or any other mechanism necessary or required to request, secure or process funds.

Section 5.4 No Disbursement for Prior Expenditures Except upon Approval. No disbursement shall be made from the Fund, of the Loan/Grant Amount, or any portion thereof, without the approval of the NMFA to reimburse any expenditure made prior to the approval date of the award by the NMFA Board.

Section 5.5 Completion of Disbursement of Loan/Grant Funds. Upon completion of the Project an Authorized Officer of the Borrower/Grantee shall deliver a certificate to the NMFA,

substantially in the form of Exhibit “E” attached hereto, stating that, to his or her knowledge, that the Project has been completed. No portion of the Loan/Grant Amount shall be disbursed after the expiration of the Interim Period.

Section 5.6 Application of Project Account Subsequent to Disbursement of Loan/Grant Amount; Termination of Pledge. Upon the first to occur of either (a) completion of the disbursement of the Loan/Grant Amount as signified by delivery of the completion certificate contemplated in Section 5.5 hereof; or (b) the earlier expiration of the time allowed for disbursements of Loan/Grant funds as provided in Section 5.5 hereof, the NMFA shall transfer the amounts remaining on deposit in the Project Account, if any, to such other fund permitted by law. Upon such entry, the pledge of the Project Account, if any, established in this Agreement shall terminate.

ARTICLE VI LOAN PAYMENTS BY THE BORROWER/GRANTEE

Section 6.1 Loan to the Borrower/Grantee; Payment Obligations Limited to Pledged Revenues; Pledge of Pledged Revenues. The NMFA hereby lends to the Borrower/Grantee and the Borrower/Grantee hereby borrows from the NMFA an amount not to exceed the Loan Amount. The Borrower/Grantee promises to pay, but solely from the sources pledged herein, the Loan Payments and other amounts owed by the Borrower/Grantee as herein provided. Subject to any outstanding Senior Obligations, Other Subordinate Obligations and Parity Subordinate Obligations, the Borrower/Grantee does hereby grant a security interest in and a subordinate lien (but not an exclusive subordinate lien) on the Pledged Revenues on parity with the Parity Subordinate Obligations and subordinate to the lien on the Pledged Revenues of the Senior Obligations and Other Subordinate Obligations and does hereby convey, assign and pledge unto the NMFA and unto its successors in trust forever all right, title and interest of the Borrower/Grantee in and to (i) the Pledged Revenues to the extent required to pay the Loan Payments, and other amounts owed by the Borrower/Grantee as herein provided, subject to and subordinate to all Senior Obligations and Other Subordinate Obligations pledged of the Pledged Revenues existing on the Closing Date and, further, that may exist in the future (provided that the pledge of the Pledged Revenues herein shall be on a parity with any other pledge of the Pledged Revenues by the Borrower/Grantee to repay any obligations issued by the NMFA pursuant to the Act or the Water Project Finance Act); (ii) the Loan/Grant Amount including the Project Account; and (iii) all other rights hereinafter granted, for the securing of the Borrower/Grantee’s obligations under this Agreement, including payment of the Loan Payments and other amounts owed by the Borrower/Grantee as herein provided, however, that if the Borrower/Grantee, its successors or assigns, shall pay, or cause to be paid, all Loan Payments at the time and in the manner contemplated by this Agreement, and shall pay all other amounts due or to become due under this Agreement in accordance with its terms and provisions then, upon such final payment, this Agreement and the rights created thereby shall terminate; otherwise, this Agreement shall remain in full force and effect.

The schedule of Loan Payments, assuming the disbursal of the entire Loan/Grant Amount within twenty-four (24) months after the Closing Date, identified as the Interim Debt Service Schedule, is attached to this Agreement as Exhibit “C”. Within thirty (30) days after the Final Requisition is made, the NMFA shall provide a Final Debt Service Schedule, reflecting the amount

of the Loan/Grant Amount actually disbursed to the Borrower/Grantee pursuant to this Agreement. Such Final Debt Service Schedule shall supersede the schedule attached hereto as Exhibit “C”.

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

Section 6.2 Deposit of Payments of Loan Amount to Colonias Infrastructure Project Fund. All Loan Payments made by the Borrower/Grantee to the NMFA to repay the Loan Amount and interest thereon, if any, shall be deposited into the Colonias Infrastructure Project Fund.

Section 6.3 Manner of Payment. The Loan Amount shall be payable by the Borrower/Grantee to the NMFA in annual installments of principal payable on June 1 after expiration of the Interim Period and continuing through the expiration of the last Loan Payment due as outlined in the Final Debt Service Schedule. All payments of the Borrower/Grantee hereunder shall be paid in lawful money of the United States of America to the NMFA at the address designated in Section 10.1 of this Agreement. The obligation of the Borrower/Grantee 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. Notwithstanding any dispute between the Borrower/Grantee and the NMFA, any vendor or any other person, the Borrower/Grantee 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 Borrower/Grantee assert any right of set-off or counterclaim against its obligation to make such deposits required hereunder.

Section 6.4 Borrower/Grantee May Budget for Payments. The Borrower/Grantee 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 make the Loan Payments and other amounts owed by the Borrower/Grantee hereunder; provided, however, the Borrower/Grantee has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

Section 6.5 NMFA’s Release of Lien and Further Assurances. Upon payment in full of the Loan Amount and other amounts owed by the Borrower/Grantee as herein provided in this Agreement and upon written request from the Borrower/Grantee, the NMFA agrees to execute a

release of lien and to give such further assurances as are reasonably necessary to ensure that the NMFA no longer holds or maintains any lien or claim against the Pledged Revenues.

ARTICLE VII ADMINISTRATION

Section 7.1 Borrower/Grantee Reporting to the NMFA. The Borrower/Grantee shall provide the NMFA with a quarterly written report substantially in the form of Exhibit “D” attached hereto, or other report format as designated by the NMFA, and signed by an Authorized Officer of the Borrower/Grantee. The first quarterly report shall be due on June 30, 2025, and subsequent reports shall be due on each March 31, June 30, September 30 and December 31 thereafter until the report date next following final distribution of the Loan/Grant funds. The description of the status of the Project in each quarterly report shall include, among other information, (a) a comparison of actual and anticipated requests for distributions of Loan/Grant funds as of the report date with those anticipated as of the Closing Date, (b) a description of actual and anticipated changes in the cost estimates for the Project as of the report date compared with those anticipated as of the Closing Date, and (c) a description of the percentage of completion of the Project.

Section 7.2 Application of Project Account Subsequent to Disbursement of Loan/Grant Funds. Upon the completion of the Project as signified by delivery of the completion certificate required by Section 5.5 hereof, the NMFA shall determine, by reference to the Project Account, if any, whether any portion of the authorized Loan/Grant Amount remains unexpended. If any of the Loan/Grant Amount remains unexpended, the funds shall be transferred by the NMFA to the appropriate account or fund in accordance with applicable law and the Borrower/Grantee shall have no right to access the funds.

Section 7.3 Further Assurances and Corrective Instruments. The NMFA and the Borrower/Grantee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues and carrying out the intention hereof.

Section 7.4 Representatives of the NMFA or of Borrower/Grantee. Whenever under the provisions hereof the approval of the NMFA or the Borrower/Grantee is required, or the Borrower/Grantee, or the NMFA is required to take some action at the request of any of them, such approval or such request shall be given for the NMFA or for the Borrower/Grantee, by an Authorized Officer of the NMFA or the Borrower/Grantee, as the case may be, and any party hereto shall be authorized to act on any such approval or request.

Section 7.5 Selection of Contractors. All contractors providing services or materials in connection with the Project shall be selected in accordance with applicable provisions of the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199, as amended, or, if the Borrower/Grantee is not subject to the New Mexico Procurement Code, shall be selected in accordance with a documented procurement process duly authorized and established pursuant to laws and regulations applicable to the Borrower/Grantee.

Section 7.6 Required Contract Provisions. The Borrower/Grantee shall require the following provisions in any contract or subcontract executed in connection with the Project to which the Borrower/Grantee is a party:

(a) There shall be no discrimination against any employee or applicant for employment because of race, color, creed, sex, religion, sexual preference, ancestry or national origin;

(b) Any contractor or subcontractor providing construction services in connection with the Project shall post a performance and payment bond in accordance with the requirements of NMSA 1978, § 13-4-18, as amended; and

(c) Any contractor or subcontractor providing construction services in connection with the Project shall comply with the prevailing wage laws in accordance with the requirements of NMSA 1978, § 13-4-11, as amended.

Section 7.7 Little Miller Act. To the extent NMSA 1978, § 13-4-1 et seq., (the “Little Miller Act”) is applicable to the Project, the Borrower/Grantee shall comply with the requirements of the Little Miller Act. If bonding requirements of the Little Miller Act are not applicable to the Project, the Borrower/Grantee will require that the contractor to whom is given any contract for construction appertaining to the Project supply a performance bond or bonds satisfactory to the Borrower/Grantee. Any sum or sums derived from said performance bond or bonds shall be used within six (6) months after such receipt for the completion of said construction, and if not so used within such period, shall be used as authorized by law.

ARTICLE VIII INSURANCE; NON-LIABILITY OF THE NMFA AND CIB

Section 8.1 Insurance. The Borrower/Grantee shall carry general liability insurance or participate in the State’s risk-management program and, to the extent allowed by the New Mexico Tort Claims Act, NMSA 1978, §§ 41-4-1 through 41-4-30, as amended, shall and hereby agrees to name the NMFA as additional insureds with respect to all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the acquisition, completion or implementation of the Project or otherwise during the Agreement Term; provided, that if any portion of the Project will be constructed, located, completed or extended on real property owned by a Qualified Entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may obtain the written agreement of such other Qualified Entity to perform these insurance/risk-management program requirements for Borrower/Grantee with respect to such real property (and the portion of the Project to be constructed, located, completed or extended on such real property), which written agreement shall include an express statement by such other Qualified Entity that the NMFA is a third party beneficiary of such written agreement.

Section 8.2 Non-Liability of the NMFA and the CIB.

(a) The NMFA and the CIB shall not be liable in any manner for the Project, Borrower/Grantee’s use of the Loan/Grant, the acquisition, implementation, construction, installation, ownership, operation or maintenance of the Project, or any failure to act properly by the Borrower/Grantee or any other owner or operator of the Project.

(b) The NMFA and the CIB shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession, custody and control to the NMFA for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

(c) To the extent permitted by law, the Borrower/Grantee shall and hereby agrees to indemnify and save the NMFA and the CIB 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 Agreement Term, from: (i) any act of negligence or other misconduct of the Borrower/Grantee, or breach of any covenant or warranty by the Borrower/Grantee hereunder; and (ii) the incurrence of any cost or expense in connection with the acquisition or operation of the Project in excess of the Loan/Grant Agreement proceeds and interest on the investment thereof. The Borrower/Grantee shall indemnify and save the NMFA and the CIB harmless, from and to the extent of the available Pledged Revenues, 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 NMFA or the CIB, shall defend the NMFA or the CIB, as applicable, in any such action or proceeding.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

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

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

(b) Failure by the Borrower/Grantee to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower/Grantee by the NMFA, unless the NMFA 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 NMFA but cannot be cured within the applicable thirty (30) day period, the NMFA will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower/Grantee within the applicable period and diligently pursued until the failure is corrected; and provided, further, that if by reason of Force Majeure the Borrower/Grantee is unable to carry out the agreements on its part herein contained, the Borrower/Grantee shall not be deemed in default under this paragraph 9.1(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 Borrower/Grantee contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement is determined to be false or misleading in any material respect in the sole discretion of the NMFA; or

(d) A petition is filed against the Borrower/Grantee 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 NMFA shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests; or

(e) The Borrower/Grantee 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 Borrower/Grantee admits insolvency or bankruptcy or its inability to pay its debt as they become due or is generally not paying its debt as such debt 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 Borrower/Grantee 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 NMFA shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests; or

(g) Default by the Borrower/Grantee in performance or observance of any covenant contained in any other loan agreement, document or instrument of any type whatsoever evidencing or securing obligations of the Borrower/Grantee to the NMFA.

Section 9.2 Limitations on Remedies. A judgment requiring payment of money entered against the Borrower/Grantee shall be paid only from available Pledged Revenues unless the Borrower/Grantee in its sole discretion pays the judgment from other available funds.

Section 9.3 Remedies on Default. Whenever any Event of Default has occurred and is continuing, and subject to Section 9.4 hereof, the NMFA may take whatever of the following actions may appear necessary or desirable to enforce performance of any agreement of the Borrower/Grantee in this Agreement:

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

(b) Terminate this Agreement;

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

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

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

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

(g) Cause the Borrower/Grantee to account as if it were the trustee of an express trust for all of the Pledged Revenues; or

(h) 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 Agreement or to enforce any other of their rights hereunder.

The Borrower/Grantee shall be responsible for reimbursing the NMFA for any and all fees and costs incurred in enforcing the terms of this Agreement.

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

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

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

Section 9.7 Agreement to Pay Attorneys' Fees and Expenses. In the event that the Borrower/Grantee shall default under any of the provisions hereof, and the NMFA shall employ attorneys or incur 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 Borrower/Grantee herein contained, the Borrower/Grantee agrees that it shall, on demand therefor, pay to the NMFA the fees of such attorneys and such other expenses so incurred, to the extent such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the Borrower/Grantee under this Section shall be limited to expenditures from and to the extent of the available Pledged Revenues.

**ARTICLE X
MISCELLANEOUS**

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

If to the Borrower/Grantee, to:

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

If to the NMFA, to:

New Mexico Finance Authority
Attn.: Chief Executive Officer
810 W. San Mateo
Santa Fe, New Mexico 87505

The Borrower/Grantee or the NMFA may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

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

Section 10.3 Integration. This Agreement and any other agreements, certifications and commitments entered into between the NMFA and the Borrower/Grantee on the Effective Date constitute the entire agreement of the parties regarding the Loan/Grant and the funding of the Project through the Loan/Grant as of the Effective Date, and the terms of this Agreement supersede any prior applications, discussions, understandings or agreements between or among the parties in connection with the Loan/Grant, to the extent such prior applications, discussions, understandings or agreements are inconsistent with this Agreement.

Section 10.4 Amendments. This Agreement may be amended only with the written consent of all of the parties to this Agreement. The consent of the NMFA for amendments not affecting the terms of payment of the loan component of this Agreement may be given by an Authorized Officer of the NMFA. The execution of any such consent by an Authorized Officer of the NMFA shall constitute his or her determination that such amendment does not affect the terms of payment of the loan component of this Agreement.

Section 10.5 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the NMFA or the CIB, or against any officer, employee, director or member of the Borrower/Grantee, 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 Borrower/Grantee, the CIB or of the NMFA is hereby expressly waived and released by the Borrower/Grantee, the CIB and the NMFA as a condition of and in consideration for the execution of this Agreement.

Section 10.6 Severability. In the event that any provision of this Agreement, other than the obligation of the Borrower/Grantee to make the Loan Payments, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

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

Section 10.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico. Pursuant to NMSA 1978, § 6-21-26, as amended, the venue for any proceedings or any other action or procedure against the NMFA shall be in Santa Fe County.

