
Meeting Date: June 28, 2023
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-23-18 – Authorizing the Issuance and Sale of Albuquerque Bernalillo County Water Utility Authority (The “Water Authority”) Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2023 In An Aggregate Principal Amount Not to Exceed \$121,325,000 (The “Bonds”) to be Issued in one or more Series for the Purpose of Acquiring Additional System Assets, and Extending, Repairing, Replacing and Improving the Water Authority’s Joint Water and Sewer System (The “System”); Providing for the Disposition of, and Other Details Relating to, The Revenues From the Operation of the System Including the Payment of Debt Service on System Obligations; Determining Certain Terms and the Method of Determining Other Terms Concerning the Bonds; Providing for the Approval of Various Agreements and Disclosure Documents Relating to the Bonds; Delegating Authority to the Delegate to Execute and Deliver a Bond Purchase Agreement for the Sale of the Bonds to the Underwriters Pursuant to the Supplemental Public Securities Act; and Ratifying Action Previously Taken.

ACTION: Introduction June 28, 2023; Final Action August 23, 2023

Summary:

This Bond Resolution is for the proposed Senior Lien Joint Water and Sewer System Revenue Bonds, Series 2023. It was prepared by McCall, Parkhurst & Horton, L.L.P. as Bond Counsel for this transaction. The Bond Resolution establishes certain bond details; provides for the payment of the cost of issuing the bonds; approves disclosure and other documents relating to the bonds.

The purpose of the Bond Resolution is to provide up to \$121.3 million in CIP Funding. The Water Authority’s current Senior Lien Bonds are rated Aa2/AAA/AA+ by Moody’s, Standard and Poor’s and Fitch Ratings, respectively. The Water Authority’s subordinate lien is rated Aa3/AAA/AA+ by Moody’s, Standard and Poor’s and Fitch Ratings, respectively. Final approval of the Bond Resolution and other matters with respect to the Bonds will be considered for final adoption at the Water Authority’s August 23, 2023, meeting. A report and summary of the pricing terms and financing is expected to be delivered to the Board at its regularly scheduled meeting on October 18, 2023.

FISCAL IMPACT:

Total proceeds of \$121,000,000 will be used for the following projects: \$56,000,000 for the Basic Rehab Program (12-year note), \$28,000,000 for Grit Removal from the Surface Water Ponds, \$24,000,000 Rehabilitation of Force Main, and Lift Station, \$10,000,000 for CIP Project Market Adjustments and \$3,000,000 Grading Vulcan Site. A senior lien of the Net Revenues of the System is pledged as security for this loan.

COMMENTS:

Approval of the Bond Resolution is required for the issuance of the proposed bonds. Final action is anticipated at the Water Authority's August Board meeting. Subject to market conditions, a report and summary of the pricing terms and financing will be delivered to the Board at its regularly scheduled meeting October 2023. This Resolution authorizes the financing necessary to carry out the Capital Improvements Plan outlined in the Decade Plan and the 2024 Finance Plan. It is anticipated that the financing would close by October 2023.

A floor substitute may be prepared by Bond Counsel which makes technical adjustments.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-23-18

RESOLUTION

AUTHORIZING THE ISSUANCE AND SALE OF ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY (THE “WATER AUTHORITY”) SENIOR LIEN JOINT WATER AND SEWER SYSTEM IMPROVEMENT REVENUE BONDS, SERIES 2023 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$121,325,000 (THE “BONDS”) TO BE ISSUED IN ONE OR MORE SERIES FOR THE PURPOSE OF ACQUIRING ADDITIONAL SYSTEM ASSETS, AND EXTENDING, REPAIRING, REPLACING AND IMPROVING THE WATER AUTHORITY’S JOINT WATER AND SEWER SYSTEM (THE “SYSTEM”); PROVIDING FOR THE DISPOSITION OF, AND OTHER DETAILS RELATING TO, THE REVENUES FROM THE OPERATION OF THE SYSTEM INCLUDING THE PAYMENT OF DEBT SERVICE ON SYSTEM OBLIGATIONS; DETERMINING CERTAIN TERMS AND THE METHOD OF DETERMINING OTHER TERMS CONCERNING THE BONDS; PROVIDING FOR THE APPROVAL OF VARIOUS AGREEMENTS AND DISCLOSURE DOCUMENTS RELATING TO THE BONDS; DELEGATING AUTHORITY TO THE DELEGATE TO EXECUTE AND DELIVER A BOND PURCHASE AGREEMENT FOR THE SALE OF THE BONDS TO THE UNDERWRITERS PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; AND RATIFYING ACTION PREVIOUSLY TAKEN.

Capitalized terms used in the following preambles are defined in Section 1 of this Bond Resolution, unless the context requires otherwise.

WHEREAS, the Water Authority is a legally and regularly created, established, organized and existing public body politic and corporate, separate and apart from the City and the County, under the general laws of the State; and

WHEREAS, the Water Authority owns, operates and maintains the System as a joint public utility water and sewer system; and

1 WHEREAS, the Water Authority is obligated on the Senior Obligations set
2 forth in Exhibit A, payable from Net Revenues, Outstanding on the date of the
3 adoption of this Bond Resolution; and

4 WHEREAS, the Water Authority is obligated on the Subordinate Obligations,
5 set forth in Exhibit A, payable from Net Revenues with a lien on the Net Revenues
6 subordinate to the Senior Obligations, and superior to the lien of the Super
7 Subordinated Obligations, Outstanding on the date of the adoption of this Bond
8 Resolution; and

9 WHEREAS, the Water Authority does not have any Super Subordinated
10 Obligations, payable from Net Revenues with a lien on the Net Revenues
11 subordinate to the Senior Obligations and the Subordinate Obligations, Outstanding
12 on the date of the adoption of this Bond Resolution; and

13 WHEREAS, except as stated in these preambles, the Net Revenues have not
14 been pledged or hypothecated to the payment of any Outstanding obligations and no
15 other obligations are payable from the Net Revenues on the date of this Bond
16 Resolution; and

17 WHEREAS, there are no obligations which have a lien on the Net Revenues
18 superior to the lien thereon of the Senior Obligations; and

19 WHEREAS, the Board hereby determines that (i) the Project may be financed
20 with a portion of the proceeds of the Bonds, and (ii) it is necessary and in the best
21 interests of the Water Authority and the residents of the geographic area served by
22 the Water Authority that the Bonds be authorized pursuant to the Act; and

23 WHEREAS, the Board has determined that it may lawfully pledge the Net
24 Revenues for repayment of the Bonds; and

25 WHEREAS, the Water Authority intends to use a portion of the proceeds of
26 the Bonds for the purpose of acquiring additional System assets, and extending,
27 repairing, replacing and improving the System; and

28 WHEREAS, it is in the best interests of the Water Authority to sell the Bonds
29 to the Underwriters in a negotiated sale, competitive sale or private placement
30 transaction upon the terms as set forth in the Bond Purchase Agreement and the
31 Sale Certificate; and

1 WHEREAS, there have been presented to the Board the forms of pertinent
2 Issuer Documents determined necessary at this time; and

3 WHEREAS, the Water Authority expects to receive an offer from the
4 Underwriters to purchase the Bonds pursuant to the Bond Purchase Agreement to
5 be executed by the Delegate pursuant to Section 6-14-10.2 NMSA 1978, all within
6 the parameters set forth in this Bond Resolution; and

7 WHEREAS, all required authorizations, consents or approvals of any
8 governmental body, agency or authority in connection with charging the current rates
9 for services of the System and for the authorization, execution and delivery of the
10 Bonds which are required to have been obtained by the date of this Bond Resolution
11 or which will be required to be obtained prior to the date of issuance of the Bonds
12 have been or will have been obtained by such dates.

13 BE IT RESOLVED BY THE BOARD OF THE WATER AUTHORITY:

14 Section 1. DEFINITIONS AND RULES OF CONSTRUCTION.

15 (A) DEFINITIONS. As used in this Bond Resolution, the following
16 terms have the meanings specified, unless the context clearly requires otherwise:

17 ACT. Section 72-1-10 NMSA 1978, Sections 6-14-8 through 6-14-11
18 NMSA 1978, Sections 6-18-1 through 6-18-16 NMSA 1978, and enactments of the
19 Board relating to the Bond Legislation.

20 ACQUISITION FUND. The acquisition fund previously established by
21 the Water Authority and continued in Section 20 of this Bond Resolution or, as may
22 be set forth in the Sale Certificate, an escrow fund or account or other fund or
23 account held for the benefit of the Water Authority for purposes of paying costs of
24 the Project.

25 AUTHENTICATING AGENT. The Registrar or any trust company,
26 national or state banking association or financial institution qualified to act and
27 appointed as the authenticating agent for the Bonds by an Authorized Officer from
28 time to time.

29 AUTHORIZED DENOMINATIONS. Denominations of \$5,000 or
30 integral multiples of \$5,000 or such other authorized denominations as may be set
31 forth in the Sale Certificate.

1 AUTHORIZED OFFICER. The Chair, the Executive Director or the
2 Chief Financial Officer of the Water Authority, or other officer or employee of the
3 Water Authority when designated by a certificate signed by the Chair from time to
4 time.

5 BENEFICIAL OWNERS. The beneficial owners of the Bonds.

6 BOARD. The governing body in which is vested the legislative power
7 of the Water Authority.

8 BOND or BONDS. The Albuquerque Bernalillo County Water Utility
9 Authority Senior Lien Joint Water and Sewer System Improvement Revenue Bonds,
10 Series 2023 or such other designation of bonds authorized by and issued pursuant
11 to the Bond Legislation.

12 BOND COUNSEL. McCall, Parkhurst & Horton L.L.P., Dallas, Texas
13 or other firm of attorneys, designated by the Water Authority, of nationally
14 recognized standing in matters pertaining to the issuance of bonds issued by states
15 and their political subdivisions.

16 BOND INSURANCE POLICY. A municipal bond insurance policy
17 issued by a Credit Source insuring the payment when due of the principal of and
18 interest on Insured Obligations.

19 BOND LEGISLATION. Collectively, the Bond Resolution and the Sale
20 Certificate.

21 BOND PURCHASE AGREEMENT. The winning bid form, Bond
22 Purchase Agreement or other agreement among the Water Authority and the
23 Underwriters of the Bonds reflecting the terms of sale of the Bonds.

24 BOND RESOLUTION. This resolution, as amended or supplemented
25 from time to time

26 BUSINESS DAY. Any day during which any Credit Source, the Paying
27 Agent or the Registrar, the offices of the Water Authority and the New York Stock
28 Exchange are all open for business during normal business hours.

29 CHAIR. The duly elected Chair of the Board or the Vice Chair of the
30 Board acting in the absence of the Chair.

1 CITY. The City of Albuquerque, in the County of Bernalillo and State
2 of New Mexico.

3 CODE. The Internal Revenue Code of 1986, as amended, the federal
4 income tax regulations of the Treasury Department (whether proposed, temporary or
5 final) and any amendments of, or successor provisions to, the foregoing and any
6 official rulings, announcements, notices, procedures and judicial determinations
7 regarding any of the foregoing, all as and to the extent applicable. Unless otherwise
8 indicated, reference to a section of the Code in this Bond Resolution means that
9 section of the Code and such applicable regulations, rulings, announcements,
10 notices, procedures and determinations pertinent to that section.

11 COMPLETION DATE. The date of completion of the Project, or, for
12 purposes of the Prospective Test Period, the date of completion of the project for
13 which the additional System Obligations are to be issued.

14 CONSULTING ENGINEER. Any registered or licensed professional
15 engineer or firm of engineers, entitled to practice and practicing as such under the
16 laws of the State, retained and compensated by the Water Authority but not in the
17 regular employ of the Water Authority, the City or the County; but, as to any
18 construction drawings and specifications prepared for the System by Water Authority
19 or City employees under the supervision of an engineer employed by the Water
20 Authority or the City, this term may include such engineer.

21 CONTINUING DISCLOSURE UNDERTAKING. The undertaking of
22 the Water Authority pursuant to which the Water Authority will agree for the benefit
23 of Owners, if applicable, that, while the Bonds are Outstanding, the Water Authority
24 will annually provide certain financial information and operating data and audited
25 financial statements and will provide notice of certain events in accordance with Rule
26 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934.

27 COUNTY. Bernalillo County, New Mexico.

28 CREDIT FACILITY. A letter of credit, line of credit, Bond Insurance
29 Policy or Reserve Account Surety Bond, guaranty or similar agreement provided by
30 a Credit Source to provide support to pay the purchase price of, or the payment
31 when due of the principal of and interest on, System Obligations.

1 CREDIT SOURCE. Any bank, insurance company or other financial
2 institution which provides a Credit Facility for a series of System Obligations.

3 DEBT SERVICE ACCOUNT. An account of the Debt Service Fund for
4 the deposit of Net Revenues and proceeds of a series of System Obligations for the
5 payment of Debt Service Requirements on that series of System Obligations.

6 DEBT SERVICE FUND. The Debt Service Fund previously established
7 by the Water Authority and continued in Section 20 of this Bond Resolution.

8 DEBT SERVICE REQUIREMENTS. With respect to System
9 Obligations and for any given period, the sum of: (1) the amount required to pay the
10 interest, or to make reimbursements for payments of interest, becoming due on
11 System Obligations during that period, plus (2) the amount required to pay the
12 principal or to make reimbursements for the payment of principal becoming due on
13 System Obligations during that period, whether at maturity or upon mandatory
14 sinking fund redemption dates, plus (3) the periodic payments required to be made
15 by the Water Authority pursuant to a Qualified Exchange Agreement minus (4) the
16 periodic payments to be received by the Water Authority pursuant to a Qualified
17 Exchange Agreement. No payments required for any System Obligations which may
18 be tendered or otherwise presented for payment at the option or demand of the
19 owners of System Obligations, or which may occur because of the exercise of an
20 option by the Water Authority, or which may otherwise become due by reason of any
21 other circumstance or contingency, including acceleration or early termination
22 payments, which constitute other than regularly scheduled payments of principal,
23 interest or other regularly scheduled payments on System Obligations shall be
24 included in any computation of Debt Service Requirements for that period.

25 Unless, at the time of computation of Debt Service Requirements, payments
26 on System Obligations are owed to, or System Obligations are owned or held by, the
27 provider of a Credit Facility pursuant to the provisions of that Credit Facility, the
28 computation of interest for the purposes of this definition shall be made without
29 considering the interest rate payable pursuant to a Credit Facility.

30 In any computation of Debt Service Requirements relating to the issuance of
31 additional System Obligations, there shall be excluded from the computation of the

1 Debt Service Requirements amounts and investments which are irrevocably
2 committed to make designated payments on System Obligations during the
3 applicable period, including, without limitation, money on deposit in any Debt Service
4 Account and amounts on deposit in an escrow account irrevocably committed to
5 make designated payments on System Obligations during the applicable period and
6 earnings on such investments which are payable and committed to the payment of
7 such System Obligations during the applicable period.

8 Unless otherwise required by a Water Authority ordinance or resolution
9 relating to a series of System Obligations, to determine Debt Service Requirements
10 of Variable Rate Obligations, the Water Authority shall use the procedures set forth
11 in the following paragraphs to determine the amount of interest or other payments to
12 be paid by the Water Authority on Variable Rate Obligations.

13 (1) During any historical period for which the actual variable
14 interest rate or rates are determinable, the actual variable interest rate shall be used.
15 During any historical period when the actual variable interest rate is not
16 determinable, the variable interest rate shall, for the purpose of determining Debt
17 Service Requirements, be deemed to be the higher of:

18 (a) the actual variable interest rate, if any, at the time
19 of computation; or

20 (b) a fixed annual rate equal to the prevailing rate on
21 the Variable Rate Obligations on the date of computation (which, for the purpose of
22 determining the Debt Service Requirements, shall be a date which is no more than
23 sixty (60) days prior to the date of issuance of the applicable System Obligations) as
24 certified by the Water Authority's financial advisor, the Underwriters of the System
25 Obligations, an investment banker designated by the Water Authority from time to
26 time or a counterparty with respect to a Qualified Exchange Agreement.

27 (2) Prospective computations of interest payable on Variable
28 Rate Obligations, including those relating to the issuance of additional System
29 Obligations required by Section 27 or required by the Rate Covenant, shall be made
30 on the assumption that such obligations bear interest at a fixed annual rate equal to:

31 (a) the average of the daily rates of such System

1 Obligations during the three hundred sixty-five (365) consecutive days (or any lesser
2 period such System Obligations have been Outstanding) next preceding a date
3 which is no more than sixty (60) days prior to the date of the issuance of the
4 additional System Obligations; or

5 (b) with respect to System Obligations initially issued
6 or incurred as or being converted to Variable Rate Obligations, the estimated initial
7 rate of interest of such System Obligations upon the date of issuance, exchange or
8 conversion as certified by the Water Authority's financial advisor, another investment
9 banker, as designated by the Water Authority from time to time, or a counterparty
10 with respect to a Qualified Exchange Agreement.

11 DEFESANCE OBLIGATIONS.

12 (1) Government Obligations; or

13 (2) if permitted by law, other obligations which would result in
14 the defeased Bonds receiving the same rating from any national rating agency then
15 rating such series of bonds as would have been received if the obligations described
16 in clause (1) of this definition had been used.

17 DELEGATE. An Authorized Officer of the Water Authority delegated
18 the authority to approve the pricing and final terms of the Bonds.

19 DEPOSITORY OR DEPOSITORIES. The following registered
20 securities depository: The Depository Trust Company, 570 Washington Boulevard,
21 Jersey City, New Jersey 07310, <http://www.dtcc.com>; or in accordance with then-
22 current guidelines of the SEC, to such other addresses and/or such other securities
23 depositories, or no such depositories, as an Authorized Officer may designate in a
24 certificate of the Water Authority.

25 ELECTRONIC MEANS. Telephone, telecopy, telegraph, email,
26 facsimile transmission or any other similar means of electronic communication. Any
27 communication by telephone as an Electronic Means shall promptly be confirmed in
28 writing, which may be by one of the other means of electronic communication listed
29 in this definition.

30 EMMA. The Municipal Securities Rulemaking Board's Electronic
31 Municipal Market Access System located on its website at emma.msrb.org.

1 EXPENSE ACCOUNT. That account continued in Section 20 of this
2 Bond Resolution for the purpose of paying Expenses and which is a separate
3 account of the Debt Service Fund.

4 EXPENSES. The reasonable and necessary fees, costs and
5 expenses incurred by the Water Authority with respect to the issuance of the Bonds
6 and all matters pertaining to the Bonds, including, without limitation, attorneys' fees
7 and costs, financial advisor's fees and costs, premiums and costs for any Credit
8 Facility, costs of advertising and publication, underwriter's discounts, cost of printing
9 bonds and disclosure documents, legal fees and expenses, including any fees and
10 costs associated with any other consultant, agent (including paying agents, escrow
11 agents, verification agents, bidding agents) or Independent Accountant and all
12 reasonable and necessary fees and administrative costs of the Water Authority
13 relating to the foregoing.

14 FISCAL YEAR. The twelve-month period beginning on the first day of
15 July of each year and ending on the last day of June of the next succeeding year, or
16 any other consecutive twelve-month period, which the Water Authority designates as
17 its Fiscal Year.

18 GOVERNMENT OBLIGATIONS. Direct obligations of, or obligations
19 the principal of and interest on which are unconditionally guaranteed by, the United
20 States of America, or certificates or receipts established by the government of the
21 United States of America or its agencies or instrumentalities representing direct
22 ownership of future interests or principal payments on direct obligations of, or
23 obligations fully guaranteed by, the United States of America or any of its agencies
24 or instrumentalities the obligations of which are backed by the full faith and credit of
25 the United States of America, which obligations are held by a custodian in
26 safekeeping on behalf of the holders of such receipts, and rated or assessed in the
27 highest Rating Category by any Rating Agency if then rating the Bonds, as such
28 Government Obligations may be limited as may be set forth in the Sale Certificate.

29 GROSS REVENUES. All income and revenues directly or indirectly
30 derived by the Water Authority from the operation and use of the System, or any part
31 of the System, and includes, without limitation, all revenues received by the Water

1 Authority, or any municipal corporation or agency succeeding to the rights of the
2 Water Authority, from the System and from the sale and use of water, water services
3 or facilities, sewer service or facilities or any other service, commodity or facility or
4 any combination thereof furnished to the inhabitants of the geographic area served
5 by the Water Authority by means of the System as the same may at any time exist to
6 serve customers outside the Water Authority's geographical limits as well as
7 customers within the Water Authority's geographical limits. Such term also includes:

8 (1) All income derived from the investment of any money in
9 the Acquisition Fund, Joint Water and Sewer Fund, Debt Service Fund and Rate
10 Stabilization Fund and income derived from surplus Net Revenues;

11 (2) Money released from the Rebate Fund to the Water
12 Authority;

13 (3) Money released from the Rate Stabilization Fund to the
14 Water Authority to the extent that the amount released is used to pay Operation and
15 Maintenance Expenses or Debt Service Requirements on System Obligations in the
16 year released; provided that withdrawals from the Rate Stabilization Fund shall not
17 be included in Gross Revenues for the purposes of the Rate Covenant in any two (2)
18 consecutive calendar years;

19 (4) Property insurance proceeds which are not necessary to
20 restore or replace the property lost or damaged and the proceeds of the sale or
21 other disposition of any part of the System; and

22 (5) Funds received from users of the System as a
23 reimbursement of, or otherwise in connection with, franchise fees to be paid by the
24 Water Authority.