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

Section 10.10 Application of Act and Board Rules. The NMFA and the Borrower/Grantee expressly acknowledge that this Agreement is governed by provisions and requirements of the Act and the Board Rules, as amended and supplemented, and all applicable provisions and requirements of the Act and the Board Rules are incorporated into this Agreement by reference.

Section 10.11 CONSENT TO JURISDICTION. THE BORROWER/GRANTEE IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE DOCUMENTS SIGNED IN CONNECTION WITH THIS TRANSACTION WILL BE LITIGATED IN THE FIRST JUDICIAL DISTRICT COURT, SANTA FE COUNTY, NEW MEXICO, PURSUANT TO NMSA 1978, § 6-21-26.

[Remainder of page intentionally left blank.]

[Signature pages follow.]

IN WITNESS WHEREOF, the NMFA, has executed this Agreement, which was approved by the CIB on May 16, 2024 and by the NMFA's Board of Directors on June 27, 2024, in its corporate name by its duly Authorized Officer; and the Borrower/Grantee has caused this Agreement to be executed and attested by duly Authorized Officers thereof. All of the above are effective as of the date first above written.

NMFA:

NEW MEXICO FINANCE AUTHORITY

By _____
Marquita D. Russel, Chief Executive Officer

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

VIRTUE & NAJJAR, PC

By _____
Carla R. Najjar

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

By _____
Susan G. Pittard, Associate Counsel

BORROWER/GRANTEE:

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

By _____
Esperanza Holguin, Chair

ATTEST:

By _____
Glory Juarez, Secretary

EXHIBIT "A"

TERM SHEET

**\$404,003 COLONIAS INFRASTRUCTURE PROJECT LOAN/GRANT TO THE
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY, DOÑA ANA
COUNTY, NEW MEXICO**

Project Description:	The Project is infrastructure development in accordance with the Act consisting of improvements to a wastewater system, but does not include general operation and maintenance, equipment, housing allowance payments or mortgage subsidies and is more specifically described as financing the costs of the design of ten (10) lift stations with upgraded pumps, supervisory control and data acquisition (SCADA), replace floats with transducers or probes and replacement of piping and shall include such other related work and revisions necessary to complete the Project.
Grant Amount:	\$359,563
Loan Amount:	\$44,440
Interest Component:	0%
Pledged Revenues:	Net System Revenues
Outstanding Senior Obligations for Pledged Revenues:	USDA Loan 93-09/93-27, Matures in 2052; USDA Loan 91-14/91-30, Matures in 2049; NMFA Loan PPRF-2601, Matures 2041; USDA Loan 91-04, Matures in 2052; USDA Loan 92-13, Matures in 2052; USDA Loan 91-15/91-31, Matures in 2052; USDA Loan 92-19, Matures in 2052; USDA Loan 91-02(LRG), Matures in 2054; USDA Loan 92-22, Matures in 2054; USDA Loan 61062, Matures 2062; USDA Loan 71584, Matures 2062; and USDA Loan 1940-01, Matures in 2054.
Outstanding Other Subordinate Obligations for Pledged Revenues:	NMFA DW Loan DW-3394, Matures 2038; NMFA DW Loan DW-4213, Matures 2054; NMFA DW Loan DW-4796 Matures 2041; NMED 2018 RIP Loan RIP 00024, Matures 2038 and NMFA DW Loan DW-5631, Matures 2054.
Outstanding Parity Subordinate Obligations for Pledged Revenues:	NMFA WTB Loan WTB-223, Matures 2032; NMFA CIF Loan CIF-2766, Matures 2033; NMFA CIF Loan CIF-4645 Matures 2041; NMFA CIF Loan CIF-4915, Matures 2041; NMFA CIF Loan CIF-4916, Matures 2041; NMFA CIF Loan CIF-5535, Matures 2043; NMFA CIF Loan CIF-5536,

Matures 2043; NMFA CIF-5782 Matures in 2043; NMFA WPF-5968, Matures in 2045; NMFA CIF-6136, Matures in 2045; and NMFA CIF-6428 Matures in 2046.

Authorizing Legislation: Borrower/Grantee Resolution No. FY2025-11, adopted January 15, 2025

Local Match: 1% additional loan amount of \$4,040 in lieu of Local Match and \$38,506 as calculated pursuant to Section 2.3 of the Policies

Closing Date: February 21, 2025

Project Account Deposit: \$404,003

Conditions to be satisfied prior to first disbursement of the Loan/Grant Amount:

Delivery to NMFA of (i) a copy of the agenda of the meeting of the Governing Body at which the Resolution was adopted and at which this Agreement, the Resolution and all other Loan/Grant documents were authorized by the Governing Body (the “Meeting”), certified as a true and correct copy by the Secretary of the Borrower/Grantee, (ii) a copy of the minutes or record of proceedings of the Meeting, approved and signed by the Chair and attested to by the Secretary of the Borrower/Grantee, and (iii) a copy of the notice of meeting for the Meeting evidencing compliance with the Borrower/Grantee’s Open Meetings standards in effect on the date of the Meeting.

Other Conditions applicable to the Loan/Grant:

All Conditions defined in the Agreement.

EXHIBIT "B"

**FORM OF REQUISITION
(Colonias Infrastructure Project Fund)**

RE: \$404,003 Loan/Grant Agreement by and between the New Mexico Finance Authority and the Lower Rio Grande Public Water Works Authority, New Mexico, as Borrower/Grantee (the "Agreement" or "Loan/Grant Agreement").

Loan/Grant No. CIF-6429

Closing Date: February 21, 2025

TO: NEW MEXICO FINANCE AUTHORITY, colonias@nmfa.net

You are hereby authorized to disburse from the Project Account – Lower Rio Grande Public Water Works Authority with regard to the above-referenced Agreement, the following:

I. PAYMENT INFORMATION

REQUISITION NO. _____ PAYMENT AMOUNT: \$ _____

PAYEE'S NAME: _____

PAYEE'S ADDRESS: _____

II. REQUISITION INFORMATION (complete for all payments)

- *Attach proof of expenditures (cancelled check, wire transfer receipt, bank ledger, etc.).*
- *List all Vendors, Payment Purposes, or Eligible Item Categories below or attach separate page or spreadsheet if needed.*

Vendor Name _____

Total Amount \$ _____ Invoice No.(s) _____

Purpose of Payment _____

Eligible Item Category _____

Vendor Name _____

Total Amount \$ _____ Invoice No.(s) _____

Purpose of Payment _____

Eligible Item Category _____

Vendor Name _____

Total Amount \$ _____ Invoice No.(s) _____

Purpose of Payment _____

Eligible Item Category _____

III. WIRING INFORMATION:

BANK NAME:	
ABA ROUTING NUMBER:	
ACCOUNT NUMBER:	

IV. MATCH INFORMATION

AMOUNT OF LOCAL MATCH EXPENDED SINCE LAST REQUISITION: \$ _____
Attach proof of expenditures for hard match (detailed invoices, cancelled checks, wire transfer receipt, bank statement, etc.) and written certification of type and value of any soft match.

AMOUNT OF LOCAL MATCH EXPENDED TO DATE: \$ _____

TOTAL REQUIRED MATCH: \$38,506 and 1% additional loan in lieu of Local Match

V. VERIFICATION AND AUTHORIZATION

Each obligation, item of cost or expense mentioned herein is for a loan/grant made by the NMFA pursuant to the Colonias Infrastructure Act to the Borrower/Grantee within the State of New Mexico, is due and payable, has not been the subject of any previous requisition and is a proper charge against the Project Account – Lower Rio Grande Public Water Works Authority, New Mexico. All representations contained in the Agreement, the related closing documents remain true and correct, and the Borrower/Grantee is not in breach of any of the covenants contained therein.

The proceeds of the Loan/Grant are to be used to pay the costs of Eligible Items, as defined in the Agreement. Eligible Items include (1) planning, designing, construction, improving or expanding a qualified project; (2) developing engineering feasibility reports for Qualified Projects; (3) inspecting construction of Qualified Projects; (4) providing professional services; (5) completing environmental assessments or archeological clearances and other surveys for Qualified Projects; (6) acquiring land, water rights, easements or rights of way; (7) eligible legal costs and eligible fiscal agent fees associated with development of Qualified Projects, within limits set by the Colonias Infrastructure Board (“CIB”).

All construction and all installation of equipment with proceeds of the Loan/Grant has or will be used in accordance with plans and/or specifications approved by all entities required by the CIB and the New Mexico Finance Authority in their sole discretion to approve such plans and specifications, has or will be acquired in compliance with applicable procurement laws and regulations and has or will be inspected and approved in accordance with applicable laws and regulations.

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

DATE: _____

AUTHORIZED OFFICER
(As Provided in the Loan/Grant Agreement)
Print Name: _____
Print Title: _____

EXHIBIT “C”

PAYMENT PROVISIONS OF THE LOAN

The Loan Amount shall be payable by the Borrower/Grantee to the NMFA in twenty (20) annual installments of principal pursuant to the attached debt service schedule, beginning June 1, 2027 and ending June 1, 2046. The Loan Amount shall be pre-payable upon expiration of the Interim Period without penalty.

EXHIBIT "D"

**COLONIAS INFRASTRUCTURE PROJECT FUND STATUS REPORT
PREPARED FOR THE
NEW MEXICO FINANCE AUTHORITY**

Fund Recipient: Lower Rio Grande Public Water Works Authority Contact Name: _____ Title: _____ Email Address: _____	Project Number: CIF-6429 Project Name: Mesquite Lift Station Rehab Project Type: Wastewater Infrastructure – Design
Reporting Period: From _____ To _____ <input type="checkbox"/> Quarterly Project Report: <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> Final Project Report <input type="checkbox"/> Other _____	
CIF Funding Expiration: _____ Total CIF Award: \$404,003 Current Balance: \$ _____ Loan 11% Grant 89% Match \$38,506 and an additional Loan in lieu of Local Match Expected CIF Award Expenditure Next Quarter: \$ _____ Local Match Expenditure: To Date \$ _____ Next Quarter \$ _____	
Project Phase: <input type="checkbox"/> Planning <input type="checkbox"/> Design <input type="checkbox"/> Construction	
PROJECT COMPLETION: Original Date _____ Current Date _____ _____ % Complete Days Remaining to Complete _____ On Schedule? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Briefly Describe Project Progress During This Reporting Period: 	
Issues Addressed During This Reporting Period, including any current or anticipated issues that remain unresolved: 	
Goals/Milestones, With Timeline or Dates, For The Next Reporting Period: 	
Authorized Officer PRINT NAME: _____ PRINT TITLE: _____	
SIGNATURE: _____	Date: _____

****All fields must be completed***

EXHIBIT "E"

FORM OF CERTIFICATE OF COMPLETION

RE: \$404,003 Loan/Grant Agreement by and between the NMFA and the Lower Rio Grande Public Water Works Authority, New Mexico, as Borrower/Grantee (the "Agreement" or "Loan/Grant Agreement")

Loan/Grant No. CIF-6429

Closing Date: February 21, 2025

TO: NEW MEXICO FINANCE AUTHORITY, colonias@nmfa.net

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

Borrower/Grantee, hereby certify as follows:

1. The project described in the Agreement (the "Project"), or the applicable phase of the project if funding was for a phased 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/Grant Amount was \$ _____.

4. The portion of the Loan/Grant 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 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, DOÑA ANA COUNTY, NEW MEXICO

By: _____

Its: _____

EXHIBIT “F”

DOCUMENTS

1. Open Meetings Act Resolution No. FY2024-22 adopted by the Borrower/Grantee on May 15, 2024
2. Resolution No. FY2025-11 adopted on January 15, 2025, Notice of Meeting, Meeting Agenda, Minutes and Affidavit of Publication of Notice of Adoption of Resolution in the *Las Cruces Sun News*
3. Loan/Grant Agreement
4. General and No Litigation Certificate of the Borrower/Grantee
5. Delivery, Deposit and Cross-Receipt Certificate
6. Right of Way Certificate of Borrower/Grantee
7. Final Opinion of Counsel for the Borrower/Grantee
8. Approving Opinion of Virtue & Najjar, PC, Loan/Grant Counsel to the NMFA
9. NMFA Application and Project Approval (informational only)
10. Written consent of existing lenders to Colonias loan

\$404,003
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
COLONIAS INFRASTRUCTURE PROJECT FUND LOAN/GRANT
NO. CIF-6429

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

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

Capitalized terms used in this Certificate have the same meaning as defined in Resolution No. FY2025-11 adopted by the Governing Body of the Borrower/Grantee on January 15, 2025 (the “Resolution”) unless otherwise defined in this Certificate or the context requires otherwise.

1. The Borrower/Grantee is a duly organized and existing public water works authority under the laws of the State of New Mexico.

2. There exists within the boundaries or service area of the Borrower/Grantee, the Colonias of Mesquite and Brazito, communities that have been designated by the Borrower/Grantee as Colonias within the meaning of the Colonias Infrastructure Act, and the Borrower/Grantee will be receiving the Loan/Grant for the benefit of the Colonias of Mesquite and Brazito and their residents.

3. From at least July 1, 2024 to and including the date of this Certificate, the following were and now are the duly chosen qualified and acting officers of the Borrower/Grantee:

Chair:	Esperanza Holguin (District 4)
Vice Chair:	James Cadena (District 3)
Board of Directors:	Vacant (District 1) Enrique Franco (District 2) Juan L. Perez (District 5) Muriel Bowles (District 7)
Secretary:	Glory Juarez (District 6)
Finance Manager:	Kathi Jackson
General Manager:	Martin Lopez
Projects Manager:	Karen Nichols
Attorney:	Nann M. Winter

4. The population of Doña Ana County, New Mexico is less than 75% English speaking and less than 75% Spanish speaking.

5. Notice of adoption of the Resolution was published in English in the *Las Cruces Sun News*, a newspaper qualified to publish legal notices that is of general circulation in Doña Ana County, New Mexico.

6. There is no reason within our knowledge and belief after due investigation, why the Borrower/Grantee may not enter into the Loan/Grant Agreement with the New Mexico Finance Authority, as authorized by the Resolution.

7. No material adverse change has occurred, nor has any development occurred involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects, or properties of the Borrower/Grantee since the date of the Resolution.

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

9. There is no threatened action, suit, proceeding, inquiry or investigation against the Borrower/Grantee, at law or in equity, by or before any court, public board or body, nor to our knowledge is there any basis therefor, affecting the existence of the Borrower/Grantee or the titles of its officials to their respective offices, or seeking to prohibit, restrain or enjoin the pledge of the Pledged Revenues to pay the principal, interest or administrative fees on the Loan/Grant Agreement, or in any way materially adversely affecting or questioning (a) the use of the proceeds of the Loan/Grant Agreement for the Project and to pay certain expenses as described therein, (b) the validity or enforceability of the Loan/Grant Agreement or any proceedings of the Borrower/Grantee taken with respect to the Resolution or the Loan/Grant Agreement (c) the execution and delivery of the Loan/Grant Agreement, or (d) the power of the Borrower/Grantee to carry out the transactions contemplated by the Resolution and the Loan/Grant Agreement. No referendum petition or request for an election has been filed with respect to the Resolution or Loan/Grant Agreement under the provisions the laws, bylaws, rules, regulations or other governance document of the Borrower/Grantee or the State with respect to the Resolution or the Loan/Grant Agreement.