25 Gross Revenues do not include:

26 (1) any money received as grants or gifts from the United
27 States of America, the State or other sources, or the proceeds of any charge or tax
28 intended as a replacement therefor or other capital contributions from any source
29 which are restricted as to use; and

30 (2) condemnation proceeds or the proceeds of any
31 insurance policy, except any property insurance proceeds described above in clause

1 (4) of this definition or in Section 29(L) or derived in respect of loss of use or
2 business interruption.

3 HISTORIC TEST PERIOD. Any period of twelve (12) consecutive
4 months out of the twenty-four (24) calendar months next preceding the delivery of
5 additional Senior Obligations pursuant to Section 27(B) or additional Subordinate
6 Obligations pursuant to Section 27(C).

7 INDEPENDENT ACCOUNTANT. Any certified public accountant,
8 registered accountant, or firm of accountants duly licensed to practice and practicing
9 as such under the laws of the State, appointed and paid by the Water Authority who
10 (a) is, in fact, independent and not under the domination of the Water Authority, (b)
11 does not have any substantial interest, direct or indirect, with the Water Authority,
12 and (c) is not connected with the Water Authority as an officer or employee of the
13 Water Authority, but who may be regularly retained to make annual or similar audits
14 of the books or records of the Water Authority.

15 INSURED BANK. A bank insured by an agency of the United States of
16 America.

17 INSURED OBLIGATIONS. System Obligations insured by a Bond
18 Insurance Policy or payable with the proceeds of another Credit Facility.

19 INTEREST PAYMENT DATE. January 1 and July 1 of each year (or if
20 such day is not a Business Day, then the next succeeding Business Day) beginning
21 on the date set forth in the Sale Certificate.

22 ISSUER DOCUMENTS. The documents relating to the sale and
23 issuance of the Bonds to be authorized and executed by the Water Authority,
24 including, as applicable, the Sale Certificate, the Preliminary Official Statement, the
25 Official Statement, the Bond Purchase Agreement, the Continuing Disclosure
26 Undertaking and any other documents necessary in connection with the sale,
27 issuance and delivery of the Bonds.

28 JOINT WATER AND SEWER FUND. The "City of Albuquerque, New
29 Mexico, Joint Water and Sewer Fund" originally established in Section 16 of City
30 Ordinance No. 18-1984 and continued in Section 20 of this Bond Resolution as the
31 "Albuquerque Bernalillo County Water Utility Authority Joint Water and Sewer Fund."

1 NMSA 1978. New Mexico Statutes Annotated, 1978 Compilation, as
2 amended and supplemented.

3 NET REVENUES. The Gross Revenues after deducting Operation
4 and Maintenance Expenses.

5 OFFICIAL STATEMENT. The final disclosure document relating to the
6 public offer and sale of the Bonds (including the cover page and all summary
7 statements, schedules, appendices and other materials included or incorporated by
8 reference or attached thereto), as amended or supplemented.

9 OPERATION AND MAINTENANCE EXPENSES. All reasonable and
10 necessary current expenses of the System, paid or accrued, related to operating,
11 maintaining and repairing the System including, without limiting the generality of the
12 foregoing:

13 (1) legal and overhead expenses directly related and
14 reasonably allocable to the administration of the System;

15 (2) insurance premiums for the System, including, without
16 limitation, premiums for property insurance, public liability insurance and workmen's
17 compensation insurance, whether or not self-funded;

18 (3) premiums, expenses and other costs (other than required
19 reimbursements of insurance proceeds and other amounts advanced to pay Debt
20 Service Requirements on System Obligations) for Credit Facilities;

21 (4) Expenses other than expenses paid from the proceeds of
22 System Obligations;

23 (5) the costs of audits of the books and accounts of the
24 Water Authority and the System;

25 (6) amounts required to be deposited in the Rebate Fund or
26 otherwise required to make rebate payments to the government of the United States
27 of America;

28 (7) salaries, administrative expenses, labor costs, surety
29 bonds and the cost of materials and supplies used for or in connection with the
30 current operation of the System; and

31 (8) franchise tax payments to the City, County or any other

1 local government.

2 Operation and Maintenance Expenses do not include any allowance for
3 depreciation, payments in lieu of taxes, liabilities incurred by the Water Authority as
4 a result of its negligence or other misconduct in the operation of the System or any
5 charges or costs allocable to capital improvements or replacements. Operation and
6 Maintenance Expenses do not include any payment of or reimbursement for the
7 payment of Debt Service Requirements or premiums on the Bonds.

8 OUTSTANDING. When used in reference to System Obligations, on
9 any particular date, the aggregate of all System Obligations issued and delivered
10 under the applicable Water Authority ordinance or resolution authorizing the
11 issuance of, System Obligations except:

12 (1) those canceled at or prior to such date or delivered to or
13 acquired by the Water Authority at or prior to such date for cancellation;

14 (2) those which have been paid or are deemed to be paid in
15 accordance with the Water Authority ordinance or resolution authorizing the
16 issuance of the applicable System Obligations or otherwise relating thereto, provided
17 that the payment of Insured Obligations with the proceeds of a Bond Insurance
18 Policy shall not result in those Insured Obligations ceasing to be Outstanding;

19 (3) in the case of Variable Rate Obligations, System
20 Obligations deemed tendered but not yet presented for payment;

21 (4) those Bonds which have been refunded or defeased in
22 accordance any ordinances or resolutions of the Water Authority authorizing the
23 refunding or defeasance of such designated System Obligations; and

24 (5) those in lieu of or in exchange or substitution for which
25 other System Obligations shall have been delivered, unless proof satisfactory to the
26 Water Authority and the Paying Agent for the applicable System Obligations is
27 presented that any System Obligation for which a new System Obligation was
28 issued or exchanged is held by a bona fide holder in due course.

29 OWNER. The registered owner or owners of any Bond as shown on
30 the registration books maintained by the Registrar.

1 PAYING AGENT. The Chief Financial Officer or successor in function
2 of the Water Authority or any trust company, national or state banking association or
3 financial institution qualified to act, appointed as the paying agent for the Bonds by
4 an Authorized Officer from time to time or any other paying agent established for the
5 Bonds as may be set forth in the Sale Certificate.

6 PERMITTED INVESTMENTS. Any of the following which at the time
7 of the investment are legal investments for the Water Authority for the money to be
8 invested and any other investments, which at the time of investment are legal
9 investments of the Water Authority for the money to be invested:

10 (1) United States of America Government Obligations:
11 Securities backed by the full faith and credit of the U.S. Government including direct
12 obligations of the U.S. Treasury, such as U.S. treasury notes and bills and “Ginnie
13 Mae” mortgage-backed certificates issued by the Government National Mortgage
14 Association;

15 (2) United States of America Government Obligations:
16 Securities issued or guaranteed by U.S. Government agencies, instrumentalities or
17 sponsored enterprises, but which are not backed by the full faith and credit of the
18 U.S. Government. These securities include Federal Farm Credit Bank “FFCB”,
19 Federal Home Loan Bank “FHLB”, Federal Home Loan Mortgage Corporation
20 “FHLMC” and Federal National Mortgage Association “FNMA” and other entities that
21 qualify as instrumentalities of the U.S. government. Additionally, mortgage-backed
22 certificates, and debentures issued by “Freddie Mac” (Federal Home Loan Mortgage
23 Corporation) and “Fannie Mae” (Federal National Mortgage Association) are
24 allowable;

25 (3) Bank, Savings and Loan Associations or Credit Unions:
26 Deposits in certified and designated New Mexico financial institutions, per the
27 requirement in the New Mexico Constitution Article VIII, Section 4, whose deposits
28 are insured by an agency of the United States of America. All deposits will comply
29 with State law of the Board related to interest rate and collateral requirements. CD
30 deposits shall not be made with custodial banks of the Water Authority. A deposit in
31 any credit union shall be limited to the amount insured by an agency of the United

1 States of America;

2 (4) Municipal Securities: Obligations, the interest on which is
3 excluded from gross income of the recipient for federal income tax purposes, which
4 comply with State law and the policies of the Board;

5 (5) Money market instruments and other securities of
6 commercial banks, broker-dealers or recognized financial investors, which securities
7 or institutions are rated in the highest Rating Category by any Rating Agency, or
8 which securities are guaranteed by a person or entity whose long-term debt
9 obligations are rated in the highest Rating Category by any Rating Agency,
10 including, without limitation, securities of, or other interests in, any open-end or
11 closed-end management type investment company or investment trust registered
12 under the provisions of 15 U.S.C. Sections 80(a)-1 et. seq., which invest only in, or
13 whose securities are secured only by, obligations of the type set forth in paragraphs
14 (1) and (2) of this definition;

15 (6) The "local government investment pool" described in
16 Section 6-10-10.1 NMSA. 1978, as amended, or other similar pooled fund
17 maintained by the State for the investment of public funds of local public bodies of
18 the State; and

19 (7) Repurchase agreements involving the purchase and sale
20 of, and guaranteed investment contracts, the par value of which is collateralized by a
21 perfected first pledge of, or security interest in, or the payments of which are
22 unconditionally guaranteed by, securities described in parts (1) and (2) of this
23 definition, which collateral is held by the Water Authority, or for the benefit of the
24 Water Authority, by a party other than the provider of the guaranteed investment
25 contract or repurchase agreement, with a collateralized value of at least 102% of the
26 par value of such repurchase agreement or guaranteed investment contract or 102%
27 of the market value thereof, valued at intervals of no less than monthly and which
28 collateral is not subject to any other pledge or security interest.

29 PRELIMINARY OFFICIAL STATEMENT. The initial disclosure
30 document relating to the public offer and sale of the Bonds (including the cover page

1 and all summary statements, appendices, schedules and other materials included or
2 incorporated by reference or attached thereto), as amended or supplemented.

3 PRINCIPAL PAYMENT DATE. July 1st of each year so long as the
4 Bonds are Outstanding, beginning on the date set forth in the Sale Certificate or
5 such other principal payment date or dates as may be set forth in the Sale
6 Certificate.

7 PROJECT. Acquiring additional System assets, extending, repairing,
8 replacing and improving the System and providing for the payment of Expenses
9 associated with the issuance of the Bonds.

10 PROSPECTIVE TEST PERIOD. The 12-month period commencing
11 on the first day of the month following the estimated Completion Date of the project
12 for which additional Senior Obligations or Subordinate Obligations are proposed to
13 be issued pursuant to Section 27(B) or Section 27(C), respectively, or the first day of
14 the thirty-sixth month following the delivery of such Senior Obligations or
15 Subordinate Obligations, whichever is earlier.

16 QUALIFIED EXCHANGE AGREEMENT. Any interest rate exchange
17 between the Water Authority and a counterparty which, when entered into by the
18 Water Authority, satisfies the requirements of Section 6-18-8.1 NMSA 1978.

19 RATE COVENANT. The covenants in Section 29(C) relating to
20 charging rates for use of the System to pay Debt Service Requirements.

21 RATE STABILIZATION FUND. The Rate Stabilization Fund for
22 System Obligations previously established by the Water Authority and continued in
23 Section 20 of this Bond Resolution.

24 RATING AGENCY. S&P Global Ratings, a division of S&P Global Inc.,
25 Moody's Investors Services, Inc., Fitch Ratings, Kroll Ratings, their successors and
26 their assigns, and, or, any other nationally recognized rating agency.

27 RATING CATEGORY. A generic securities rating category, without
28 regard, in the case of a long-term rating category, to any refinement or gradation of
29 such long-term rating category by a numerical modifier or otherwise.

1 REBATE FUND. The Rebate Fund for System Obligations previously
2 established by the Water Authority and continued in Section 29(S)(2) of this Bond
3 Resolution.

4 RECORD DATE. The fifteenth day of the calendar month preceding
5 each Interest Payment Date or such other record date as may be set forth in the
6 Sale Certificate.

7 REGISTRAR. The Chief Financial Officer or successor in function of
8 the Water Authority or any trust company, national or state banking association or
9 financial institution qualified to act, appointed as the registrar for the Bonds by an
10 Authorized Officer from time to time or any such other registrar for the Bonds as set
11 forth in the Sale Certificate.

12 RESERVE ACCOUNT. The accounts of the Debt Service Fund to be
13 established for Senior Obligations or Subordinate Obligations with a reserve
14 requirement.

15 RESERVE ACCOUNT SURETY BOND. Any policy of insurance or
16 surety bond or other Credit Facility issued to the Water Authority to be deposited in a
17 Reserve Account, the proceeds of which shall be used to prevent deficiencies in the
18 payment of the principal of or interest on a series of System Obligations, written by
19 an insurer whose policies of insurance, or issued by a Credit Source whose Credit
20 Facility, would not adversely affect the rating of the System Obligations by any
21 Rating Agency, if then rating the Bonds. At the time of the issuance of such policy,
22 such insurer or the component insurance companies thereof or the obligations
23 thereof shall have received the highest policy claims rating accorded insurers by the
24 A. M. Best Company or any comparable service and any of the three highest rating
25 categories of any Rating Agency.

26 SALE CERTIFICATE. One or more certificates executed by the
27 Delegate dated on or before the date of initial delivery of the Bonds, setting forth the
28 following final terms of the Bonds: (i) the interest and principal payment dates; (ii) the
29 principal amounts, denominations and maturity amortization; (iii) the sale prices;
30 (iv) the interest rate or rates; (v) the interest payment periods; (vi) the redemption
31 and tender provisions; (vii) the procurement, if any, of a Municipal Bond Insurance

1 Policy or Reserve Account Surety Bond, and any related covenants and
2 agreements, (viii) the creation of any capitalized interest fund, including the size and
3 funding of such fund(s); (ix) the amount of underwriting discount, if any; (x) the public
4 securities to be refunded, if any, (xi) the final terms of agreements, if any, with
5 agents or service providers required in connection with the Bonds, (xii) any updates
6 to or applicable changes to this Resolution necessary or required to effect the
7 authorization, sale, issuance and delivery of the Bonds, and (xiii) any other terms or
8 provisions in connection with the Bonds as deemed necessary by the Delegate.

9 SEC. The United States Securities and Exchange Commission.

10 SENIOR OBLIGATIONS. The obligations designated as Senior
11 Obligations as set forth in Exhibit A and any other System Obligations now or
12 hereafter issued with a lien on the Net Revenues on a parity with the lien of the
13 Outstanding Senior Obligations on Net Revenues.

14 SERIES 2023 BONDS DEBT SERVICE ACCOUNT. An account of the
15 Debt Service Fund established for the deposit of amounts necessary to pay the Debt
16 Service Requirements on the Bonds.

17 SERIES 2023 BONDS ACQUISITION ACCOUNT. An account of the
18 Acquisition Fund or such other account as may be set forth in the Sale Certificate
19 that is established for the benefit of the Water Authority to deposit a portion of the
20 proceeds of the Bonds to finance the Project.

21 STATE. The State of New Mexico.

22 SUBORDINATE OBLIGATIONS. The obligations designated as
23 Subordinate Obligations as set forth in Exhibit A and any other System Obligations
24 now or hereafter issued with a lien on the Net Revenues subordinate to the lien of
25 Senior Obligations and superior to the lien of the Super Subordinated Obligations on
26 the Net Revenues.

27 SUPER SUBORDINATED OBLIGATIONS. The obligations
28 designated as Super Subordinated Obligations as set forth in Exhibit A and any
29 other System Obligations now or hereafter issued with a lien on the Net Revenues
30 subordinate to the liens of the Senior Obligations and the Subordinate Obligations
31 on the Net Revenues.

1 SYSTEM. The public utility owned by the Water Authority and
2 designated as the Water Authority's water system and sanitary sewer system
3 (continued as a joint utility system in Section 4 of this Bond Resolution) consisting of
4 all properties, real, personal, mixed or otherwise, now owned or hereafter acquired
5 by the Water Authority, through purchase, construction or otherwise, including all
6 extensions, enlargements and improvements of or to the water and sanitary sewer
7 system and used in connection therewith or relating thereto, and any other related
8 activity or enterprise of the Water Authority designated by the Board as part of the
9 water and sanitary sewer system, whether situated within or without the
10 geographical limits of the Water Authority.

11 SYSTEM OBLIGATIONS. All bonds and other similar indebtedness
12 payable solely or primarily from Net Revenues, including, without limitation, the
13 Senior Obligations, the Subordinate Obligations and the Super Subordinated
14 Obligations.

15 UNDERWRITERS. The original purchaser or purchasers of the Bonds
16 as set forth in the Official Statement, if applicable, the Bond Purchase Agreement
17 and the Sale Certificate.

18 VARIABLE RATE OBLIGATIONS. System Obligations, including
19 reimbursement obligations pursuant to a Credit Facility, the interest rate on which is
20 subject to change from time to time.

21 WATER AUTHORITY. The Albuquerque Bernalillo County Water
22 Utility Authority created by Section 72-1-10 NMSA 1978 operating under the name
23 Albuquerque Bernalillo County Water Utility Authority.

24 RULES OF CONSTRUCTION. For purposes of this Bond Resolution,
25 unless otherwise expressly provided or unless the context requires otherwise:

26 (1) All references in this Bond Resolution to designated
27 Sections and other subdivisions are to the designated Section and other
28 subdivisions of this Bond Resolution.

29 (2) The words "herein", "hereof", "hereunder", and "herewith"
30 and other words of similar import in this Bond Resolution refer to this Bond
31 Resolution, as a whole, and not to any particular Section or other subdivision.

1 (3) All accounting terms not otherwise defined in this Bond
2 Resolution have the meanings assigned to them in accordance with generally
3 accepted accounting principles.

4 (4) Words of the masculine gender shall be deemed and
5 construed to include correlative words of the feminine and neuter genders or any
6 such other designation or pronoun as may be determined by the Water Authority to
7 be reasonable and politically correct in the future.

8 (5) The headings used in this Bond Resolution are for
9 convenience of reference only and shall not define or limit the provisions of this
10 Bond Resolution.

11 (6) Terms in the singular include the plural and vice versa.

12 Section 2. RATIFICATION. All actions previously taken (not inconsistent
13 with the provisions of this Bond Resolution) by the Board and the officers of the
14 Water Authority, directed toward the authorization, pledge, collection and distribution
15 of the Net Revenues, the Project, and the authorization, issuance and sale of the
16 Bonds are ratified, approved and confirmed.

17 Section 3. FINDINGS.

18 (A) The Water Authority declares that it has considered all relevant
19 information and data and finds that the issuance of the Bonds in one or more series
20 under the Act in an aggregate principal amount not to exceed the amount set forth
21 below to finance the Project is necessary and in the interest of the public health,
22 safety and welfare of the residents of the geographic area served by the Water
23 Authority.

24 (B) The Water Authority will finance the Project with the proceeds of
25 the Bonds, together with other funds of the Water Authority, if necessary.

26 (C) It is economically feasible to accomplish the Project by the
27 issuance of the Bonds.

28 (D) The forms of the applicable Issuer Documents as presented to
29 the Board, and the sale of the Bonds to the Underwriters within the parameters set
30 forth in this Bond Resolution are hereby approved by the Board with the approval of
31 the final terms of the Bonds to be accepted and further set forth in the Sale

1 Certificate and final forms of the Issuer Documents delegated to the Delegate or her
2 designee as permitted by Section 6-14-10.2 NMSA 1978. The use and distribution
3 of the Preliminary Official Statement and Official Statement by the Underwriters in
4 connection with the sale of the bonds to the public are hereby ratified, authorized,
5 approved and acknowledged.

6 Section 4. JOINT UTILITY. The System shall continue to be operated and
7 maintained as a joint public utility.

8 Section 5. LIABILITY FOR OUTSTANDING SYSTEM OBLIGATIONS.
9 The Water Authority hereby confirms that, in accordance with Section 72-1-10
10 NMSA 1978, the Water Authority is solely responsible for paying the Debt Service
11 Requirements for all Outstanding System Obligations.

12 Section 6. AUTHORIZATION OF PROJECT; EXPENSES.

13 (A) PROJECT. The Project is hereby authorized and approved.

14 (B) EXPENSES. The payment of Expenses is authorized and
15 approved.

16 (C) PROCEEDS. The net proceeds of the Bonds will be used
17 exclusively to finance the Project including the payment of Expenses.

18 Section 7. THE BONDS.

19 (A) AUTHORIZATIONS. This Bond Resolution has been adopted
20 by the affirmative vote of at least a majority of all of the members of the Board. For
21 the purpose of protecting the public health, conserving the property, protecting the
22 general welfare and prosperity of the citizens of the geographic area served by the
23 Water Authority, and completing the Project, it is necessary that the Water Authority
24 issue, and the Water Authority is hereby authorized to issue, pursuant to the Act, its
25 negotiable, fully registered bonds in one or more series designated as the
26 "Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and
27 Sewer System Improvement Revenue Bonds, Series 2023" or such other
28 designation as set forth in the Sale Certificate.

29 The Bonds shall be issued in one or more series in the aggregate principal
30 amount not to exceed the amount set forth in the caption hereof, to be used, with

1 other available moneys of the Water Authority, if any, to finance the Project,
2 including the payment of Expenses.

3 (B) DETAILS OF THE BONDS.