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

11. The Borrower/Grantee is not in default, and has not been in default within the ten (10) years immediately preceding the date of this Certificate, in the payment of principal of, premium, if any, or interest on any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

12. To our knowledge and belief after due investigation, neither the Chair, the Secretary, any member of the Governing Body of the Borrower/Grantee, nor any other officer, employee or other agent of the Borrower/Grantee is interested (except in the performance of his

or her official rights, privileges, powers and duties), directly or indirectly, in the profits of any contract, or job for work, or services to be performed and appertaining to the Project.

13. Regular meetings of the Borrower/Grantee's Governing Body and the meeting at which the Resolution was adopted have been held at the La Mesa Office of the Borrower/Grantee located at 521 St. Valentine, La Mesa, New Mexico, one of the principal meeting place of the Borrower/Grantee.

14. The Borrower/Grantee's Governing Body has no rules of procedure which would invalidate or make ineffective the Resolution or other action taken by the Borrower/Grantee's Governing Body in connection with the Loan/Grant Agreement. The Open Meetings Act Resolution adopted and approved by the Governing Body on May 15, 2024 establishes notice standards for meetings of the Governing Body. The Open Meetings Act Resolution has not been amended or repealed. All action of the Governing Body with respect to the Resolution and the Loan/Grant Agreement was taken at meetings held in compliance with the Open Meetings Act Resolution No. FY2024-22 which resolution was effective on January 15, 2025, and has not been amended, repealed or rescinded.

15. The Borrower/Grantee is in compliance with the requirements of the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-14, as amended.

16. The Chair and the Secretary on the date of the signing of the Loan/Grant Agreement and on the date of this Certificate, are the duly chosen, qualified and acting officers of the Borrower/Grantee authorized to execute the Loan/Grant Agreement.

17. This Certificate is for the benefit of the NMFA and the Colonias Infrastructure Board.

18. This Certificate may be executed in counterparts.

[Signature page follows.]

WITNESS our signatures and the seal of the Borrower/Grantee this 21st day of February, 2025.

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

By _____
Esperanza Holguin, Chair

(SEAL)

By _____
Glory Juarez, Secretary

\$404,003

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
COLONIAS INFRASTRUCTURE PROJECT FUND LOAN/GRANT
NO. CIF-6429

STATE OF NEW MEXICO)
) ss. DELIVERY, DEPOSIT AND
COUNTY OF DOÑA ANA) CROSS-RECEIPT CERTIFICATE

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

1. On the date of this Certificate, the Borrower/Grantee executed and delivered, or caused to be executed and delivered, a Loan/Grant Agreement between the Borrower/Grantee and the New Mexico Finance Authority (the “NMFA” or “Lender/Grantor”), in the aggregate principal amount of four hundred four thousand three dollars (\$404,003) (the “Loan/Grant Agreement”), as authorized by Borrower/Grantee Resolution No. FY2025-11 (the “Resolution”) adopted on January 15, 2025 relating to the execution and delivery of the Loan/Grant Agreement. The Grant Amount equals three hundred fifty-nine thousand five hundred sixty-three dollars (\$359,563) and the Loan Amount equals forty-four thousand four hundred forty dollars (\$44,440) as such terms are defined in the Loan/Grant Agreement.

2. The undersigned acknowledge that the Loan/Grant Amount, as defined in the Loan/Grant Agreement, is available for disbursement to the Borrower/Grantee pursuant to the terms of Section 5.2 of the Loan/Grant Agreement upon transmission of payment requisitions to the NMFA in substantially the form attached as Exhibit “B” to the Loan/Grant Agreement, with supporting documentation as provided in the Loan/Grant Agreement, and will be used as set forth in the Resolution and the Loan/Grant Agreement.

WITNESS our hands this 21st day of February, 2025.

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

By _____
Esperanza Holguin, Chair

By _____
Glory Juarez, Secretary

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

It is hereby certified by the undersigned, a duly qualified and acting official of the New Mexico Finance Authority, that, the undersigned has on the date of this Certificate, received the Loan/Grant Agreement for Project No. CIF-6429 from the Lower Rio Grande Public Water Works Authority, Doña Ana County, New Mexico.

NEW MEXICO FINANCE AUTHORITY

By _____
Marquita D. Russel, Chief Executive Officer

**RECORD OF PROCEEDINGS RELATING TO THE ADOPTION OF
RESOLUTION NO. FY2025-12 OF THE BOARD OF DIRECTORS OF THE
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
JANUARY 15, 2025**

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

The Board of Directors (the “Governing Body”) of the Lower Rio Grande Public Water Works Authority (the “Borrower/Grantee”) met in a regular session in full conformity with the law and the rules and regulations of the Governing Body at 521 St. Valentine, La Mesa, New Mexico 88044, being the meeting place of the Governing Body for the meeting held on the 15th day of January, 2025, at the hour of 9:00 a.m. Upon roll call, the following members were found to be present:

Present:

Chair: Esperanza “Espy” Holguin
Directors: James Cadena, Vice-Chair
Glory Juarez, Treasurer
Enrique “Rick” Franco, Director
Juan Perez, Director
Muriel Bowles, Director

Absent: _____

Also Present:

Martin G. Lope, General Manager
Kathi Jackson, Finance Manager
Karen Nichols, Projects Manager
Mike Lopez, Operations Manager
Patty Charles, Projects Specialist
John Schroder, Accounting Assistant

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

[Remainder of page intentionally left blank.]

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2025-12**

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY (“NMFA”) AND THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (THE “BORROWER/GRANTEE”), IN THE TOTAL AMOUNT OF \$718,000, INCLUDING A LOAN IN THE AMOUNT OF \$71,800 EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF RELOCATING AND CONSTRUCTING AN ARSENIC TREATMENT SKID, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM THE NET SYSTEM REVENUES OF THE WATER AND SEWER UTILITY SYSTEM OF THE BORROWER/GRANTEE; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

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

WHEREAS, the Borrower/Grantee is a legally and regularly created, established, duly organized and existing public water works authority under and pursuant to the laws of the State and more specifically, Section 73-26-1, NMSA 1978, as amended, is a qualifying entity under the Water Project Finance Act and is qualified for financial assistance as determined by the NMFA and approved by the Water Trust Board pursuant to the Board Rules, the Policies and the Act; and

WHEREAS, pursuant to the Board Rules the Water Trust Board has recommended the Project for funding as a Qualifying Project to the Legislature; and

WHEREAS, Chapter 6 Laws 2024, being House Bill 148 of the 2024 Regular New Mexico Legislative Session, authorized the funding of the Project from the Water Project Fund; and

WHEREAS, the Water Trust Board has recommended that the NMFA enter into and administer the Loan/Grant Agreement in order to finance the Project; and

WHEREAS, the NMFA approved on May 30, 2024 that the Borrower/Grantee receive financial assistance in the form of the Loan/Grant; and

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

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

WHEREAS, the Loan/Grant Agreement shall not constitute a general obligation of the Borrower/Grantee, the Water Trust Board or the NMFA or a debt or pledge of the full faith and credit of the Borrower/Grantee, the Water Trust Board, the NMFA or the State; and

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

WHEREAS, the Governing Body hereby determines that the Additional Funding Amount is now available to the Borrower/Grantee to complete the Project; and

WHEREAS, the Borrower/Grantee has met or will meet prior to the first disbursement of any portion of the Loan/Grant Amount, the Conditions and readiness to proceed requirements established for the portion of the Loan/Grant Amount disbursed or caused to be disbursed by the NMFA, including but not limited to the requirements of Executive Order 2013-006; and

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

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

Section 1. Definitions. As used in this Resolution, the following terms shall, for all purposes, have the meanings herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined); and, any term not defined herein shall have the definition given it by the Loan/Grant Agreement:

“ACH Authorization” means the authorization for direct payment to the NMFA by ACH made by the Borrower/Grantee on the form required by the bank or other entity at which the account is held, from which the Pledged Revenues will be paid.

“Act” means the general laws of the State, particularly the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-11, and enactments of the Governing Body relating to the Loan/Grant Agreement, including this Resolution, all as amended and supplemented.

“Additional Funding Amount” means the amount to be provided by the Borrower/Grantee which includes the total value of the Soft Match or Hard Match (each as defined in Section 4.2 of the Policies) which, in combination with the Loan/Grant Amount and other moneys available to the Borrower/Grantee, is sufficient to complete the Project and to provide matching funds required to complete the Project. The Additional Funding Amount is \$1,983,851.

“Administrative Fee” or “Administrative Fee Component” means an amount equal to one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee pursuant to Section 5.1(a)(iii) of the Loan/Grant Agreement.

“Authorized Officers” means any one or more of the Chair, Finance Manager, General Manager and Secretary of the Borrower/Grantee.

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

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

“Closing Date” means the date of execution and delivery of the Loan/Grant Agreement, by the Borrower/Grantee and the NMFA.

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

“Conditions” has the meaning given to that term in the Loan/Grant Agreement.

“Eligible Items” means eligible Project costs for which grants and loans may be made pursuant to NMSA 1978, § 72-4A-7(C), as amended, of the Act, the Board Rules and applicable Policies, and includes, without limitation, Eligible Legal Costs.

“Eligible Legal Costs” has the meaning given to that term in the Loan/Grant Agreement.

“NMFA” means the New Mexico Finance Authority.

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

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

“Grant” or “Grant Amount” means the amount provided to the Borrower/Grantee as a grant pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and shall not equal more than \$646,200.

“Gross Revenues” has the meaning given to that term in the Loan/Grant Agreement.

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

“Loan” or “Loan Amount” means the amount provided to the Borrower/Grantee as a loan pursuant to the Loan/Grant Agreement for the purpose of funding the Project, in the maximum amount of \$71,800.

“Loan/Grant” or “Loan/Grant Amount” means the combined amount partially provided to the Borrower/Grantee as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan Amount pursuant to the Loan/Grant Agreement for the purpose of funding the Project, and shall not equal more than \$718,000.

“Loan/Grant Agreement” means the Water Project Fund Loan/Grant Agreement entered into by and between the Borrower/Grantee and the NMFA as authorized by this Resolution.

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

“NMAC” means the New Mexico Administrative Code.

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

“Operation and Maintenance Expenses” has the meaning given to that term in the Loan/Grant Agreement.

“Pledged Revenues” means the Net System Revenues of the System of the Borrower/Grantee pledged to the payment of the Loan Payments and Administrative Fee pursuant to this Resolution and the Loan/Grant Agreement and described in the Term Sheet.

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

“Project Account” means the book account established by the NMFA in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, as shown in the Term Sheet, which account shall be kept separate and apart from all other accounts of the NMFA.

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

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

“State” means the State of New Mexico.

“System” means the water and wastewater utility system operated pursuant to Section 73-26-1, NMSA 1978, as amended, of the Borrower/Grantee, owned and operated by the Borrower/Grantee, and of which the Project, when completed, will form part, and as further defined in the Agreement.

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

“Useful Life” means the structural and material design life of the Project, including planning and design features, as required by the Act and the Board Rules.

“Water Project Fund” means the fund of the same name created pursuant to the Act and held and administered by the NMFA.

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

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

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

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

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

B. Moneys available and on hand for the Project from all sources other than the Loan/Grant are not sufficient to defray the cost of acquiring and completing the Project but, together with the Loan/Grant Amount, are sufficient to complete the Project.

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

D. The Borrower/Grantee will acquire and complete the Project with the proceeds of the Loan/Grant, the Additional Funding Amount and other amounts available to the Borrower/Grantee, and except as otherwise expressly provided by the Loan/Grant Agreement, will utilize, operate and maintain the Project for the duration of its Useful Life, as required by NMSA 1978, § 72-4A-7(A)(1), as amended.

E. Together with the Loan/Grant Amount, and other amounts available to the Borrower/Grantee, the Additional Funding Amount is now available to the Borrower/Grantee, and in combination with the Loan/Grant Amount, will be sufficient to complete the Project.

F. The NMFA shall maintain on behalf of the Borrower/Grantee a separate Project Account as a book account only on behalf of the Borrower/Grantee and financial records in accordance with Generally Accepted Accounting Principles during the construction or implementation of the Project.

G. The Borrower/Grantee has acquired title to or easements or rights of way on the real property upon which the Project is being constructed or located as provided in the Loan/Grant Agreement.

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

A. Authorization. This Resolution has been adopted by the affirmative vote of at least a majority of all of 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 constituent public served by the Borrower/Grantee and acquiring and completing the Project, it is hereby declared necessary that the Borrower/Grantee execute and deliver the Loan/Grant Agreement evidencing the Borrower/Grantee's acceptance of the Grant Amount of \$646,200 and borrowing the Loan Amount of \$71,800 to be utilized solely for Eligible Items necessary to complete the Project, and solely in the manner and according to the restrictions set forth in the Loan/Grant Agreement, the execution and delivery of which is hereby authorized. The Borrower/Grantee shall use the Loan/Grant Amount to finance the acquisition and completion of the Project.

B. Detail. The Loan/Grant Agreement shall be in substantially the form of the Loan/Grant Agreement presented at the meeting of the Governing Body at which this Resolution was adopted. The Grant shall be in the amount of \$646,200 and the Loan shall be in the amount of \$71,800. Interest on the Loan Amount shall be zero percent (0%) per annum of the unpaid principal balance of the Loan Amount, and the Administrative Fee shall be one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into

account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee.

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

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

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

A. Project Account. The Borrower/Grantee hereby consents to creation of the Project Account by the NMFA. Until the Completion Date, the amount of the Loan/Grant credited to the Project Account shall be used and paid out solely for Eligible Items necessary to acquire and complete the Project in compliance with applicable law and the provisions of the Loan/Grant Agreement.

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

C. NMFA Not Responsible. Borrower/Grantee shall apply the funds derived from the Loan/Grant Agreement as provided therein, and in particular Article VII of the Loan/Grant Agreement. The NMFA shall not in any manner be responsible for the application or disposal by the Borrower/Grantee or by its officers of the funds derived from the Loan/Grant Agreement or of any other funds held by or made available to the Borrower/Grantee in connection with the Project. NMFA shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession, custody and control to the NMFA for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

Section 9. Payment of Loan Amount and ACH Authorization. Pursuant to the Loan/Grant Agreement, the Borrower/Grantee shall pay the Loan Amount and Administrative Fee directly from the Pledged Revenues to the NMFA as provided in the Loan/Grant Agreement in an amount sufficient to pay principal and other amounts due under the Loan/Grant Agreement and to cure any deficiencies in the payment of the Loan Amount or other amounts due under the Loan/Grant Agreement. The Borrower/Grantee hereby consents to the creation of an ACH authorization agreement for the purpose of making regular electronic payments of the Loan

Amount and Administrative Fee, if at any applicable point in time during the Agreement Term the Borrower/Grantee desires to use such payment method for the purposes of the Loan.

Section 10. Lien on Pledged Revenues. Pursuant to the Loan/Grant Agreement, the Loan/Grant Agreement constitutes an irrevocable lien (but not an exclusive lien) upon the Pledged Revenues to the extent of the Loan Amount and the Administrative Fee, the priority of which is consistent with that shown on the Term Sheet.

Section 11. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the Loan/Grant Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Resolution and the Loan/Grant Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the Loan/Grant Agreement including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan/Grant Agreement.

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

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

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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

Section 16. Effective Date. Upon due adoption of this Resolution, it shall be recorded in the book of the Borrower/Grantee kept for that purpose, authenticated by the signatures of the Chair and Secretary of the Borrower/Grantee, and this Resolution shall be in full force and effect thereafter, in accordance with law; provided, however, that if recording is not required for the effectiveness of this Resolution, this Resolution shall be effective upon adoption of this Resolution by the Governing Body.

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

[Remainder of page intentionally left blank.]

[Form of Notice of Adoption of Resolution for Publication]

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA 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. FY2025-12, duly adopted and approved by the Board of Directors of the Lower Rio Grande Public Water Works Authority on January 15, 2025. A complete copy of the Resolution is available for public inspection during normal and regular business hours in the office of the Secretary or by contacting the Secretary, at 325 Holguin Road, Vado, New Mexico 88072.

The title of the Resolution is:

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
RESOLUTION NO. FY2025-12**

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY (“NMFA”) AND THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (THE “BORROWER/GRANTEE”), IN THE TOTAL AMOUNT OF \$718,000, INCLUDING A LOAN IN THE AMOUNT OF \$71,800 EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF RELOCATING AND CONSTRUCTING AN ARSENIC TREATMENT SKID, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE LOAN AMOUNT AND AN ADMINISTRATIVE FEE SOLELY FROM THE NET SYSTEM REVENUES OF THE WATER AND SEWER UTILITY SYSTEM OF THE BORROWER/GRANTEE; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT.

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

[End of Form of Notice of Adoption for Publication]

PASSED, APPROVED AND ADOPTED THIS 15TH DAY OF JANUARY, 2025.

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

By _____
Esperanza Holguin, Chair

[SEAL]

ATTEST:

By _____
Glory Juarez, Secretary

[Remainder of page intentionally left blank.]

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

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

Those Voting Aye: Esperanza “Espy” Holguin
James Cadena, Vice-Chair
Glory Juarez, Treasurer
Enrique “Rick” Franco, Director
Juan Perez, Director
Muriel Bowles, Director

Those Voting Nay: None

Those Absent:

Six (6) Members of the Governing Body having voted in favor of the motion, the Chair declared the motion carried and the Resolution adopted, whereupon the Chair and Secretary signed the Resolution upon the records of the minutes of the Governing Body.

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

[Remainder of page intentionally left blank.]

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

By _____
Esperanza Holguin, Chair

[SEAL]

ATTEST:

By _____
Glory Juarez, Secretary

[Remainder of page intentionally left blank.]

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

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

1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the Board of Directors of the Borrower/Grantee (the “Governing Body”), had and taken at a duly called regular meeting held at the 521 St. Valentine, La Mesa, New Mexico 88044, on January 15, 2025 at the hour of 9:00 a.m., insofar as the same relate to the adoption of Resolution No. FY2025-12 and the execution and delivery of the proposed Loan/Grant Agreement, a copy of which is set forth in the official records of the proceedings of the Governing Body kept in my office. None of the action taken has been rescinded, repealed, or modified.

2. Said proceedings were duly had and taken as therein shown, the meeting therein was duly held, and the persons therein named were present at said meeting, as therein shown.

3. Notice of the meeting was given in compliance with the permitted methods of giving notice of meetings of the Governing Body as required by the State Open Meetings Act, NMSA 1978, § 10-15-1, as amended, including the Borrower/Grantee’s open meetings Resolution No. FY2024-22, adopted and approved on May 15, 2024, in effect on the date of the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of February, 2025.

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

By _____
Glory Juarez, Secretary

[SEAL]

EXHIBIT "A"

Notice of Meeting, Meeting Agenda and Minutes, and
Affidavit of Publication of Notice of Adoption of Resolution

\$718,000

WATER PROJECT FUND
LOAN/GRANT AGREEMENT

dated

February 21, 2025

by and between the

NEW MEXICO FINANCE AUTHORITY
as Lender/Grantor,

and

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO,
as Borrower/Grantee.

**WATER PROJECT FUND
LOAN/GRANT AGREEMENT**

THIS LOAN/GRANT AGREEMENT (the “Agreement” or “Loan/Grant Agreement”) dated February 21, 2025, is entered into by and between the **NEW MEXICO FINANCE AUTHORITY** (the “NMFA” or “Lender/Grantor”), and the **LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY** in DOÑA ANA COUNTY, NEW MEXICO (the “Borrower/Grantee”).

WITNESSETH:

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

WHEREAS, the NMFA Act provides that the NMFA may make loans and grants from the Water Project Fund to qualifying entities for Qualifying Water Projects; and

WHEREAS, pursuant to the Act, the Water Trust Board has established the Board Rules governing the terms and conditions of loans and grants made from the Water Project Fund, as set out in Review and Eligibility of Proposed Water Projects, New Mexico Water Trust Board, 19.25.10 NMAC, pursuant to the Board Rules for Qualifying Water Projects; and

WHEREAS, pursuant to the Board Rules, except as provided in the Policies, a qualifying entity is expected to receive some portion of its funding as a loan in order to maximize the potential for the return of funds to the Water Project Fund, thereby increasing the limited financial resources expected to be available in the Water Project Fund; and

WHEREAS, the Borrower/Grantee is a legally and regularly created, established, duly organized and existing public water works authority under and pursuant to the laws of the State and more specifically, Section 73-26-1, NMSA 1978, as amended, is a qualifying entity under the Water Project Finance Act and is qualified for financial assistance as determined by the NMFA and approved by the Water Trust Board pursuant to the Board Rules, the Policies and the Act; and

WHEREAS, the Borrower/Grantee has determined that it is in the best interests of the Borrower/Grantee and the public it serves that the Borrower/Grantee enter into this Agreement with the Lender/Grantor to borrow \$71,800 from the Lender/Grantor and to accept a grant in the amount of \$646,200 from the Lender/Grantor to finance the costs of the Project, this Project being more particularly described in the Term Sheet; and

WHEREAS, the Borrower/Grantee submitted an Application dated September 5, 2023 and January 8, 2024 for the Project; and

WHEREAS, pursuant to the Board Rules the Water Trust Board recommended the Project for funding as a Qualifying Water Project to the Legislature; and

WHEREAS, Chapter 6 Laws 2024, being House Bill 148 of the 2024 Regular New Mexico Legislative Session, authorized the funding of the Project from the Water Project Fund; and

WHEREAS, the Water Trust Board has recommended that the NMFA enter into and administer this Agreement in order to finance the Project; and

WHEREAS, the NMFA approved on May 30, 2024 that the Borrower/Grantee receive financial assistance in the form of the Loan/Grant; and

WHEREAS, the Borrower/Grantee is willing to pledge the Pledged Revenues to the payment of the Loan Payments and Administrative Fee, with a lien on the Pledged Revenues subordinate to all other liens thereon present and future, except that the lien on the Pledged Revenues of any future loans from the Lender/Grantor to the Borrower/Grantee pursuant to the Water Project Finance Act or the Colonias Infrastructure Act, secured by the Pledged Revenues shall be on a parity with this Agreement; and

WHEREAS, the plans and specifications for the Project have been approved by the NMFA (or by the New Mexico Environment Department or other appropriate agency or entity on behalf of the NMFA, pursuant to an agreement between such agency or entity and the NMFA), prior to the commencement of construction, and the plans and specifications for the Project incorporate available technologies and operational design for water use efficiency; and

WHEREAS, the execution and performance of this Agreement have been authorized, approved and directed by all necessary and appropriate action of the Water Trust Board and the NMFA, and their respective officers.

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

ARTICLE I DEFINITIONS

Capitalized terms defined in the foregoing recitals shall have the same meaning when used in this Agreement unless the context clearly requires otherwise. Capitalized terms not defined in the recitals and defined in this Article I shall have the same meaning when used in this Agreement including the foregoing recitals, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined).

“ACH Authorization” means the authorization for direct payment to the NMFA by ACH made by the Borrower/Grantee on the form required by the bank or other entity at which the account is held, from which the Pledged Revenues will be paid.

“Act” means the general laws of the State, particularly the Water Project Finance Act, NMSA 1978, §§ 72-4A-1 through 72-4A-11, and enactments of the Governing Body relating to this Agreement, including the Resolution, all as amended and supplemented.

“Additional Funding Amount” means the amount to be provided by the Borrower/Grantee which includes the total value of the Soft Match or Hard Match (each as defined in Section 4.2 of

the Policies) which, in combination with the Loan/Grant Amount and other moneys available to the Borrower/Grantee, is sufficient to complete the Project and to provide matching funds required to complete the Project. The Additional Funding Amount is \$1,983,851.

“Administrative Fee” or “Administrative Fee Component” means an amount equal to one-quarter of one percent (0.25%) per annum of the unpaid principal balance of the Loan Amount, taking into account both payments made by the Borrower/Grantee and hardship waivers of payments granted to the Borrower/Grantee pursuant to Section 5.1(a)(iii) of this Agreement.

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

“Application” means the New Mexico Water Trust Board Application dated September 5, 2023 and the New Mexico Water Trust Board Readiness Application dated January 8, 2024 of the Borrower/Grantee and pursuant to which the Borrower/Grantee requested funding for the Project.

“Authorized Officers” means, with respect to the Borrower/Grantee, any one or more of the Chair, Finance Manager, General Manager and Secretary thereof; with respect to the NMFA, the Chairman, Vice-Chairman and Secretary of the Board of Directors and the Chief Executive Officer or any other officer or employee of the NMFA designated in writing by an Authorized Officer.

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

“Closing Date” means the date of execution and delivery of this Agreement by the Borrower/Grantee and the NMFA.

“Colonias Infrastructure Act” means NMSA 1978, §§ 6-30-1 through 6-30-8, as amended.

“Conditions” means the conditions to be satisfied prior to the submission of a request for payment or the disbursement of the Loan/Grant Amount, or any portion thereof, from the Water Project Fund, or which otherwise apply to the performance of this Agreement, including those set forth in the Term Sheet.

“Department of Finance and Administration” or “DFA” means the department of finance, and administration of the State.

“Eligible Items” means eligible Project costs for which grants and loans may be made pursuant to NMSA 1978, § 72-4A-7(C), as amended, of the Act, the Board Rules and applicable Policies, and includes, without limitation, Eligible Legal Costs.

“Eligible Legal Costs” means legal fees and costs for services rendered by legal counsel on behalf of the Borrower/Grantee for transaction of the Project, in an amount not exceeding ten (10) percent of the Loan/Grant Amount, but does not include adjudication services.

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

“Final Debt Service Schedule” means the schedule of Loan Payments due on this Agreement following the Final Requisition, as determined on the basis of the Loan Amount.

“Final Requisition” means the final requisition of moneys to be submitted by the Borrower/Grantee, which shall be submitted by the Borrower/Grantee on or before the expiration of the Interim Period as provided in Section 5.3 of this Agreement.

“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 of the Borrower/Grantee may hereafter establish for the Borrower/Grantee as its fiscal year.

“Force Majeure” means acts of God and natural disasters; strikes or labor disputes; war, civil strife or other violence; an order of any kind of the Government of the United States or of the State or civil or military authority or any court of competent jurisdiction; or any other act or condition that was beyond the reasonable control of, without fault or negligence of, or not reasonably foreseeable by the party claiming the Force Majeure event; except for (i) general economic conditions; or (ii) an inability of a party claiming the Force Majeure event to pay any debts when due.

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

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

“Grant” or “Grant Amount” means the amount provided to the Borrower/Grantee as a grant pursuant to this Agreement for the purpose of funding the Project and shall not equal more than \$646,200.

“Gross Revenues” means all income and revenues directly or indirectly derived by the Borrower/Grantee 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 Borrower/Grantee, or any municipal corporation or agency succeeding to the rights of the Borrower/Grantee, from the System and from the sale and use of water and sanitary sewer services or facilities, or any other service, commodity or facility or any combination thereof furnished by the System. In the event there is a conflicting description of Gross Revenues in any ordinance or resolution of the Borrower/Grantee, the language of such ordinance or resolution shall control.

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 therefor 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 Borrower/Grantee 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.

“Hardship Waiver” means a determination by the NMFA pursuant to Section 5.1(a)(iii) herein that the annual principal payment by the Borrower/Grantee should be forgiven because such payment would cause undue hardship for the Borrower/Grantee or the public it serves.

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

“Interest Component” means the portion of each Loan Payment paid as interest on this Agreement, if any, as shown on Exhibit “B” hereto.

“Interim Debt Service Schedule” means the anticipated schedule of Loan Payments due on this Agreement following the Final Requisition, assuming disbursement of the entire Loan Amount within twenty-four (24) months of the Closing Date. The Interim Debt Service Schedule is attached hereto as Exhibit “B”.

“Interim Period” means the period no greater than twenty-four (24) months, unless a longer period is approved by the NMFA as provided in Section 5.3 of this Agreement, beginning on the Closing Date, during which the NMFA will disburse moneys to the Borrower/Grantee to pay costs of the Project.

“Lender/Grantor” means the New Mexico Finance Authority.

“Loan” or “Loan Amount” means the amount provided to the Borrower/Grantee as a loan pursuant to this Agreement for the purpose of funding the Project and shall not equal more than \$71,800.

“Loan/Grant” or “Loan/Grant Amount” means the combined amount partially provided to the Borrower/Grantee as the Grant Amount and partially borrowed by the Borrower/Grantee as the Loan Amount pursuant to this Agreement for the purpose of funding the Project and shall not equal more than \$718,000.

“Loan Payments” means, collectively, the Principal Component and the Interest Component, if any, to be paid by the Borrower/Grantee as payment of this Agreement as shown on Exhibit “B” hereto.

“Net System Revenues” means the Gross Revenues of the System minus Operation and Maintenance Expenses, indirect charges, amounts expended for capital replacements and repairs,

required set asides for debt and replacement requirements, and any other payments from the gross revenues reasonably required for operation of the System.

“NMAC” means the New Mexico Administrative Code.

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

“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 Borrower/Grantee 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 Borrower/Grantee’s general fund, liabilities incurred by the Borrower/Grantee 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. In the event there is a conflicting description of Operation and Maintenance Expenses in any ordinance or resolution of the Borrower/Grantee, the language of such ordinance or resolution shall control.

“Parity Obligations” means this Agreement, and any other obligations, now outstanding or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with this Agreement, as shown on the Term Sheet.

“Pledged Revenues” means the Net System Revenues of the System of the Borrower/Grantee pledged to the payment of the Loan Payments and the Administrative Fee pursuant to the Resolution and this Agreement and described in the Term Sheet.

“Policies” means the Water Trust Board Water Project Fund Project Management Policies approved by the Water Trust Board and the NMFA, as amended and supplemented from time to time.

“Principal Component” means the portion of each Loan Payment paid as principal on this Agreement as shown on Exhibit “B” hereto.

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

“Project Account” means the book account established by the NMFA in the name of the Borrower/Grantee for purposes of tracking expenditure of the Loan/Grant Amount by the Borrower/Grantee to pay for the costs of the Project, as shown in the Term Sheet, which account shall be kept separate and apart from all other accounts of the NMFA.

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

“Resolution” means the Borrower/Grantee Resolution No. FY2025-12 adopted by the Governing Body on January 15, 2025 authorizing the acceptance of the Loan/Grant, approving this Agreement and pledging the Pledged Revenues to the payment of the Loan Payments and the Administrative Fee as shown on the Term Sheet.