4 (1) General. The Bonds shall be issued as fully registered
5 bonds in one or more series and shall be issued to provide funds, together with other
6 available funds of the Water Authority, if any, to finance the Project and to pay
7 Expenses. The Bonds shall be dated the date of issuance of the Bonds (the "Series
8 Date"), and shall be issued either as physical bonds delivered to the Underwriters or
9 fully registered bonds in the name of Cede & Co., as nominee of The Depository
10 Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, or
11 in any other form as set forth in the Sale Certificate.

12 (2) Interest Payment Date; Interest Rates; Maturities. The
13 Bonds shall bear interest from the most recent date to which interest has been paid
14 or provided for or if no interest has been paid or provided for from the date of the
15 Bonds until maturity or until redeemed if called for redemption prior to maturity. The
16 Bonds shall bear interest payable on each Interest Payment Date, beginning on the
17 date set forth in the Sale Certificate, at the rates per annum, maturing in the years
18 and amounts, set forth in the Bond Purchase Agreement and the Sale Certificate.

19 (3) Computation of Interest. Interest on Bonds will be
20 computed on the basis of a 360-day year consisting of twelve 30-day months or in
21 such other manner as may be set forth in the Sale Certificate. If, upon presentation
22 at maturity or for prior redemption, payment of the principal amount of any Bond is
23 not made as required by this Bond Resolution, interest on the unpaid principal
24 amount of such Bond shall continue to accrue at the interest rate stated or described
25 in that Bond until the principal amount of that Bond is paid in full.

26 (4) Priority of Lien on the Net Revenues. The Bonds shall be
27 issued with a lien on the Net Revenues on a parity with the lien of the Senior
28 Obligations on the Net Revenues and a lien superior to the liens of the Subordinate
29 Obligations and the Super Subordinated Obligations on the Net Revenues.

30 (C) BOOK-ENTRY. Unless otherwise set forth in the Sale
31 Certificate, the Bonds shall be issued or registered in book entry form with no

1 physical distribution of bond certificates made to the public, with a Depository acting
2 as securities depository for the Bonds. A single certificate for each maturity of the
3 Bonds will be delivered to the Depository and immobilized in its custody. The book-
4 entry system will evidence ownership of the Bonds in Authorized Denominations,
5 with transfer of ownership effected on the books of the Depository and its
6 participants ("Participants"). As a condition to delivery of the Bonds, the
7 Underwriters will, immediately after acceptance of delivery thereof, deposit, or cause
8 to be deposited, Bond certificates with the Depository, registered in the name of the
9 Depository or its nominee. Principal of, premium, if any, and interest on the Bonds
10 will be paid to the Depository or its nominee as the registered Owner of the Bonds.
11 The transfer of principal and interest payments to Participants will be the
12 responsibility of the Depository; the transfer of principal and interest payments to the
13 Beneficial Owners will be the responsibility of such Participants and other nominees
14 of Beneficial Owners maintaining a relationship with Participants (the "Indirect
15 Participants"). The Water Authority will not be responsible or liable for maintaining,
16 supervising or reviewing the records maintained by the Depository, Participants or
17 Indirect Participants.

18 If (i) the Bonds are not eligible for the services of the Depository, (ii) the
19 Depository determines to discontinue providing its services or (iii) the Water
20 Authority determines that a continuation of the system of book-entry transfers
21 through the Depository ceases to be beneficial to the Water Authority or the
22 Beneficial Owners, the Water Authority will either identify another Depository or
23 certificates will be delivered to Beneficial Owners or their nominees and the
24 Beneficial Owners or their nominees, upon authentication of Bonds and registration
25 of the Bonds in the Beneficial Owners' or nominees' names, will become the Owners
26 for all purposes. In either such event, the Water Authority shall mail an appropriate
27 notice to the Depository for notification to Participants, Indirect Participants and
28 Beneficial Owners of the substitute Depository or the issuance of bond certificates to
29 Beneficial Owners or their nominees, as applicable.

30 Authorized Officers are authorized to sign agreements with Depositories
31 relating to the matters set forth in this Section.

1 Notwithstanding any other provision of the Bond Legislation to the contrary,
2 so long as all the Bonds are registered in the name of the Depository or its nominee,
3 all payments with respect to principal of, redemption premium, if any, and interest on
4 the Bonds, and all notices, shall be made and given by the Paying Agent or the
5 Water Authority to the Depository as provided in the Bond Legislation and by the
6 Depository to its Participants and by the Participants or Indirect Participants to the
7 Beneficial Owners.

8 (D) PAYMENT OF THE BONDS. The principal of and premium, if
9 any, on the Bonds shall be payable upon presentation and surrender of the Bonds at
10 the principal office of the Paying Agent at or after their maturity or prior redemption
11 dates. Interest on the Bonds shall be payable by check or draft mailed to the owners
12 (or by such other arrangement as may be mutually agreed to by the Paying Agent
13 and an Owner). The Owner shall be deemed to be that person or entity shown on
14 the registration books for the Bonds maintained by the Registrar at the address
15 appearing in the registration books at the close of business on the applicable Record
16 Date. Interest which is not timely paid or provided for shall cease to be payable to
17 the Owner of the applicable Bonds (or of one or more predecessor Bonds) as of the
18 Record Date, but shall be payable to the Owners of those Bonds (or of one or more
19 predecessor Bonds) at the close of business on a special record date for the
20 payment of the overdue interest. The special record date shall be fixed by the
21 Paying Agent and Registrar whenever money becomes available for payment of the
22 overdue interest and notice of the special record date shall be given to the Owners
23 of the Bonds not less than ten (10) days prior to that date. Payment shall be made
24 in the coin or currency of the United States of America that is at the time of payment
25 legal tender for the payment of public and private debts. If the principal amount of
26 any Bond presented for payment remains unpaid at maturity, the unpaid principal
27 shall bear interest at the rate designated in that Bond. Payments of Bonds shall be
28 made without deduction for exchange or collection charges.

29 The Water Authority shall transfer, or cause to be transferred, funds to the
30 Paying Agent on a timely basis so that the Paying Agent may make payments of the
31 principal of, premium, if any, and interest on the Bonds, when due, to the Owners

1 and comply with the requirements of any Credit Source. The Water Authority shall
2 notify the Paying Agent if there is or will be an insufficient amount of money of the
3 Water Authority legally available to pay principal and interest on the Bonds when
4 due.

5 Section 8. APPOINTMENT OF PAYING AGENT AND REGISTRAR. The
6 initial Paying Agent and Registrar for the Bonds shall be set forth in the Sale
7 Certificate. The Paying Agent, Authenticating Agent and Registrar shall be the same
8 person.

9 Section 9. REDEMPTION OF BONDS.

10 (A) GENERAL. The Bonds may be subject to optional and
11 mandatory sinking fund redemption, in any order of maturity as determined by the
12 Water Authority, at a redemption price equal to 100% of the principal amount of the
13 Bonds to be redeemed, plus accrued interest to the date of redemption all as more
14 fully set forth in the Sale Certificate.

15 (B) REDEMPTION CONDITIONAL. Unless money sufficient to pay
16 the principal of and interest on the Bonds to be redeemed at the option of the Water
17 Authority is received by the Paying Agent prior to the giving of notice of redemption
18 in accordance with Section 9(E), that notice shall state that the redemption is
19 conditional upon the receipt of that money by the Paying Agent by 2:00 p.m. on the
20 redemption date. If an amount sufficient to redeem all Bonds called for redemption
21 is not received by that time (i) the Paying Agent shall redeem only those Bonds for
22 which the redemption price was received and the Bonds to be redeemed shall be
23 selected in the manner set forth in Section 9(D) and (ii) the redemption notice shall
24 have no effect with respect to those Bonds for which the redemption price was not
25 received and those Bonds shall not be redeemed. The Registrar shall give notice to
26 the Owners of the Bonds which will not be redeemed in the manner in which the
27 notice of redemption was given, identifying the Bonds which will not be redeemed,
28 stating that the redemption did not take place with respect to those Bonds, and the
29 Registrar shall promptly return those Bonds to the Owners thereof as shown on the
30 Bonds register.

31 (C) CANCELLATION AND CREDIT. At its option, to be exercised

1 on or before the 45th day next preceding any mandatory sinking fund redemption
2 date, the Water Authority may irrevocably elect to (a) deliver to the Paying Agent for
3 cancellation Bonds of the same series, interest rate and maturity in any aggregate
4 principal amount and/or (b) receive a credit in respect of its sinking fund redemption
5 obligation for any Bonds of the same series, interest rate and maturity which, prior to
6 said date, have been redeemed (other than through the operation of the sinking
7 fund) and canceled by the Paying Agent and not theretofore applied as a credit
8 against any sinking fund redemption obligation. Each Bond delivered or previously
9 redeemed shall be credited by the Paying Agent as directed by the Water Authority
10 at the principal amount thereof in Authorized Denominations against the amounts
11 required to be paid by the Water Authority on the designated mandatory sinking fund
12 redemption date, and the principal amount of Bonds to be redeemed by operation of
13 such sinking fund on such date shall be reduced by that principal amount.

14 (D) PARTIAL REDEMPTION. If less than all of the Bonds subject
15 to redemption are to be redeemed at any one time, the Bonds to be redeemed shall
16 be selected by the Registrar in the manner and from the maturities designated by
17 the Water Authority. If less than all of the Bonds of a given maturity are redeemed,
18 the Bonds to be redeemed within that maturity shall be selected by lot in such
19 manner as determined by the Registrar. Part of a Bond may be redeemed in an
20 Authorized Denomination if the amount of that Bond which remains outstanding is
21 also in an Authorized Denomination.

22 (E) NOTICE OF REDEMPTION. Notice of redemption of Bonds
23 shall be given by the Registrar by sending a copy of such notice by Electronic
24 Means or by first-class, postage prepaid mail not less than thirty (30) days prior to
25 the redemption date to the Owner of each Bond, or portion thereof, to be redeemed
26 at the address shown as of the fifth day prior to the mailing of notice on the
27 registration books kept by the Registrar and to the Credit Source for the Bonds, if
28 any. The Water Authority shall give the Registrar notice of Bonds to be called for
29 optional redemption at least fifteen (15) days prior to the date that the Registrar is
30 required to give Owners notice of redemption specifying the Bonds or the principal
31 amount thereof to be called for redemption and the applicable redemption date. If

1 the Water Authority has not designated the Bonds to be called for redemption on the
2 dates specified above, the Registrar shall select the Bonds to be redeemed by lot.
3 Neither the Water Authority's failure to give such notice, the Registrar's failure to
4 give such notice to the registered Owner of any Bonds or to any Credit Source, or
5 any defect thereon, nor the failure of the Depository to notify a Participant or any
6 Participant or Indirect Participant to notify a Beneficial Owner of any such
7 redemption, shall affect the validity of the proceedings for the redemption of any
8 Bonds for which proper notice was given.

9 Notices shall specify the CUSIP numbers, if applicable, and maturity date or
10 dates of the Bonds to be redeemed (if less than all Bonds are to be redeemed), the
11 date of or principal amounts of any Bonds to be redeemed in part, the date fixed for
12 redemption, and shall further state that, subject to the terms of Section 9(B), if
13 applicable, on such redemption date there will become and be due and payable
14 upon each Bond or part thereof to be redeemed at the office of the Paying Agent the
15 principal amount thereof to be redeemed plus accrued interest, if any, to the
16 redemption date and the stipulated premium, if any, and that from and after such
17 date, interest will cease to accrue on those Bonds. In addition to the foregoing
18 notice, the notice of redemption given by the Registrar shall include such additional
19 information, and the Registrar shall comply with any other terms regarding
20 redemption, as are required by any applicable agreement with a Depository.

21 Notice having been given in the manner provided above, subject to the terms
22 of Section 9(B), the Bonds or part thereof called for redemption shall become due
23 and payable on the redemption date designated and the Bonds or part thereof to be
24 redeemed, for which there was sufficient money on deposit with the Paying Agent,
25 shall not be deemed to be Outstanding and shall cease to bear or accrue interest
26 from and after such redemption date. Upon presentation of a Bond to be redeemed
27 at the office of the Paying Agent on or after the redemption date or, so long as the
28 book-entry system is used for determining beneficial ownership of Bonds, upon
29 satisfaction of the terms of any other arrangement between the Paying Agent and
30 the Depository, the Paying Agent will pay such Bond, or portion thereof called for
31 redemption.

1 The Registrar shall also send a copy of the notice of redemption by Electronic
2 Means, first class mail or overnight delivery to any Depository. Failure to provide
3 notice to any Depository shall not affect the validity of proceedings for the
4 redemption of Bonds.

5 The Water Authority is not required to notify the Registrar of mandatory
6 sinking fund redemption of Bonds.

7 (F) CANCELLATION. All Bonds which have been redeemed or
8 received for transfer shall be canceled and destroyed by the Paying Agent and shall
9 not be reissued and a counterpart of the certificate of destruction shall be furnished
10 by the Paying Agent to the Water Authority.

11 Section 10. REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP
12 OF BONDS.

13 (A) REGISTRATION AND EXCHANGE. The Water Authority shall
14 cause books for registration, transfer and exchange of the Bonds to be kept at the
15 principal office of the Registrar. Upon surrender for transfer or exchange of any
16 Bonds at the principal office of the Registrar duly endorsed by the Owner or his
17 attorney duly authorized in writing, or accompanied by a written instrument or
18 instruments of transfer or exchange in form satisfactory to the Registrar and properly
19 executed, the Water Authority shall execute and the Registrar shall authenticate and
20 deliver in the name of the transferee or Owner replacement Bonds of the same
21 maturity, interest rate and aggregate principal amount in Authorized Denominations.

22 (B) OWNERS OF BONDS. The person in whose name any Bond is
23 registered shall be deemed and regarded as its absolute Owner for all purposes,
24 except as may otherwise be provided with respect to the payment of overdue
25 interest on the Bonds in Section 7(D). Payment of either the principal of or interest
26 on any Bond shall be made only to or upon the order of its Owner or his legal
27 representative. All such payments shall be valid and effectual to satisfy and
28 discharge the liability on Bonds to the extent of the amount paid.

29 (C) LOST BONDS. If any Bond is lost, stolen, destroyed or
30 mutilated, the Registrar shall, upon receipt of such Bond, if mutilated, and the
31 evidence, information or indemnity which the Registrar may reasonably require, if

1 lost, stolen, or destroyed, authenticate and deliver a replacement Bond of the same
2 aggregate principal amount, maturity and interest rate, bearing a number or numbers
3 not then outstanding. If any lost, stolen, destroyed or mutilated Bond has matured or
4 been called for redemption, the Registrar may direct the Paying Agent to pay that
5 Bond in lieu of replacement.

6 (D) CHARGES TO OWNERS. Exchanges and transfers of Bonds
7 shall be made without charge to the Owner or any transferee except that the
8 Registrar may make a charge sufficient to reimburse the Registrar for any tax, fee or
9 other governmental charge required to be paid with respect to that transfer or
10 exchange.

11 (E) LIMITATIONS ON TRANSFER. Except for any Bond which
12 may be and is tendered for purchase, the Registrar shall not be required to transfer
13 or exchange (a) any Bond during the five-day period preceding the mailing of notice
14 calling Bonds, as applicable, for redemption and (b) any Bond called for redemption.

15 Section 11. FILING OF SIGNATURES. Prior to the execution of any Bond
16 pursuant to Sections 6-9-1 to 6-9-6 NMSA 1978, as amended, the Chair, the Vice
17 Chair, the Executive Director and the Secretary of the Water Authority or any other
18 applicable Authorized Officer, shall each file with the New Mexico Secretary of State
19 his or her manual signature certified by him or her under oath; provided that filing
20 shall not be necessary for any officer where any previous filing may have legal
21 application to the Bonds.

22 Section 12. EXECUTION AND CUSTODY OF BONDS.

23 (A) EXECUTION. The Bonds shall be signed with the facsimile or
24 manual signature of the Chair and the manual or facsimile signature of the Secretary
25 of the Water Authority. Bonds when authenticated and bearing the manual or
26 facsimile signatures of the officers in office at the time of their signing shall be valid
27 and binding obligations of the Water Authority, notwithstanding that before delivery
28 of those Bonds, any or all of the persons who executed those Bonds shall have
29 ceased to fill their respective offices. The Chair, Vice Chair, Executive Director and
30 Board Secretary, at the time of the execution of the Bonds and the signature
31 certificate, each may adopt as and for his or her own facsimile signature, the

1 facsimile signature of his or her predecessor in office if such facsimile signature
2 appears upon any of the Bonds or certificates pertaining to the Bonds. No manual
3 or facsimile signature of an officer of the Water Authority or an Authenticating Agent
4 shall be required if the Bonds are issued in book-entry form without the delivery of
5 any physical securities.

6 (B) CUSTODY. The Authenticating Agent or its designee shall hold
7 in custody all Bonds signed and attested by the Chair, Vice Chair and Executive
8 Director or Secretary until ready for delivery to the Underwriters, transferee or
9 Owner. The Water Authority shall, from time to time, at the written request of the
10 Authenticating Agent, provide the Authenticating Agent an adequate supply of
11 Bonds.

12 (C) AUTHENTICATION. No Bond shall be valid or obligatory for
13 any purpose unless the certificate of authentication has been duly executed by the
14 Authenticating Agent. The Authenticating Agent's certificate of authentication shall
15 be deemed to have been duly executed if manually signed by an Authorized Officer
16 of the Authenticating Agent, but it shall not be necessary that the same officer sign
17 the certificate of authentication on all Bonds.

18 Section 13. NEGOTIABILITY; PREFERENCE. Except as otherwise stated
19 in this Bond Resolution, the Bonds shall be fully negotiable and shall have all the
20 qualities of negotiable paper and the Owners shall possess all rights enjoyed by the
21 holders of negotiable instruments under the provisions of the State's Uniform
22 Commercial Code -- Investment Securities. All of the Bonds shall in all respects, as
23 to each other, be equally and ratably secured, without preference, priority or
24 distinction on account of the dates or the actual times of their issuance or maturities.

25 Section 14. SPECIAL LIMITED OBLIGATIONS. All of the Bonds and all
26 payments of principal of, premium, if any, and interest on Bonds, and the fees, costs,
27 expenses and other obligations of the Water Authority under the Bond Legislation,
28 the Continuing Disclosure Undertaking, the Bond Purchase Agreement, or any
29 Credit Facility, together with the interest accruing thereon, shall be special limited
30 obligations of the Water Authority and shall be payable, collectible or reimbursable
31 solely from the Net Revenues, Bond proceeds, the earnings thereon and, if a Bond

1 Insurance Policy is issued for the payment of the Bonds, from the proceeds of the
2 policy. The Owners, any Credit Source and obligees under the Bond Legislation or
3 any Credit Facility may not look to any general or other municipal fund for the
4 payment of the principal of, premium, if any, or interest on such obligations or such
5 fees, costs and expenses, except the designated special funds specifically pledged
6 for the Bonds as set forth in or permitted by this Section. None of the Bonds, the
7 Bond Legislation, the Continuing Disclosure Undertaking, or any Credit Facility or
8 such costs, fees and expenses of the Water Authority shall constitute an
9 indebtedness of the Water Authority within the meaning of any constitutional, charter
10 or statutory provision or limitation, nor shall they be considered or held to be general
11 obligations of the Water Authority, and each Bond shall recite that it is payable and
12 collectible solely from the Net Revenues, the proceeds of the Bonds, and, if a Bond
13 Insurance Policy is issued for the payment of the Bonds, from the proceeds of that
14 policy and that the Owners may not look to any general funds of the Water Authority
15 or any City or County fund for the payment of the principal of, premium, if any, or
16 interest on the Bonds.

17 Section 15. SALE OF BONDS; DELEGATION OF AUTHORITY TO
18 APPROVE FINAL TERMS WITHIN THE PARAMETERS SET FORTH HEREIN.
19 The sale of the Bonds to the Underwriters within the parameters set forth below and
20 as described in the Sale Certificate and Bond Purchase Agreement is hereby
21 approved. After the Bonds have been duly executed and authenticated and upon
22 receipt of the purchase price therefor, the Bonds shall be delivered to the
23 Underwriters by an Authorized Officer in accordance with the Bond Purchase
24 Agreement. The final terms of the Bonds shall be within the parameters set forth
25 below:

- 26 (a) The proceeds of the Bonds shall be used for the Project.
- 27 (b) The maximum par amount of the Bonds shall not be more than
28 \$121,325,000.
- 29 (c) The final maturity of the Bonds shall be no later than July 1, 2048.
- 30 (d) The maximum interest rate on the Bonds shall be no greater than 12%
31 per annum.

1 (e) The Bonds shall be secured by a senior lien (but not an exclusive
2 senior lien) on and shall be payable solely from the Net Revenues of the
3 System.

4 (f) The Bonds shall be sold to the Underwriters as set forth in the Sale
5 Certificate with a sales price not less than 75% of the par amount of the
6 Bonds.

7 (g) The Underwriters' discount in connection with the sale of the Bonds
8 shall not exceed 1% of the aggregate principal amount of the Bonds.

9 (h) The Bonds may be subject to optional and/or mandatory sinking fund
10 redemption as set forth in the Sale Certificate.

11 (i) The Bonds and Bond Purchase Agreement shall be in substantially the
12 forms submitted to the Board with the adoption of this Resolution.

13 The Delegate is hereby authorized pursuant to this Resolution to determine
14 the final terms of the Bonds as permitted by Section 6-14-10.2 NMSA 1978 and to
15 execute a Sale Certificate and a Bond Purchase Agreement with the Underwriters in
16 conformance with these parameters. The Sale Certificate may include any and all
17 such additional terms or provisions to supplement this Resolution as may be
18 necessary or required to effect the authorization, sale and delivery of the Bonds.