“Senior Obligations” means any outstanding obligations with a superior lien on the Pledged Revenues as defined in the Term Sheet, or any such obligations hereafter issued and meeting the requirements of the Agreement applicable to the issuance of Senior Obligations.

“State” means the State of New Mexico.

“State Board of Finance” means the State board of finance created pursuant to NMSA 1978, §§ 6-1-1 through 6-1-13, as amended.

“System” means the water and wastewater utility system operated pursuant to Section 73-26-1, NMSA 1978, as amended, owned and operated by the Borrower/Grantee, and of which the Project, when completed, will form part. The System consists of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the Borrower/Grantee through purchase,

condemnation, construction or otherwise, including all expansions, extensions, enlargements and improvements of or to the water and wastewater utility system, and used in connection therewith or relating thereto, and any other related activity or enterprise of the Borrower/Grantee designated by the Governing Body as part of the water and wastewater utility system, whether situated within or without the limits of the Borrower/Grantee.

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

“Useful Life” means the structural and material design life of the Project including planning and design features as required by the Act and the Board Rules.

“Water Project Fund” means the fund of the same name created pursuant to the Act and held and administered by the NMFA.

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

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Borrower/Grantee: The Borrower/Grantee represents, covenants and warrants for the benefit of the NMFA as follows:

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

(b) Authorization of Agreement. The Borrower/Grantee is a qualifying entity as defined in the Act and the Board Rules. Pursuant to the laws of the State and in particular, the laws governing its creation and existence, as amended and supplemented from time to time, the Borrower/Grantee is authorized to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Borrower/Grantee has duly authorized and approved its acceptance of the Loan/Grant and the execution and delivery of this Agreement and the other documents related to the transaction described in this Agreement, and this Agreement and the other documents related to the transaction to which the Borrower/Grantee is a party constitute legal, valid and binding special obligations of the Borrower/Grantee enforceable against the Borrower/Grantee in accordance with their respective terms.

(c) Nature and Use of Agreement Proceeds. The Borrower/Grantee acknowledges that the distribution of the Loan/Grant Amount shall be deemed to be a distribution to the Borrower/Grantee of proceeds representing the Loan Amount and the Grant Amount on a *pro rata* basis from the maximum Loan Amount and Grant Amount. The Borrower/Grantee shall apply the proceeds of the Loan/Grant solely to Eligible Items that will facilitate the completion of the Project, and shall not use the Loan/Grant proceeds for any other purpose. The Loan/Grant Amount, together with the Additional Funding Amount and other moneys reasonably expected to be available to the Borrower/Grantee, is sufficient to complete the Project in its entirety.

(d) Payment of Loan Amount. The Borrower/Grantee shall promptly pay the Loan Amount and Administrative Fee as provided in this Agreement, except when a Hardship Waiver is obtained pursuant to Section 5(a)(iii) of this Agreement. The Loan and Administrative Fee shall be payable solely from Pledged Revenues and nothing in this Agreement shall be construed as obligating the Borrower/Grantee to make the Loan Payments and to pay the Administrative Fee from any general or other fund of the Borrower/Grantee other than the Pledged Revenues; however, nothing in this Agreement shall be construed as prohibiting the Borrower/Grantee, in its sole and absolute discretion, from making such payments from any moneys which may be lawfully used, and which are legally available, for that purpose.

(e) Scope of Project; Completion of Project; Compliance with Laws. The Project is for water conservation or recycling, treatment or reuse of water as provided by law. The Loan/Grant Amount will be used only for Eligible Items necessary to complete the Project. The Project is more particularly described in the Term Sheet. The Project will be completed with all practical dispatch and will be completed, operated and maintained so as to comply with all applicable federal, state and local laws, ordinances, resolutions and regulations and all current and future orders of all courts having jurisdiction over the Borrower/Grantee relating to the acquisition, operation, maintenance and completion of the Project and to the use of the Loan/Grant proceeds.

(f) Necessity of Project. The completion and operation of the Project under the terms and Conditions provided in this Agreement are necessary, convenient, and in furtherance of the governmental purposes of the Borrower/Grantee and are in the best interest of the Borrower/Grantee and the public it serves.

(g) Lien. The Loan Payments constitute an irrevocable lien on the distribution on the Pledged Revenues, the priority of which is consistent with that shown on the Term Sheet.

(h) Agreement Term Not Less than Useful Life. The Agreement Term is not less than the Useful Life of the Project as required by NMSA 1978, § 72-4A-7, as amended, of the Act.

(i) Amount of Agreement. The sum of the Grant Amount, the Loan Amount, and the Additional Funding Amount (and as set forth on the Term Sheet) does not exceed the cost of the Project.

(j) No Breach or Default Caused by Agreement. Neither the execution and delivery of this Agreement and the other documents related to the transaction, nor the fulfillment of or compliance with the terms and conditions in this Agreement and the other documents related

to the transaction, nor the consummation of the transactions contemplated herein and therein, conflicts with or results in a breach of terms, conditions or provisions of any restriction or any agreement or instrument to which the Borrower/Grantee is a party or by which the Borrower/Grantee is bound or any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Borrower/Grantee or its properties are subject, or constitutes a default under any of the foregoing.

(k) Irrevocable Enactments. While this Agreement remains outstanding and unpaid, any ordinance, resolution or other enactment of the Governing Body applying the Pledged Revenues for the payment of this Agreement, including the Resolution shall be irrevocable until the Project has been fully acquired and completed, and the Loan Amount, including all principal and interest has been repaid, or provision made for payment thereof, and shall not be subject to amendment or modification in any manner which would result in any use of the proceeds of this Agreement in a manner not permitted or contemplated by the terms hereof. The Borrower/Grantee shall not impair the rights of the NMFA or of any holders of bonds or other obligations payable from the Pledged Revenues while this Agreement is outstanding.

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

(m) No Event of Default. No event has occurred and no condition exists which, with the giving of notice or the passage of time or upon the execution and delivery of this Agreement and the other documents related to the transaction, would constitute an Event of Default on the part of the Borrower/Grantee under this Agreement and the other documents related to the transaction.

(n) Pledged Revenues Not Budgeted. The portion of the Pledged Revenues necessary to pay the Loan Payments, as and when due, is not needed or budgeted to pay current or anticipated Operation and Maintenance Expenses or other expenses of the Borrower/Grantee.

(o) Expected Coverage Ratio. The Pledged Revenues are reasonably expected to equal or exceed—from the Fiscal Year in which the Closing Date occurs and, on an ongoing basis during each Fiscal Year of the Agreement Term—one hundred percent (100%) of the maximum annual principal and interest due on all outstanding obligations of the Borrower/Grantee payable from the Pledged Revenues.

(p) Right to Inspect. The NMFA shall have the right to inspect at all reasonable times all records, accounts and data relating to the System and to inspect the System and all properties comprising the System, and the Borrower/Grantee shall supply such records, accounts,

and data as are requested by the NMFA, within thirty (30) days of receipt of such request, written or oral.

(q) Financial Capability; Budgeting of Pledged Revenues. The Borrower/Grantee meets and will meet during the Agreement Term the requirements of financial capability set by the Water Trust Board and the NMFA. The Pledged Revenues will be sufficient to make the Loan Payments, as and when due. The Borrower/Grantee will adequately budget for the Loan Payments and other amounts payable by the Borrower/Grantee under this Agreement.

(r) Rate Covenant. The Borrower/Grantee 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 percent (100%) of the maximum annual principal and interest payments due on all outstanding obligations payable from the Pledged Revenues.

(s) Borrower/Grantee's Existence. The Borrower/Grantee will maintain its legal identity and existence so long as this Agreement remains outstanding unless another political subdivision, State agency, or other entity by operation of law succeeds to the liabilities, rights and duties of the Borrower/Grantee under this Agreement without adversely affecting to any substantial degree the privileges and rights of the Lender/Grantor.

(t) Use of Project; Continuing Covenant. During the Agreement Term, the Borrower/Grantee will at all times use the Project for the benefit of the Borrower/Grantee and the public it serves. The Borrower/Grantee shall not sell, lease, mortgage, pledge, relocate or otherwise dispose of or transfer the Project or System, or any part of the Project or System so long as this Agreement is outstanding; provided, however, that if the Project is a joint project of the Borrower/Grantee and other qualifying entities (as defined by the Act), the Borrower/Grantee and the other qualifying entities may, with the express written approval of the NMFA and not otherwise, enter into an agreement allocating ownership and operational and maintenance responsibilities for the Project during the term of the Agreement. Any such agreement shall provide that the Lender/Grantor, or either of them, shall have the power to enforce the terms of this Agreement, without qualification, as to each and every qualifying entity (as defined by the Act) other than the Borrower/Grantee, owning or operating any portion of the Project during the term of the Agreement. The Borrower/Grantee will operate and maintain the Project, so that it will function properly over its Useful Life.

(u) Title and Rights of Way. As required by NMSA 1978, § 72-4A-7(A)(3) of the Act, as amended, and the Board Rules, the Borrower/Grantee shall provide written assurance signed by an attorney or provide a title insurance policy ensuring that the Borrower/Grantee has proper title to, easements, rights of way or use permits on the real property upon or through which the Project is being constructed, located, completed or extended, and if any portion of the Project will be designed, constructed, located, completed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, such other qualifying entity has title to such real property, and the Borrower/Grantee shall provide written assurance signed by an attorney or provide a title insurance policy ensuring that such other qualifying entity

has proper title to such real property. The Borrower/Grantee shall exercise its power of eminent domain, if needed to comply with this paragraph 2.1(u) and Section 4.1(b).

(v) Additional Funding Amount. Together with the Loan/Grant Amount and other amounts available to the Borrower/Grantee, the Additional Funding Amount is now available to the Borrower/Grantee, and in combination with the Loan/Grant Amount, will be sufficient to complete the Project. If any other additional expenses are incurred, the Borrower/Grantee shall be responsible for payment of such expenses.

(w) Audit Requirement. During the Agreement Term the Borrower/Grantee shall comply with the requirements of the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-14, as amended. Upon request by the NMFA, the Borrower/Grantee shall provide the NMFA a copy of any review or audit, report of agreed upon procedures, or any other document prepared pursuant to or required by the State Audit Act.

(x) Reserved.

(y) Efficient Operation. The Borrower/Grantee will operate the System so long as this Agreement is outstanding, 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 sufficient to supply reasonable demands for System services.

(z) Records. So long as the Agreement remains outstanding, proper books of record and account will be kept by the Borrower/Grantee in accordance with Generally Accepted Accounting Principles, separate from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Such books shall include, but not necessarily be limited to, monthly records showing: (i) the number of customers for the System and the sanitary sewer facilities; (ii) the revenues separately received from charges by classes of customers, including but not necessarily limited to classification by facilities; and (iii) a detailed statement of the expenses of the System.

(aa) Billing Procedure. Bills for water and sanitary sewer utility services or facilities, or any combination, 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, resolution or regulation of the Borrower/Grantee. If permitted by law, if a bill is not paid within the period of time required by such ordinance, resolution or regulation, water and sanitary sewer utility services shall be discontinued as required by such ordinance, resolution or regulation, and the rates and charges due shall be collected in a lawful manner, including, but not limited to, the cost of disconnection and reconnection. Water and sanitary sewer utility services may be billed jointly with each other, provided that each such joint bill shall show separately the water and sanitary sewer utility charges.

(bb) Competent Management. The Borrower/Grantee shall employ or contract for experienced and competent personnel to manage the System.

(cc) Readiness Requirements. The Borrower/Grantee has met the requirements of Executive Order 2013-006 and it has met or will meet prior to the first disbursement of any portion of the Loan/Grant Amount, the Conditions and the readiness to proceed requirements established for the Loan/Grant by the NMFA and the Water Trust Board; and

(dd) Other Liens. Other than as provided in the Term Sheet, there are no liens or encumbrances of any nature, whatsoever, on or against the System or the revenues derived from the operation of the same.

(ee) NMFA Written Consent to Additional Loans. The Borrower/Grantee shall obtain the written consent of the NMFA prior to the issuance of additional Senior Obligations or Parity Obligations unless such Senior or Parity Obligation has been issued by the NMFA.

Section 2.2 Representations and Warranties of the NMFA. The NMFA represents as follows:

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

(b) Legal, Valid and Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the NMFA enforceable in accordance with its terms.

ARTICLE III AGREEMENT TERM

The Agreement Term shall commence on the Closing Date and shall terminate at the end of the Useful Life of the Project as required by NMSA 1978, § 72-4A-7, as amended, of the Act.

ARTICLE IV LOAN/GRANT AGREEMENT CONDITIONS

Section 4.1 Conditions Precedent to Closing of Loan/Grant. Prior to the Closing Date, the following Conditions and readiness to proceed items shall be satisfied:

(a) The NMFA, on behalf of the Water Trust Board, shall have determined that the Borrower/Grantee has met the Conditions and readiness to proceed requirements established for the Loan/Grant by the NMFA and the Water Trust Board including any Conditions set out in the Term Sheet; and

(b) The Borrower/Grantee shall have provided written assurance addressed to the NMFA and signed by an attorney (or shall have provided a title insurance policy) that the Borrower/Grantee has proper title to or easements, rights of way, or permits on the real property upon or through which the Project is being constructed, located, completed or extended; and provided that if such written assurance has not been provided prior to the Closing Date, the

Borrower/Grantee shall provide written assurance signed by an attorney that the Borrower/Grantee has the power of eminent domain and has initiated the exercise of such power for the purpose of acquiring proper title to, easements, rights of way permits on the real property on which the Project will be conducted and completed; and

(c) If any portion of the Project will be constructed, located, completed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee shall have provided written assurance addressed to the NMFA and signed by an attorney (or shall have provided a title insurance policy) that such other qualifying entity has proper title to such real property; and

(d) Prior to the disbursement of any portion of the Loan/Grant Amount for purposes of construction of the Project, the plans and specifications funded with the proceeds of this Agreement will be approved by the NMFA as required by NMSA 1978, § 72-4A-7(B), as amended, or on behalf of the NMFA by the New Mexico Environment Department and the Office of the State of Engineer, and the Borrower/Grantee shall have provided written evidence of such approval to the NMFA; and

(e) Except as otherwise expressly provided in the Conditions, the Borrower/Grantee shall have certified to the Lender/Grantor that the Additional Funding Amount is available for the Project, and, in addition, shall have provided additional evidence reasonably acceptable to the Lender/Grantor of the availability of the Additional Funding Amount; and

(f) The Borrower/Grantee shall be in compliance with the provisions of this Agreement.

(g) Notwithstanding anything in this Agreement to the contrary, the NMFA shall not be obligated to execute the Agreement and may not make the Loan/Grant until the Borrower/Grantee has provided to the NMFA the documents listed on Exhibit "F" attached hereto, all of which must be in form and content acceptable to the NMFA.

Section 4.2 Determination of Eligibility Is Condition Precedent to Disbursement. No request for payment shall be made, nor shall any disbursement be made from the Water Project Fund, for any requisition of any portion of the Loan/Grant Amount, except upon a determination by the NMFA in its sole and absolute discretion that such disbursement is for payment of Eligible Items, and that the request for payment or disbursement does not exceed any limitation upon the amount payable for any Eligible Item pursuant to the Act, the Board Rules, and the Policies governing the Water Project Fund. The NMFA, as a condition precedent to submitting any request for payment to the State Board of Finance or making any requested disbursement from the Water Project Fund, may require submittal of such documentation as the NMFA deems necessary, in its sole and absolute discretion, for a determination whether any requested disbursement is for payment of Eligible Items and is fully consistent with the Act, the Board Rules, and the Policies, as applicable.