19 Section 16. FORM OF BONDS. The form of the Bonds shall be
20 substantially as set forth herein, with such terms and provisions as are not
21 inconsistent with the Bond Legislation.

22

23

[Form of Bond]

24

UNITED STATES OF AMERICA

STATE OF NEW MEXICO

25

AS PROVIDED IN THE BOND LEGISLATION REFERRED TO HEREIN, UNTIL
26 THE TERMINATION OF REGISTERED OWNERSHIP OF ALL OF THE BONDS
27 THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK
28 (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY, "DTC"), AND
29 NOTWITHSTANDING ANY OTHER PROVISION OF THE BOND LEGISLATION TO
30 THE CONTRARY, THE PRINCIPAL AMOUNT OUTSTANDING UNDER THIS
31 BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE

1 REGISTRAR. DTC OR A TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND
2 MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE
3 PRINCIPAL AMOUNT HEREOF OUTSTANDING AND TO BE PAID. THE
4 PRINCIPAL AMOUNT OUTSTANDING AND TO BE PAID ON THIS BOND SHALL
5 FOR ALL PURPOSES BE THE AMOUNT INDICATED ON THE BOOKS OF THE
6 REGISTRAR.

7

8 UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE
9 OF DTC TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE
10 OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF
11 CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED
12 REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO.,
13 ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR
14 OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL SINCE THE
15 REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

16

17 **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

18 **SENIOR LIEN JOINT WATER AND SEWER SYSTEM**

19 **IMPROVEMENT REVENUE BONDS**

20 **SERIES 2023**

21 **Bond No. R-_____ \$_____**

22 **INTEREST RATE MATURITY DATE DATE OF BOND CUSIP**

23 _____% per annum _____, 20____ _____, 20____ _____

24

25 The Albuquerque Bernalillo County Water Utility Authority (the "Water
26 Authority"), a legally and regularly created, established, organized and existing
27 municipal utility under the general laws of the State of New Mexico, for value
28 received, hereby promises to pay, solely from the special funds available for the
29 purpose as hereinafter set forth, to Cede & Co. or registered assigns, no later than
30 the Maturity Date stated above (unless this bond is called for prior redemption, in
31 which case on such redemption date), upon presentation and surrender hereof at

1 the principal office of the [Chief Financial Officer of the Water Authority] as paying
2 agent, or any successor paying agent (the "Paying Agent"), the principal amount set
3 forth above and to pay from said sources interest on the unpaid principal amount at
4 the Interest Rate stated above on January 1, 20__, and on July 1 and January 1 of
5 each year (each an "Interest Payment Date") thereafter to its maturity, or until
6 redeemed if called for redemption prior to maturity. This bond will bear interest from
7 the most recent date to which interest has been paid or provided for or, if no interest
8 has been paid or provided for, from its date. Interest on this bond is payable by
9 check mailed to the registered owner hereof (or by such other arrangement as may
10 be mutually agreed to by the Paying Agent and the registered owner) as shown on
11 the registration books for this issue maintained by the [Chief Financial Officer] of the
12 Water Authority as registrar, or any successor registrar (the "Registrar") at the
13 address appearing therein at the close of business on the __ day of the calendar
14 month next preceding the Interest Payment Date (the "Record Date"). Any interest
15 which is not timely paid or duly provided for shall cease to be payable to the owner
16 hereof as of the Record Date but shall be payable to the owner hereof at the close of
17 business on a special record date to be fixed by the Paying Agent for the payment of
18 interest. The special record date shall be fixed by the Paying Agent whenever
19 moneys become available for payment of the overdue interest, and notice of the
20 special record date shall be given to owner of the Bonds (defined below) as then
21 shown on the Registrar's registration books not less than ten (10) days prior to the
22 special record date. If, upon presentation at maturity or redemption, payment of this
23 bond is not made as herein provided, interest hereon shall continue at the Interest
24 Rate stated above until the principal hereof is paid in full. The principal, premium, if
25 any, and interest on this bond are payable in lawful money of the United States of
26 America, without deduction for the services of the Paying Agent or the Registrar.

27 This bond is one of a duly authorized issue of fully registered bonds of the
28 Water Authority in the principal amount of \$_____, issued in denominations
29 of \$5,000 or integral multiples thereof, designated as Albuquerque Bernalillo County
30 Water Utility Authority Senior Lien Joint Water and Sewer System Improvement
31 Revenue Bonds, Series 2023 (the "Bonds"), issued under and pursuant to

1 Resolution No. R-23-__ adopted _____, 2023, and the Sale Certificate
2 dated __, 2023 (collectively, the “Bond Legislation”).

3 The Bonds are subject to prior redemption as more particularly described
4 below:

5 Optional Redemption. Bonds maturing on and after July 1, __ are subject to
6 redemption on any date, in whole or in part, at the option of the Water Authority,
7 prior to their respective maturities on or after July 1, ___ at a price equal to 100% of
8 the principal amount of the Bonds redeemed, plus accrued interest to the date of
9 redemption.

10 Notice of redemption of this bond, or any portion of this bond, will be given by
11 providing at least thirty (30) days prior written notice by Electronic Means or by first-
12 class mail, postage prepaid, to the owner hereof at the address shown on the
13 registration book as of the fifth day prior to the mailing of notice as provided in the
14 Bond Legislation. Notice of redemption will specify the amount being redeemed,
15 and shall further state that on such redemption date there will become and be due
16 and payable upon each Bond to be redeemed at the office of the Paying Agent the
17 principal amount thereof plus accrued interest to the redemption date and the
18 stipulated premium, if any, and that from and after such date, the redemption
19 amount having been deposited and notice having been given, interest will cease to
20 accrue.

21 Books for the registration and transfer of the Bonds shall be kept by the
22 Registrar. Upon the surrender for transfer or exchange of this bond at the principal
23 office of the Registrar, duly endorsed or accompanied by an assignment duly
24 executed by the registered owner or his attorney duly authorized in writing, the
25 Registrar shall authenticate and deliver, not more than three (3) business days after
26 receipt of the Bond or Bonds to be transferred, in the name of the transferee or
27 owner a new Bond or Bonds in fully registered form of the same aggregate principal
28 amount, maturity and interest rate. Exchanges and transfers of the Bonds shall be
29 without charge to the owner or any transferee, but the Registrar may require the
30 payment by the owner of any Bonds of any tax or other similar governmental charge
31 required to be paid with respect to such exchange or transfer. The Registrar shall

1 not be required (i) to transfer or exchange any Bond during the period of five (5)
2 days next preceding the mailing of notice calling any Bond for redemption, or (ii) to
3 transfer or exchange any Bond or part thereof called for redemption. The Registrar
4 will close books for change of registered owners' addresses on each Record Date;
5 transfers will be permitted within the period from each Record Date to each interest
6 payment date, but such transfers shall not include a transfer of accrued interest
7 payable.

8 The person in whose name any Bond is registered on the registration books
9 kept by the Registrar shall be deemed and regarded as the absolute owner thereof
10 for the purpose of making payment thereof and for all other purposes except as may
11 otherwise be provided with respect to payment of overdue interest in the Bond
12 Legislation; and payment of or on account of either principal or interest on any Bond
13 shall be made only to or upon the written order of the registered owner thereof or his
14 legal representative. All such payments shall be valid and effectual to discharge the
15 liability upon such Bond to the extent of the sum or sums so paid.

16 If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar will,
17 upon receipt of such Bond, if mutilated, and such evidence, information or indemnity
18 relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed,
19 authenticate and deliver a replacement Bond or Bonds of a like aggregate principal
20 amount and of the same maturity and interest rate, bearing a number or numbers
21 not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated
22 Bond shall have matured or have been called for redemption, the Registrar may
23 direct the Paying Agent to pay such Bond in lieu of replacement.

24 This bond does not constitute an indebtedness of the Water Authority within
25 the meaning of any constitutional or statutory provision or limitation, shall not be
26 considered or held to be a general obligation of the Water Authority, and is payable
27 and collectible solely from a senior lien (but not an exclusive senior lien) on the Net
28 Revenues (as defined in the Bond Legislation), and the bondholders may not look to
29 any general or other Water Authority fund other than those described above for the
30 payment of the interest and principal of this bond. Additional bonds may be issued
31 and made payable from the Net Revenues upon satisfaction of the conditions set

1 forth in the Bond Legislation, having a lien thereon either on a parity with or junior to
2 the lien of the Bonds on the Net Revenues.

3 The Bonds are issued to provide funds for (i) acquiring additional System
4 assets, and extending, repairing, replacing and improving the Water Authority's
5 System and (ii) the payment of Expenses relating to the issuance of the Bonds.

6 The Water Authority covenants and agrees with the owner of this bond and
7 with each and every person who may become the owner hereof that it will keep and
8 perform all of the covenants of the Bond Legislation.

9 This bond is subject to the condition, and every owner hereof by accepting
10 the same agrees with the obligor and every subsequent owner hereof, that the
11 principal of and interest on this bond shall be paid, and this bond is transferable, free
12 from and without regard to any equities, set-offs or crossclaims between the obligor
13 and the original or any other owner hereof.

14 It is hereby certified that all acts and conditions necessary to be done or
15 performed by the Water Authority or to have happened precedent to and in the
16 issuance of the Bonds to make them legal, valid and binding special obligations of
17 the Water Authority, have been performed and have happened as required by law,
18 and that the Bonds do not exceed or violate any constitutional or statutory limitation
19 of or pertaining to the Water Authority.

20 This bond shall not be valid or obligatory for any purpose until the
21 Authenticating Agent shall have manually signed the Certificate of Authentication of
22 this bond.

23 **IN WITNESS WHEREOF**, the Water Authority has caused this bond to be
24 signed and executed on the Water Authority's behalf with the manual or facsimile
25 signature of the Chair of the Board and to be countersigned with the manual or
26 facsimile signature of the Secretary, all as of the Date of Bond.

27 **ALBUQUERQUE BERNALILLO COUNTY**
28 **WATER UTILITY AUTHORITY**

29
30 **By:** _____
31 **Chair**

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ATTEST:

By: _____

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the Bond Legislation, and this bond has been registered on the registration books kept by the undersigned as Registrar for the Bonds.

_____,
AS REGISTRAR

Dated: _____

By: _____

Authorized Signature

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Social Security or Federal Taxpayer Identification Number)

(Please print or typewrite Name and Address, including Zip Code, of Assignee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Registrar under the Bond Legislation as Attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature of the registered owner to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by:

NOTICE: Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Registrar.

[END OF FORM OF BOND]

Section 17. PERIOD OF PROJECT'S USEFULNESS. The useful life of the Project exceeds the final maturity date of the Bonds.