ARTICLE V
LOAN TO THE BORROWER/GRANTEE; GRANT TO THE
BORROWER/GRANTEE; APPLICATION OF MONEYS

Section 5.1 Loan and Grant to the Borrower/Grantee.

(a) Loan to the Borrower/Grantee. The Lender/Grantor hereby lends to the Borrower/Grantee and the Borrower/Grantee hereby borrows from and agrees to pay to the order of the Lender/Grantor, without interest, an amount equal to the Loan Amount, with the principal amount of the Loan Amount being payable as provided by Article VI and Exhibit “B” of this Agreement.

(i) Subordinate Nature of Loan Amount and Administrative Fee Obligation. The obligation of the Borrower/Grantee to make the Loan Payments and to pay the Administrative Fee shall be subordinate to all other indebtedness secured by the Pledged Revenues existing on the Closing Date and, further, that may in the future be secured by the Pledged Revenues; except, however, that the obligation of the Borrower/Grantee to make the Loan Payments and to pay the Administrative Fee shall be on parity with any other obligation, present or future, of the Borrower/Grantee to repay a loan provided by the Lender/Grantor pursuant to the Act or the Colonias Infrastructure Act.

(ii) Administrative Fee. The Borrower/Grantee shall, on an annual basis beginning on the first payment date following the completion of the Project or exhaustion of all Loan/Grant Amounts as set out in Section 5.3 hereof, pay to the Lender/Grantor the Administrative Fee, taking into account both payments made by the Borrower/Grantee and Hardship Waivers granted to the Borrower/Grantee as provided by this Agreement. Any such Administrative Fee payment shall be due irrespective of whether or not a Hardship Waiver is granted to the Borrower/Grantee for the principal payment otherwise due on June 1 of the applicable year or any other year.

(iii) Hardship Waivers of Payment. Each year while any portion of the Loan Amount remains outstanding, no later than April 1 of each such year, the Borrower/Grantee may apply in writing to the NMFA for a determination of whether the annual principal payment on the Loan Amount otherwise due on the upcoming June 1 of such year should be forgiven because such payment would cause undue hardship for the Borrower/Grantee or the public it serves. The Borrower/Grantee shall submit such application to the NMFA for determination with sufficient documentation of the existence of such undue hardship as is reasonably required by the NMFA to make a determination, and the Borrower/Grantee shall promptly respond to additional requests for information from the NMFA. Such application for Hardship Waiver shall be executed by the Authorized Officers of the Borrower/Grantee. An “undue hardship” exists if the NMFA determines that the Borrower/Grantee is facing unforeseen events or an emergency that has caused the Borrower/Grantee to be unable to pay on a timely basis the annual principal payment on the Loan Amount. The NMFA may consult the Department of Finance and Administration in determining whether to grant the Hardship Waiver. The NMFA shall make a determination no later than May 15 of the applicable year, and the NMFA shall promptly communicate to the Borrower/Grantee in writing the results of its determination. Upon receipt of written notice of the determination, either the principal payment otherwise due on June 1 of such year shall be forgiven (in the event of a

determination of undue hardship) or the principal payment shall remain outstanding and due and payable on June 1 (in the event no undue hardship is determined to exist).

(b) Grant and Acceptance. The Lender/Grantor hereby grants to the Borrower/Grantee and the Borrower/Grantee hereby accepts from the Lender/Grantor an amount equal to the Grant Amount.

(c) Project Account. The NMFA shall establish and maintain the Project Account as a book account only, on behalf of the Borrower/Grantee, which account shall be kept separate and apart from all other accounts of the NMFA.

(d) Constitutional and Statutory Debt Limitations. No provision of this Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Water Trust Board, the NMFA, the State or the Borrower/Grantee within the meaning of any constitutional or statutory debt limitation.

Section 5.2 Application of Loan/Grant Amount. Following the determination by the NMFA in its sole and absolute discretion that the Conditions to the disbursement of the Loan/Grant Amount have been satisfied, the NMFA shall make an entry in its accounts, and in particular in the Project Account, reflecting the proceeds of the Loan/Grant Amount made available for disbursement from the Water Project Fund to the Borrower/Grantee at its request, and as needed by it to acquire and complete the Project, as provided in Section 7.2 of this Agreement.

Section 5.3 Final Requisition. The Final Requisition shall be submitted by the Borrower/Grantee within the Interim Period. The Interim Period may be extended only as approved in writing by an Authorized Officer of the NMFA, based on the Borrower/Grantee's demonstration, to the reasonable satisfaction of the Authorized Officer of the NMFA, that unanticipated circumstances beyond the control of the Borrower/Grantee resulted in delaying the acquisition and completion of the Project, and submission of the Borrower/Grantee's Final Requisition.

Section 5.4 Investment of Monies. Money in the Water Project Fund, representing proceeds of this Agreement, held and administered by the NMFA, may be invested by the NMFA for the credit of the Water Project Fund.

ARTICLE VI LOAN PAYMENTS BY THE BORROWER/GRANTEE

Section 6.1 Loan to the Borrower/Grantee; Payment Obligations Limited to Pledged Revenues; Pledge of Pledged Revenues. The NMFA hereby lends to the Borrower/Grantee and the Borrower/Grantee hereby borrows from the NMFA an amount not to exceed the Loan Amount. The Borrower/Grantee promises to pay, but solely from the sources pledged herein, the Loan Payments and the Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided. Subject to any outstanding Parity Obligations and Senior Obligations, the Borrower/Grantee does hereby grant a lien on and a security interest in and does hereby convey, assign and pledge unto the NMFA and unto its successors in trust forever all right, title and interest of the Borrower/Grantee in and to (i) the Pledged Revenues to the extent required to pay the Loan

Payments, and to pay the Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided, subject to and subordinate to all other pledges of the Pledged Revenues existing on the Closing Date and, further, that may exist in the future (except only that the pledge of the Pledged Revenues herein shall be on a parity with any other pledge of the Pledged Revenues by the Borrower/Grantee to repay any obligations issued by the Lender/Grantor pursuant to the Act or the Colonias Infrastructure Act); (ii) the Loan/Grant Amount including the Project Account; and (iii) all other rights hereinafter granted, for the securing of the Borrower/Grantee's obligations under this Agreement, including payment of the Loan Payments, Administrative Fees and other amounts owed by the Borrower/Grantee as herein provided, however, that if the Borrower/Grantee, its successors or assigns, shall pay, or cause to be paid, all Loan Payments and Administrative Fees at the time and in the manner contemplated by this Agreement, or shall provide as permitted by Section 6.5 of this Agreement for the payment thereof, and shall pay all other amounts due or to become due under this Agreement in accordance with its terms and provisions then, upon such final payment, this Agreement and the rights created thereby shall terminate; otherwise, this Agreement shall remain in full force and effect.

The schedule of Loan Payments, assuming the disbursal of the entire Loan/Grant Amount within twenty-four (24) months after the Closing Date, identified as the Interim Debt Service Schedule, is attached to this Agreement as Exhibit "B". Within thirty (30) days after the Final Requisition is made, the NMFA shall provide a Final Debt Service Schedule, reflecting the amount of the Loan/Grant Amount actually disbursed to the Borrower/Grantee pursuant to this Agreement. Such Final Debt Service Schedule shall supersede the schedule attached hereto as Exhibit "B". The NMFA shall additionally calculate the amount of the Administrative Fee that has accumulated during that twenty-four (24) month period from the Closing Date, and shall include such amount in the first Loan Payment due from the Borrower/Grantee on the Final Debt Service Schedule.

The pledge of the Pledged Revenues and the lien thereon shall be effective upon the Closing Date. The Borrower/Grantee and the NMFA acknowledge and agree that the obligations of the Borrower/Grantee hereunder are limited to the Pledged Revenues; and that this Agreement with respect to the Loan Amount, the Administrative Fee and other amounts owed by the Borrower/Grantee as herein provided, and that the Agreement shall constitute a special, limited obligation of the Borrower/Grantee. No provision of this Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the Borrower/Grantee or the State within the meaning of any constitutional or statutory debt limitation. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of Borrower/Grantee moneys other than the Pledged Revenues, nor shall any provision of this Agreement restrict the future issuance of any bonds or obligations payable from any class or source of Borrower/Grantee moneys other than the Pledged Revenues. In addition, to the extent not required for the payment of obligations of the Borrower/Grantee hereunder, the Pledged Revenues may be utilized by the Borrower/Grantee for any other purposes permitted by law.

Section 6.2 Deposit of Payments of Loan Amount to Water Project Fund. All Loan Payments made by the Borrower/Grantee to the NMFA to repay the Loan Amount and interest thereon, if any, shall be deposited into the Water Project Fund.

Section 6.3 Manner of Payment. The Loan Amount and Administrative Fee shall be payable by the Borrower/Grantee to the Lender/Grantor in annual installments on June 1 beginning

after expiration of the Interim Period and continuing through the expiration of the last Loan Payment due as outlined in the Final Debt Service Schedule. All payments of the Borrower/Grantee hereunder shall be paid in lawful money of the United States of America to the NMFA at the address designated in Section 11.1 of this Agreement or by electronic debit of the account identified in the ACH Authorization. The obligation of the Borrower/Grantee 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. Notwithstanding any dispute between the Borrower/Grantee and the NMFA, any vendor or any other person, the Borrower/Grantee 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 Borrower/Grantee assert any right of set-off or counterclaim against its obligation to make such deposits required hereunder.

Section 6.4 Borrower/Grantee May Budget for Payments. The Borrower/Grantee 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 make the Loan Payments and other amounts owed by the Borrower/Grantee hereunder; provided, however, the Borrower/Grantee has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

Section 6.5 No Penalty for Prepayment of the Loan Amount. The Loan Amount shall be pre-payable by the Borrower/Grantee at the conclusion of the Interim Period without penalty.

Section 6.6 Lender/Grantor's Release of Lien and Further Assurances. Upon payment in full of the Loan Amount, Administrative Fee and other amounts owed by the Borrower/Grantee as herein provided in this Agreement and upon written request from the Borrower/Grantee the Lender/Grantor agrees to execute a release of lien and to give such further assurances as are reasonably necessary to ensure that the Lender/Grantor no longer holds or maintains any lien or claim against the Pledged Revenues.

ARTICLE VII THE PROJECT

Section 7.1 Agreement to Acquire, Complete and Maintain the Project.

(a) The Borrower/Grantee hereby agrees that in order to effectuate the purposes of this Agreement and to acquire and complete the Project it shall take such steps as are necessary and appropriate to acquire, complete, operate and maintain the Project lawfully and efficiently. The Project shall be constructed and completed substantially in accordance with the approved plans and specifications, and shall fully incorporate the available technologies and operational design for water use efficiency described in the approved plans and specifications. No Loan/Grant funds shall be used for items not constituting Eligible Items.

(b) As provided by NMSA 1978, § 72-4A-7(A)(1), as amended, of the Act, the Borrower/Grantee shall operate and maintain the Project in good operating condition and repair at all times during the Useful Life of the Project, so that the Project will function properly over the Useful Life of the Project; provided, that if any portion of the Project will be constructed, located,

completed, installed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may, prior to any use of the Loan/Grant funds for the Project on such real property, obtain the written agreement of such other qualifying entity to perform these obligations with respect to such real property (and the portion of the Project to be constructed, located, completed or extended on such real property), which written agreement shall be subject to approval by the Lender/Grantor and shall include an express statement by such other qualifying entity that the Lender/Grantor is a third party beneficiary of such written agreement.

Section 7.2 Accounting for Amounts Credited to the Project Account. So long as no Event of Default shall occur and provided that all Conditions to the disbursement of the Loan/Grant Amount have been satisfied (including approval of the plans and specifications), upon receipt by the NMFA of a requisition substantially in the form of Exhibit "C" attached hereto signed by an Authorized Officer of the Borrower/Grantee, supported by certification by the Borrower/Grantee's project architect, engineer, or such other authorized representative of the Borrower/Grantee that the amount of the disbursement request represents the progress of design, construction, acquisition or other Project-related activities accomplished as of the date of the disbursement request, the NMFA shall, in its sole and absolute discretion: (1) submit a request for payment to the State Board of Finance for payment; and/or (2) disburse from the Water Project Fund, amounts which together are sufficient to pay the requisition in full. The NMFA shall make the appropriate entry in the Project Account reflecting the amount of the payment. The certification provided pursuant to this Section 7.2 in support of the requisition must be acceptable in form and substance to the NMFA and, at its request, the Water Trust Board. The Borrower/Grantee shall provide such records or access to the Project as the NMFA, and, at its request, the Water Trust Board, in the discretion of each, may request in connection with the approval of the Borrower/Grantee's requisition requests made hereunder.

Section 7.3 No Disbursement for Prior Expenditures Except upon Approval. No disbursement shall be made from the Water Project Fund of the Loan/Grant Amount, or any portion thereof, without the written approval of the NMFA and, at its request, the Water Trust Board, to reimburse any expenditure made prior to the Closing Date.

Section 7.4 Borrower/Grantee Reporting to Lender/Grantor. During the acquisition implementation, installation and construction of the Project, the Borrower/Grantee shall provide the Lender/Grantor with a quarterly written report executed by an Authorized Officer of the Borrower/Grantee, in the form attached as Exhibit "D" hereto or in another form reasonably acceptable to the Lender/Grantor, describing the status of the Project as of the report date, uses of Loan/Grant funds during the quarterly period ending on the report date, and requests for distributions of Loan/Grant funds anticipated to occur during the quarterly period immediately following the report date. The first quarterly report shall be due on March 31, 2025, and subsequent reports shall be due on each March 31, June 30, September 30 and December 31 thereafter until the report date next following final distribution of the Loan/Grant funds. No reports shall be required after the report date next following final distribution of the Loan/Grant Funds, unless specifically required by the NMFA or the Water Trust Board. The description of the status of the Project in each quarterly report shall include, among other information, (a) a comparison of actual and anticipated requests for distributions of Loan/Grant funds as of the report date with those anticipated as of the Closing Date, (b) a description of actual and anticipated changes in the

cost estimates for the Project as of the report date compared with those anticipated as of the Closing Date, (c) a description of the percentage of completion of the Project; and (d) a timeline of projected milestones.

Section 7.5 Completion of Disbursement of Loan/Grant Funds. Upon completion of the Project an Authorized Officer of the Borrower/Grantee shall deliver a certificate to the NMFA substantially in the form of Exhibit “E” attached hereto, stating that, to his or her knowledge, either (1) the Project has been completed, or (2) that the portion of the Loan/Grant Amount needed to complete the Project has been disbursed in accordance with the terms of this Agreement. No portion of the Loan/Grant Amount shall be disbursed after expiration of the Interim Period.

Section 7.6 Application of Project Account Subsequent to Disbursement of Loan/Grant Funds; Termination of Pledge.

(a) Upon the completion of the Project as signified by delivery of the completion certificate required by Section 7.5 hereof, the NMFA shall determine, by reference to the Project Account, whether any portion of the authorized Loan/Grant Amount remains unexpended and shall dispose of such unexpended proceeds in accordance with law.

(b) In the event that a portion of the Loan/Grant Amount remains unexpended after the expiration of the Interim Period, the NMFA shall dispose of such funds in accordance with law.

Upon the occurrence of either event described in (a) or (b) above, the NMFA shall make the appropriate entry in the Project Account and, upon such entry, the pledge of the Loan/Grant Amount established in this Agreement shall terminate.

ARTICLE VIII COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS

Section 8.1 Further Assurances and Corrective Instruments. The Lender/Grantor and the Borrower/Grantee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or of the Pledged Revenues and for carrying out the intention hereof.

Section 8.2 Representatives of Lender/Grantor or of Borrower/Grantee. Whenever under the provisions hereof the approval of the Lender/Grantor or the Borrower/Grantee is required, or the Borrower/Grantee, or the Lender/Grantor is required to take some action at the request of either of them, such approval or such request shall be given for the Lender/Grantor or for the Borrower/Grantee, by an Authorized Officer of the Lender/Grantor or the Borrower/Grantee, as the case may be, and any party hereto shall be authorized to act on any such approval or request.

Section 8.3 Selection of Contractors. All contractors providing services or materials in connection with the Project shall be selected in accordance with applicable provisions of the New Mexico Procurement Code, NMSA 1978, §§ 13-1-28 through 13-1-199, as amended, or, if the Borrower/Grantee is not subject to the New Mexico Procurement Code, shall be selected in

accordance with a documented procurement process duly authorized and established pursuant to laws and regulations applicable to the Borrower/Grantee.

Section 8.4 Non-Discrimination in Employment. Except as otherwise specifically provided in the laws, statutes, ordinances or regulations of the Borrower/Grantee, the Borrower/Grantee shall require in any contract or subcontract executed in connection with the Project to which the Borrower/Grantee is a party that there shall be no discrimination against any employee or applicant for employment because of race, color, creed, sex, religion, sexual preference, ancestry or national origin.

Section 8.5 Little Miller Act. To the extent NMSA 1978, § 13-4-1 et seq., (the “Little Miller Act”) is applicable to the Project, the Borrower/Grantee shall comply with the requirements of the “Little Miller Act”. If bonding requirements of the Little Miller Act are not applicable to the Project, the Borrower/Grantee will require that the contractor to whom is given any contract for construction appertaining to the Project supply a performance bond or bonds satisfactory to the Borrower/Grantee. Any sum or sums derived from said performance bond or bonds shall be used within six (6) months after such receipt for the completion of said construction, and if not so used within such period, shall be treated as Gross Revenues.

Section 8.6 Required Contract Provisions. The Borrower/Grantee shall require the following provisions in any contract or subcontract executed in connection with the Project to which the Borrower/Grantee is a party:

(a) There shall be no discrimination against any employee or applicant for employment because of race, color, creed, sex, religion, sexual preference, ancestry or national origin; and

(b) Any contractor or subcontractor providing construction services in connection with the Project shall post a performance and payment bond in accordance with the requirements of NMSA 1978, § 13-4-18, as amended.

(c) Any contractor or subcontractor providing construction services in connection with the Project shall comply with the prevailing wage laws in accordance with the requirements of NMSA 1978, § 13-4-11, as amended.

Section 8.7 Application of Act and Board Rules. While this Agreement is outstanding, the Lender/Grantor and the Borrower/Grantee expressly acknowledge that this Agreement is governed by provisions and requirements of the Act and the Board Rules, as amended and supplemented, and all applicable provisions and requirements of the Act and Board Rules are incorporated into this Agreement by reference.

Section 8.8 Continuing Disclosure. The Borrower/Grantee shall provide continuing disclosure to the NMFA, as the NMFA may require, that shall include, but not be limited to: annual audits and notification of any event deemed material by the NMFA, including but not limited to, any event which may or does affect the Pledged Revenues, the ability of the Borrower/Grantee to repay the loan, and the default of the Borrower/Grantee in performance or observance of any covenant, term, or condition contained in any other loan agreement.

ARTICLE IX
INSURANCE; NON-LIABILITY OF LENDER/GRANTOR

Section 9.1 Insurance. The Borrower/Grantee shall carry general liability insurance or participate in the State's risk-management program and, to the extent allowed by the New Mexico Tort Claims Act, NMSA 1978, §§ 41-4-1 through 41-4-30, as amended, shall and hereby agrees to name the Lender/Grantor as an additional insured with respect to all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the acquisition, completion or implementation of the Project or otherwise during the Agreement Term; provided, that if any portion of the Project will be constructed, located, completed or extended on real property owned by a qualifying entity (as defined by the Act) other than the Borrower/Grantee, the Borrower/Grantee may obtain the written agreement of such other qualifying entity to perform these insurance/risk-management program requirements for Borrower/Grantee with respect to such real property (and the portion of the Project to be constructed, located, completed or extended on such real property), which written agreement shall include an express statement by such other qualifying entity that the Lender/Grantor is a third party beneficiary of such written agreement.

Section 9.2 Non-Liability of Lender/Grantor.

(a) Lender/Grantor shall not be liable in any manner for the Project, Borrower/Grantee's use of the Loan/Grant, the acquisition, implementation, construction, installation, ownership, operation or maintenance of the Project, or any failure to act properly by the Borrower/Grantee or any other owner or operator of the Project.

(b) Lender/Grantor shall not be liable for the refusal or failure of any other agency of the State to transfer any portion of the Loan/Grant Amount in its possession, custody and control to the NMFA for disbursement to the Borrower/Grantee, or to honor any request for such transfer or disbursement of the Loan/Grant Amount.

(c) From and to the extent of the Pledged Revenues, and to the extent permitted by law, the Borrower/Grantee shall and hereby agrees to indemnify and save the NMFA 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 Agreement Term, from: (i) any act of negligence or other misconduct of the Borrower/Grantee, or breach of any covenant or warranty by the Borrower/Grantee hereunder; and (ii) the incurrence of any cost or expense in connection with the acquisition or operation of the Project in excess of the Loan/Grant Agreement proceeds and interest on the investment thereof. The Borrower/Grantee shall indemnify and save the NMFA harmless, from and to the extent of the available Pledged Revenues, and to the extent permitted by applicable 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 NMFA, shall defend the NMFA 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 Agreement:

(a) Failure by the Borrower/Grantee to pay any amount required to be paid under this Agreement on the date on which it is due and payable;

(b) Failure by the Borrower/Grantee to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower/Grantee by the Lender/Grantor unless the Lender/Grantor 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 Lender/Grantor but cannot be cured within the applicable thirty (30) day period, the Lender/Grantor will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower/Grantee within the applicable period and diligently pursued until the failure is corrected; and provided, further, that if by reason of force majeure the Borrower/Grantee is unable to carry out the agreements on its part herein contained, the Borrower/Grantee shall not be deemed in default under this paragraph 10.1(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 Borrower/Grantee contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement is false or misleading in any material respect;

(d) A petition is filed against the Borrower/Grantee 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 NMFA shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests;

(e) The Borrower/Grantee 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 Borrower/Grantee 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 Borrower/Grantee 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 NMFA shall have the right to intervene in the proceedings prior to the expiration of such thirty (30) days to protect their interests.

(g) Default by the Borrower/Grantee in performance or observance of any covenant contained in any other loan agreement, document or instrument of any type whatsoever evidencing or securing obligations of the Borrower/Grantee to the NMFA.

Section 10.2 Remedies on Default. Whenever any Event of Default has occurred and is continuing and subject to Section 10.3 hereof, the Lender/Grantor 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 obligations of the Borrower/Grantee in this Agreement:

- (a) File a mandamus proceeding or other action or proceeding or suit at law or in equity to compel the Borrower/Grantee to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained herein;
- (b) Terminate this Agreement;
- (c) Cease disbursing any further amounts from the Project Account;
- (d) Demand that the Borrower/Grantee immediately repay the Loan/Grant Amount or any portion thereof if such funds were not utilized in accordance with this Agreement;
- (e) File a suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Lender/Grantor;
- (f) Intervene in judicial proceedings that affect this Agreement or the Pledged Revenues; or
- (g) Cause the Borrower/Grantee to account as if it were the trustee of an express trust for all of the Pledged Revenues;
- (h) 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 Agreement or to enforce any other of its rights hereunder; or
- (i) Apply any amounts in the Project Account toward satisfaction of any and all fees and costs incurred in enforcing the terms of this Agreement.

Section 10.3 Limitations on Remedies. A judgment requiring payment of money entered against the Borrower/Grantee shall be paid from only available Pledged Revenues unless the Borrower/Grantee in its sole discretion pays the judgment from other available funds.

Section 10.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lender/Grantor is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Borrower/Grantee or the Lender/Grantor 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 Lender/Grantor may, in its sole discretion, waive any Event of Default hereunder and the consequences of any such Event of Default; provided, however, all expenses of the Lender/Grantor in connection with such Event of Default shall have been paid or provided for. Such waiver shall be effective only if made by a

written statement of waiver issued by the NMFA. In case of any such waiver or rescission, or in case any proceeding taken by the Lender/Grantor, on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case, the Lender/Grantor 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. In the event that the Borrower/Grantee shall default under any of the provisions hereof and the NMFA shall employ attorneys or incur 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 Borrower/Grantee herein contained, the Borrower/Grantee agrees that it shall, on demand therefor, pay to the NMFA the fees of such attorneys and such other expenses so incurred, to the extent such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the Borrower/Grantee under this Section shall be limited to expenditures from and to the extent of the available Pledged Revenues of the Borrower/Grantee.

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 Borrower/Grantee, to:

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

If to the NMFA, then to:

New Mexico Finance Authority
Attn.: Chief Executive Officer
810 W. San Mateo Road
Santa Fe, New Mexico 87505

The Borrower/Grantee or the Lender/Grantor 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 Agreement shall inure to the benefit of and shall be binding upon the Lender/Grantor and the Borrower/Grantee and their respective successors and assigns, if any.

Section 11.3 Integration. This Agreement and any other agreements, certifications and commitments entered into between the Lender/Grantor and the Borrower/Grantee on the Closing Date constitute the entire agreement of the parties regarding the Loan/Grant and the funding of the Project through the Loan/Grant as of the Closing Date, and the terms of this Agreement supersede any prior applications, discussions, understandings or agreements between or among the parties in connection with the Loan/Grant, to the extent such prior applications, discussions, understandings or agreements are inconsistent with this Agreement.

Section 11.4 Amendments. This Agreement may be amended only with the written consent of both of the parties hereto. The consent of the NMFA for amendments not affecting the terms of payment of the loan component of this Agreement may be given by an Authorized Officer of the NMFA. The execution of any such consent by an Authorized Officer of the NMFA shall constitute his or her determination that such amendment does not affect the terms of payment of the loan component of this 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 Agreement shall be had against any member, employee, director or officer, as such, past, present or future, of the Lender/Grantor, either directly or through the NMFA, or against any officer, employee, director or member of the Borrower/Grantee, 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 Borrower/Grantee or of the NMFA is hereby expressly waived and released by the Borrower/Grantee and by the NMFA as a condition of and in consideration for the execution of this Agreement.

Section 11.6 Severability. In the event that any provision of this Agreement, other than the obligation of the Borrower/Grantee to make the Loan Payments and the Administrative Fee 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 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 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.9 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 11.10 Further Assurances and Corrective Instruments. The NMFA and the Borrower/Grantee 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.

Section 11.11 NMFA and Borrower/Grantee Representatives. Whenever under the provisions hereof the approval of the NMFA or the Borrower/Grantee is required, or the Borrower/Grantee or the NMFA is required to take some action at the request of the other, such approval or such request shall be given for the NMFA or for the Borrower/Grantee by an Authorized Officer of the NMFA or the Borrower/Grantee, as the case may be, and any party hereto shall be authorized to act on any such approval or request.

Section 11.12 CONSENT TO JURISDICTION. THE BORROWER/GRANTEE IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE DOCUMENTS SIGNED IN CONNECTION WITH THIS TRANSACTION WILL BE LITIGATED IN THE FIRST JUDICIAL DISTRICT COURT, SANTA FE COUNTY, NEW MEXICO, PURSUANT TO NMSA 1978, § 6-21-26.

[Signature pages follow]

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the NMFA, on behalf of itself, has executed this Agreement, which was approved by the Water Trust Board on April 23, 2024 and by the NMFA's Board of Directors on May 30, 2024, in its corporate name by its duly authorized officer; and the Borrower/Grantee has caused this Agreement to be executed in its corporate name and the seal of the Borrower/Grantee affixed and attested by its duly authorized officers. All of the above are effective as of the date first above written.

LENDER/GRANTOR:

NEW MEXICO FINANCE AUTHORITY

By _____
Marquita D. Russel, Chief Executive Officer

PREPARED FOR EXECUTION BY OFFICERS OF THE
NEW MEXICO FINANCE AUTHORITY:

Sutin, Thayer & Browne A Professional Corporation
As Loan/Grant Counsel

By _____
Suzanne Wood Bruckner

APPROVED FOR EXECUTION BY OFFICERS OF THE
NEW MEXICO FINANCE AUTHORITY:

By _____
Susan G. Pittard, Associate Counsel

BORROWER/GRANTEE:

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

By _____
Esperanza Holguin, Chair

[SEAL]

ATTEST:

By _____
Glory Juarez, Secretary

EXHIBIT "A"

TERM SHEET

**\$718,000 WATER PROJECT FUND LOAN/GRANT TO THE LOWER RIO GRANDE
PUBLIC WATER WORKS AUTHORITY, DOÑA ANA COUNTY, NEW MEXICO**

Project Description: The Project is for water conservation or recycling, treatment or reuse of water as provided by law. The Loan/Grant Amount will be used only for Eligible Items necessary to complete the Project. In particular, the Project will consist of relocating and constructing an arsenic treatment skid, and shall include such other related work and revisions necessary to complete the Project. The Project may be further described in the Application and in the final plans and specifications for the Project approved by the Water Trust Board and the NMFA as provided by this Agreement. However, in the event of any inconsistency, the description of the Project as stated in this Term Sheet shall control.

Grant Amount: \$646,200

Loan Amount: \$71,800

Pledged Revenues: "Pledged Revenues" means the Net System Revenues of the System of the Borrower/Grantee pledged to the payment of the Loan Payments and Administrative Fees pursuant to the Resolution and the Agreement.

Outstanding Senior Obligations
for Pledged Revenues:

- USDA 93-09/93-27 maturing in 2052
- USDA 91-14/91-30 maturing in 2049
- PPRF-2601 maturing in 2041
- USDA 91-04 maturing in 2052
- USDA 92-13 maturing in 2052
- USDA 91-15/91-31 maturing in 2052
- USDA 92-19 maturing in 2052
- USDA 91-02 (LRG) maturing in 2054
- USDA 92-22 maturing in 2054
- USDA 1940-01 maturing in 2054
- USDA 61062 maturing in 2062
- USDA 71584 maturing 2062

Outstanding Subordinate
Obligations:

- DW-3394 maturing in 2038
- DW-4213 maturing in 2053
- DW-4796 maturing in 2041
- RIP 00024 maturing in 2038

DW-5631 maturing in 2052

Outstanding Super Subordinate
(Parity) Obligations:

WPF-823 maturing in 2032
CIF-2766 maturing in 2033
CIF-4645 maturing in 2041
CIF-4915 maturing in 2041
CIF-4916 maturing in 2041
CIF-5535 maturing in 2043
CIF-5536 maturing in 2043
CIF-5782 maturing in 2043
WPF-5968 maturing in 2045
CIF-6136 maturing in 2045
CIF-6428 maturing in 2046
CIF-6429 maturing in 2046

Authorizing Legislation: Borrower/Grantee Resolution No. FY2025-12, adopted
January 15, 2025

Additional Funding Amount: \$1,983,851

Closing Date: February 21, 2025

Project Account Amount: \$718,000

Expense Account Deposit: \$0.00

Administrative Fee: 0.25%

Conditions to be satisfied prior to first disbursement of Loan/Grant funds: Delivery to NMFA of (i) a copy of the agenda of the meeting of the Governing Body at which the Resolution was adopted and at which this Agreement, the Resolution and all other Loan/Grant documents were authorized by the Governing Body (the "Meeting"), certified as a true and correct copy by the Secretary of the Borrower/Grantee, (ii) a copy of the minutes or record of proceedings of the Meeting, approved and signed by the [Entity's Chief Officer] and attested to by the Secretary of the Borrower/Grantee, and (iii) a copy of the notice of meeting for the Meeting evidencing compliance with the Borrower/Grantee's Open Meetings standards in effect on the date of the Meeting.

Other Conditions applicable to the Loan/Grant: All Conditions defined in the Agreement.

EXHIBIT “B”

PAYMENT PROVISIONS OF THE LOAN

The Loan Amount and Administrative Fee shall be payable by the Borrower/Grantee to the Lender/Grantor in twenty (20) annual installments of principal pursuant to the attached debt service schedule, beginning June 1, 2027 and ending June 1, 2046. The Loan Amount shall be pre-payable upon expiration of the Interim Period without penalty. The Administrative Fee shall be due and payable annually on June 1 of each year while the Loan, or any portion thereof, remains outstanding.

[INTERIM DEBT SERVICE SCHEDULE ATTACHED]

EXHIBIT "C"

**FORM OF REQUISITION
(Water Project Fund)**

RE: \$718,000 Loan/Grant Agreement by and between the New Mexico Finance Authority, as Lender/Grantor, and the Lower Rio Grande Public Water Works Authority, New Mexico, as Borrower/Grantee (the "Agreement" or "Loan/Grant Agreement")

Loan/Grant No. WPF-6292 Closing Date: February 21, 2025

TO: NEW MEXICO FINANCE AUTHORITY

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

I. PAYMENT INFORMATION

REQUISITION NO. _____ PAYMENT AMOUNT: \$ _____

PAYEE'S NAME: _____

PAYEE'S ADDRESS: _____

II. REQUISITION INFORMATION (complete for all payments)

- *Attach proof of expenditures (cancelled check, wire transfer receipt, bank ledger, etc.).*
- *List all Vendors, Payment Purposes, or Eligible Item Categories below or attach separate page or spreadsheet if needed.*

Vendor Name _____

Total Amount \$ _____ Invoice No.(s) _____

Purpose of Payment _____

Eligible Item Category _____

Vendor Name _____

Total Amount \$ _____ Invoice No.(s) _____

Purpose of Payment _____

Eligible Item Category _____

Vendor Name _____

Total Amount \$ _____ Invoice No.(s) _____

Purpose of Payment _____

Eligible Item Category _____

III. WIRING INFORMATION:

BANK NAME:	
ABA ROUTING NUMBER:	
ACCOUNT NUMBER:	

IV. MATCH INFORMATION

AMOUNT OF LOCAL MATCH EXPENDED SINCE LAST REQUISITION: \$ _____
Attach proof of expenditures for hard match (detailed invoices, cancelled checks, wire transfer receipt, bank statement, etc.) and written certification of type and value of any soft match.

AMOUNT OF LOCAL MATCH EXPENDED TO DATE: \$ _____

TOTAL REQUIRED MATCH: \$1,983,851

V. VERIFICATION AND AUTHORIZATION

Each obligation, item of cost or expense mentioned herein is for a loan/grant made by the Lender/Grantor pursuant to the Water Project Finance Act to the Borrower/Grantee within the State of New Mexico, is due and payable, has not been the subject of any previous requisition, and is a proper charge against the Project Account. All representations contained in the Agreement and the related closing documents remain true and correct, and the Borrower/Grantee is not in breach of any of the covenants contained therein.

The proceeds of the Loan/Grant are to be used to pay the costs of Eligible Items, as defined in the Agreement. Eligible Items include (1) planning, designing, construction, improving or expanding a qualified project; (2) developing engineering feasibility reports for Qualified Projects; (3) inspecting construction of Qualified Projects; (4) providing professional services; (5) completing environmental assessments or archeological clearances and other surveys for Qualified Projects; (6) acquiring land, easements or rights of way; (7) eligible legal costs associated with development of Qualified Projects, within limits set forth in the Loan/Grant Agreement.

All construction and all installation of equipment with proceeds of the Loan/Grant has or will be used in accordance with plans and/or specifications approved on behalf of the New Mexico Finance Authority by the New Mexico Environment Department and/or the Office of the State Engineer, has or will be acquired in compliance with applicable procurement laws and regulations, and has or will be inspected and approved in accordance with applicable laws and regulations.

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

DATE: _____

AUTHORIZED OFFICER
(As Provided in the Loan/Grant Agreement)
Print Name: _____
Print Title: _____

EXHIBIT "D"

**WATER PROJECT FUND STATUS REPORT
PREPARED FOR THE
NEW MEXICO FINANCE AUTHORITY**

Fund Recipient: Lower Rio Grande Public Water Works Authority Contact Name: _____ Title: _____ Email Address: _____	Project Number: WPF-6292 Project Name: Valle Del Rio Water Treatment Project Project Type: Construction
Reporting Period: From _____ To _____ <input type="checkbox"/> Quarterly Project Report: <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> Final Project Report <input type="checkbox"/> Other _____	
WPF Funding Expiration: _____ Total WPF Award: \$718,000 Current Balance: \$ _____ Loan 10% Grant 90% Match \$1,983,851 Expected WPF Award Expenditure Next Quarter: \$ _____ Local Match Expenditure: To Date \$ _____ Next Quarter \$ _____	
Project Phase: <input type="checkbox"/> Planning <input type="checkbox"/> Design <input type="checkbox"/> Construction	
PROJECT COMPLETION: Original Date _____ Current Date _____ _____ % Complete Days Remaining to Complete _____ On Schedule? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Briefly Describe Project Progress During This Reporting Period: 	
Issues Addressed During This Reporting Period, including any current or anticipated issues that remain unresolved: 	
Goals/Milestones, With Timeline or Dates, For The Next Reporting Period: 	
Authorized Officer PRINT NAME: _____ PRINT TITLE: _____	
SIGNATURE: _____	Date: _____

****All fields must be completed.***

EXHIBIT "E"

FORM OF CERTIFICATE OF COMPLETION

RE: \$718,000 Loan/Grant Agreement by and between the NMFA, as Lender/Grantor, and the Lower Rio Grande Public Water Works Authority, New Mexico as Borrower/Grantee (the "Agreement" or "Loan/Grant Agreement")

Loan/Grant No. WPF-6292

Closing Date: February 21, 2025

TO: NEW MEXICO FINANCE AUTHORITY

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

Borrower/Grantee, hereby certify as follows:

1. The project described in the Loan/Grant Agreement (the "Project"), or the applicable phase of the project if funding was for a phased 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/Grant Amount was \$ _____.

4. Cost of the Project paid from the Additional Funding Amount was \$ _____.

5. The portion of the Loan/Grant Amount unexpended for the Project is \$ _____.

6. The Project was completed and is and shall be used consistent with and subject to the covenants set forth in the Loan/Grant 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, DOÑA ANA COUNTY, NEW MEXICO

By: _____

Its: _____

EXHIBIT “F”

DOCUMENTS

1. Open Meetings Act Resolution No. FY-2024-22 adopted by the Borrower/Grantee on May 15, 2024
2. Resolution FY2025-12 adopted on January 15, 2025, Notice of Meeting, Meeting Agenda, Minutes and Affidavit of Publication of Notice of Adoption of Resolution in the *Las Cruces Sun News*
3. Loan/Grant Agreement
4. General and No Litigation Certificate of the Borrower/Grantee
5. Delivery, Deposit and Cross-Receipt Certificate
6. Right of Way Certificate (to be executed prior to construction funding)
7. Final Opinion of Counsel for the Borrower/Grantee
8. Approving Opinion of Sutin, Thayer & Browne A Professional Corporation, Loan/Grant Counsel to the NMFA
9. NMFA Application and Project Approval (informational only)

\$718,000
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
DOÑA ANA COUNTY, NEW MEXICO
WATER PROJECT FUND LOAN/GRANT
NO. WPF-6292

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

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

Capitalized terms used in this Certificate have the same meaning as defined in Resolution No. FY2025-12 adopted by the Governing Body of the Borrower/Grantee on January 15, 2025 (the “Resolution”) unless otherwise defined in this Certificate or the context requires otherwise.

1. The Borrower/Grantee is a duly organized and existing public water works authority under the laws of the State of New Mexico.
2. From at least January 15, 2025 to and including the date of this Certificate, the following were and now are the duly chosen qualified and acting officers of the Borrower/Grantee:

Chair:	Esperanza Holguin
Vice-Chair:	James Cardena
Board of Directors:	Enrique Franco Juan Perez Muriel Bowles
Finance Manager:	Kathi Jackson
General Manager:	Martin Lopez
Secretary:	Glory Juarez

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

5. There is no reason within our knowledge and belief after due investigation, why the Borrower/Grantee may not enter into the Loan/Grant Agreement with the New Mexico Finance Authority (“NMFA”), as authorized by the Resolution.

6. No material adverse change has occurred, nor has any development occurred involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects, or properties of the Borrower/Grantee since the date of the Resolution.

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

8. There is no threatened action, suit, proceeding, inquiry or investigation against the Borrower/Grantee, at law or in equity, by or before any court, public board or body, nor to our knowledge is there any basis therefor, affecting the existence of the Borrower/Grantee or the titles of its officials to their respective offices, or seeking to prohibit, restrain or enjoin the pledge of the Pledged Revenues to pay the principal, interest or administrative fees on the Loan/Grant Agreement, or in any way materially adversely affecting or questioning (a) the territorial jurisdiction of the Borrower/Grantee, (b) the use of the proceeds of the Loan/Grant Agreement for the Project and to pay certain expenses as described therein, (c) the validity or enforceability of the Loan/Grant Agreement or any proceedings of the Borrower/Grantee taken with respect to the Resolution or the Loan/Grant Agreement, (d) the execution and delivery of the Loan/Grant Agreement, or (e) the power of the Borrower/Grantee to carry out the transactions contemplated by the Resolution and the Loan/Grant Agreement.

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

10. The Borrower/Grantee is not in default, and has not been in default within the ten (10) years immediately preceding the date of this Certificate, in the payment of principal of, premium, if any, or interest on any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

11. To our knowledge and belief after due investigation, none of the Chair, the Secretary, any member of the Governing Body of the Borrower/Grantee, nor any other officer, employee or other agent of the Borrower/Grantee is interested (except in the performance of his or her official rights, privileges, powers and duties), directly or indirectly, in the profits of any contract, or job for work, or services to be performed and appertaining to the Project.

12. Regular meetings of the Borrower/Grantee’s Governing Body and the meeting at which the Resolution was adopted have been held at 521 St. Valentine, La Mesa, New Mexico 88044, the principal meeting place of the Borrower/Grantee.

13. The Borrower/Grantee’s Governing Body has no rules of procedure which would invalidate or make ineffective the Resolution or other action taken by the Borrower/Grantee’s

Governing Body in connection with the Loan/Grant Agreement. The Open Meetings Act Resolution adopted and approved by the Governing Body on May 15, 2024 establishes notice standards for meetings of the Governing Body. The Open Meetings Act Resolution has not been amended or repealed. All action of the Governing Body with respect to the Resolution and the Loan/Grant Agreement was taken at meetings held in compliance with the Open Meetings Act Resolution No. FY2024-22 which resolution was effective on January 15, 2025 and has not been amended, repealed or rescinded.

14. The Borrower/Grantee is in compliance with the requirements of the State Audit Act, NMSA 1978, §§ 12-6-1 through 12-6-15, as amended.

15. The Chair and the Secretary, on the date of the signing of the Loan/Grant Agreement and on the date of this Certificate, are the duly chosen, qualified and acting officers of the Borrower/Grantee authorized to execute the Loan/Grant Agreement.

16. This Certificate is for the benefit of the NMFA.

17. This Certificate may be executed in counterparts.

[Signature page follows.]

WITNESS our signatures and the seal of the Borrower/Grantee this 21st day of February, 2025.

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

[SEAL]

By _____
Esperanza Holguin, Chair

By _____
Glory Juarez, Secretary

7311132

\$718,000
 LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY,
 DOÑA ANA COUNTY, NEW MEXICO
 WATER PROJECT FUND LOAN/GRANT
 NO. WPF-6292

STATE OF NEW MEXICO)
) ss. DELIVERY, DEPOSIT AND
 COUNTY OF DOÑA ANA) CROSS-RECEIPT CERTIFICATE

IT IS HEREBY CERTIFIED by the undersigned, the duly chosen, qualified and acting Chair and Secretary of the Lower Rio Grande Public Water Works Authority, New Mexico (the "Borrower/Grantee"):

1. On the date of this Certificate, the Borrower/Grantee executed and delivered, or caused to be executed and delivered, a Loan/Grant Agreement between the Borrower/Grantee and the New Mexico Finance Authority (the "NMFA"), in the aggregate principal amount of \$718,000, to the NMFA (the "Loan/Grant Agreement"), as authorized by Borrower/Grantee Resolution No. FY2025-12 (the "Resolution") adopted on January 15, 2025 relating to the execution and delivery of the Loan/Grant Agreement. The Grant Amount equals \$646,200 and the Loan Amount equals \$71,800, as such terms are defined in the Loan/Grant Agreement.

2. The undersigned acknowledge that the Loan/Grant Amount, as defined in the Loan/Grant Agreement, is available for disbursement to the Borrower/Grantee pursuant to the terms of Section 7.2 of the Loan/Grant Agreement upon transmission of payment requisitions to the NMFA in substantially the form attached as Exhibit "C" to the Loan/Grant Agreement, with supporting documentation as provided in the Loan/Grant Agreement, and will be used as set forth in the Resolution and the Loan/Grant Agreement.

WITNESS our hands this 21st day of February, 2025.

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

By _____
 Esperanza Holguin, Chair

[SEAL]

By _____
 Glory Juarez, Secretary

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

It is hereby certified by the undersigned, a duly qualified and acting official of the New Mexico Finance Authority, that, the undersigned has, on the date of this Certificate, received from the Lower Rio Grande Public Water Works Authority, New Mexico the Loan/Grant Agreement for Project No. WPF-6292.

NEW MEXICO FINANCE AUTHORITY

By _____
Marquita D. Russel, Chief Executive Officer

7311130