Section 18. USE OF PROCEEDS; The Board, having been informed of and having considered all pertinent facts and circumstances, does hereby find and determine and declare that proceeds from the sale of the Bonds shall be appropriated and deposited as follows:

(a) Proceeds of the Bonds in an amount set forth in the Sale Certificate will be used to pay Expenses at the time of initial delivery of the Bonds or will be deposited into the Expense Account or such other account as may be established to pay Expenses associated with the Bonds, with any amounts not expended within ninety (90) days to be deposited into the Series 2023 Bonds Debt Service Account.

(b) Proceeds of the Bonds designated in the Sale Certificate for the payment of interest will be deposited into the Series 2023 Bonds Debt Service Account.

1 (c) Proceeds of the Bonds in an amount set forth in the Sale
2 Certificate will be deposited to the Series 2023 Bonds Acquisition Account and shall
3 be applied to the Project. Any amounts remaining in the Series 2023 Bonds
4 Acquisition Account after the Completion Date shall be transferred to the Series
5 2023 Bonds Debt Service Account and used by the Water Authority for the payment
6 of the principal of or interest next coming due on the Bonds.

7 (d) Proceeds of the Bonds in an amount set forth in the Sale
8 Certificate shall be used to pay and is appropriated for the payment of Underwriters'
9 discount.

10 The Executive Director of the Water Authority and/or the Chief Financial
11 Officer of the Water Authority are hereby authorized to make any necessary
12 adjustments in the amounts to be deposited in the funds and accounts described in
13 this Section on the date of delivery of the Bonds.

14 Section 19. APPROVAL OF DOCUMENTS AND USE OF DISCLOSURE
15 DOCUMENTS.

16 (A) APPROVAL OF DOCUMENTS. The Chair or other Authorized
17 Officer is authorized to execute, and the Board Secretary is authorized and directed
18 to attest, as applicable, the Issuer Documents in substantially the forms presented or
19 described to the Board with this Bond Resolution, with such changes as are not
20 inconsistent with the terms of the Bond Legislation and as are approved by the Chair
21 or other Authorized Officer, the execution or acceptance of delivery thereof to
22 constitute conclusive evidence of the approval of any and all changes or revisions
23 from the form of any document now or hereafter before the Board. Any changes in
24 any such documents inconsistent with the terms of the Bond Legislation shall be
25 approved by the Board by subsequent ordinance or resolution of the Board. The
26 officers, agents and employees of the Water Authority are authorized, empowered
27 and directed to do all such acts and things and to execute all such documents as
28 may be necessary to carry out and comply with the provisions of the Issuer
29 Documents.

30 (B) DISCLOSURE DOCUMENT. The use and distribution of the
31 Preliminary Official Statement and the Official Statement (with terms which are not

1 inconsistent with the Bond Legislation) by the Underwriters in connection with the
2 sale and issuance of the Bonds are hereby authorized and ratified.

3 (C) FURTHER ACTS. The officers, agents and employees of the
4 Water Authority are hereby authorized and empowered to do all acts and things and
5 to execute all documents, including separate agreements with the Paying Agent and
6 Registrar, if necessary, to carry out and comply with the provisions of the Bond
7 Legislation and the related documents.

8 Section 20. FUNDS AND ACCOUNTS.

9 (A) JOINT WATER AND SEWER FUND. The Water Authority shall
10 continue the Joint Water and Sewer Fund as a separate, distinct and segregated
11 fund. As long as the Bonds are outstanding, all Gross Revenues shall continue to be
12 set aside and credited to the Joint Water and Sewer Fund.

13 (B) DEBT SERVICE FUND AND ACCOUNTS. The Water Authority
14 shall continue the Debt Service Fund as a separate, distinct and segregated fund for
15 the deposit of Net Revenues for the payment of System Obligations. The Water
16 Authority shall continue the Expense Account as part of the Debt Service Fund.
17 Money on deposit or credited to the Expense Account shall be used for the purpose
18 of payment of Expenses. The Water Authority shall establish the Series 2023 Bonds
19 Debt Service Account as a separate account of the Debt Service Fund.

20 (C) RATE STABILIZATION FUND. The Water Authority shall
21 continue the Rate Stabilization Fund as a separate, distinct and segregated fund for
22 the purposes described in Section 21(E).

23 (D) ACQUISITION FUND. The Water Authority shall continue the
24 Acquisition Fund as a separate, distinct and segregated fund. The Water Authority
25 shall establish the Series 2023 Bonds Acquisition Account as a separate account in
26 the Acquisition Fund for the deposit of a portion of the proceeds of the Bonds to
27 finance the Project. The Water Authority may establish separate subaccounts in the
28 Acquisition Fund for the payment of Project costs and capitalized interest, if any, and
29 for other purposes permitted by the Bond Legislation.

30 (E) OTHER FUNDS. The Water Authority may create any
31 additional funds as may be necessary in connection with financing of the Project and

1 the issuance of the Bonds with any such additional funds being set forth in the Sale
2 Certificate.

3 Section 21. ADMINISTRATION OF JOINT WATER AND SEWER FUND.

4 (A) USE OF GROSS REVENUES. As long as any Bonds are
5 outstanding, all Gross Revenues shall continue to be deposited in the Joint Water
6 and Sewer Fund and transferred from that fund to the following funds and accounts
7 or for payment of the following amounts in the order listed:

8 (1) Operation and Maintenance Expenses. A sufficient
9 amount of Gross Revenues shall be set aside each month to be used to pay the
10 current Operation and Maintenance Expenses as they become due.

11 (2) Debt Service Accounts for Senior Obligations. Net
12 Revenues shall be transferred to the Debt Service Accounts established for Senior
13 Obligations to pay Debt Service Requirements on Senior Obligations, as they
14 become due, including amounts owed to any Credit Source to reimburse that Credit
15 Source for the payments of Debt Service Requirements on Senior Obligations.

16 (3) Reserve Accounts for Senior Obligations. Net Revenues
17 shall be transferred to a Reserve Account, if any, to the extent that amounts on
18 deposit in that Reserve Account are less than the amount (including coverage
19 available under any applicable Reserve Account Surety Bond) required to be on
20 deposit therein. The Net Revenues deposited shall be used first to reimburse the
21 Credit Source for the proceeds of a Reserve Account Surety Bond used to pay Debt
22 Service Requirements, second to replace money drawn from the Reserve Account
23 and third to pay the Credit Source interest accrued and owed on amounts advanced
24 pursuant to the Reserve Account Surety Bond.

25 (4) Debt Service Accounts For Subordinate Obligations. Net
26 Revenues shall be transferred to the Debt Service Accounts established for
27 Subordinate Obligations to pay Debt Service Requirements on Subordinate
28 Obligations, as they become due, including amounts owed to any Credit Source to
29 reimburse that Credit Source for the payments of Debt Service Requirements on
30 Subordinate Obligations.

31 (5) Reserve Accounts for Subordinate Obligations. Net

1 Revenues shall be transferred to a Reserve Account, if any, to the extent that
2 amounts on deposit in that Reserve Account are less than the amount (including
3 coverage available under any applicable Reserve Account Surety Bond) required to
4 be on deposit therein. The Net Revenues deposited shall be used first to reimburse
5 the Credit Source for the proceeds of a Reserve Account Surety Bond used to pay
6 Debt Service Requirements, second to replace money drawn from the Reserve
7 Account and third to pay to the Credit Source interest accrued and owed on amounts
8 advanced pursuant to the Reserve Account Surety Bond.

9 (6) Super Subordinated Obligations. Net Revenues shall be
10 used to pay Debt Service Requirements on Super Subordinated Obligations, and to
11 fund any Reserve Requirement for Super Subordinated Obligations.

12 (7) Rate Stabilization Fund. At the option of the Water
13 Authority, Net Revenues may be transferred to the Rate Stabilization Fund to be
14 used for the purposes stated in Section 21(E).

15 (8) Surplus Net Revenues. Surplus Net Revenues shall be
16 retained in the Joint Water and Sewer Fund or used for any other lawful System
17 purpose including, but not limited to, redeeming or purchasing System Obligations or
18 paying costs and expenses of the Water Authority relating to the administration of
19 System Obligations.

20 (9) Accumulation of Revenues. Net Revenues need not be
21 retained for any use or in any fund or account described in Section 21(A) in excess
22 of the Net Revenues required for any current use or deposit. For the purposes of
23 this subparagraph, the term “current” shall mean the month during which the Net
24 Revenues are being distributed and the immediately following month.

25 (B) SERIES 2023 BONDS DEBT SERVICE ACCOUNT. Net
26 Revenues shall be transferred to the Series 2023 Bonds Debt Service Account
27 sufficient to pay when due the Debt Service Requirements on the Bonds.

28 (1) Except as stated in this Section 21(B)(1) and in Section
29 21(D), substantially equal monthly deposits of Net Revenues shall be made to the
30 Series 2023 Bonds Debt Service Account beginning six (6) months before each
31 Interest Payment Date in order to make the next payment of interest on the Bonds

1 when due. However, if the first Interest Payment Date for the Bonds is less than six
2 (6) months after the date of the original issuance of the Bonds, substantially equal
3 monthly deposits of Net Revenues before the first Interest Payment Date shall begin
4 in the first full month following the date of issuance of the Bonds in order to make the
5 first payment of interest on the Bonds when due.

6 (2) Except as stated in this Section 21(B)(2) and in Section
7 21(D), substantially equal monthly deposits of Net Revenues shall be made to the
8 Series 2023 Bonds Debt Service Account beginning twelve (12) months before each
9 Principal Payment Date for the Bonds payable from such account in order to make
10 the next scheduled payment of principal on the Bonds when due at maturity.
11 However, if the first principal payment date for the Bonds is less than thirteen (13)
12 months after the date of the original issuance of the Bonds, substantially equal
13 monthly deposits of Net Revenues before the first principal payment date shall begin
14 in the first full month following the date of issuance of the Bonds in order to make the
15 first payment of principal on the Bonds when due at maturity.

16 If in the month immediately preceding any payment date for the Bonds, the
17 Water Authority determines that there are not sufficient funds accumulated in the
18 Series 2023 Bonds Debt Service Account to pay the amount becoming due on that
19 payment date, the Water Authority shall promptly deposit any available Net
20 Revenues in the Series 2023 Bonds Debt Service Account in an amount equal to the
21 deficiency. If, prior to any payment date for the Bonds, there has accumulated in the
22 Series 2023 Bonds Debt Service Account the entire amount necessary to pay the
23 amount becoming due on the Bonds payable from such account on that payment
24 date, no additional Net Revenues need be deposited in the Series 2023 Bonds Debt
25 Service Account prior to that payment date. In making the determinations permitted
26 by this paragraph, the Water Authority may take into account the amount on deposit
27 in any other fund or account or escrow relating to the Bonds irrevocably set aside for
28 the next payment of the Bonds.

29 Amounts on deposit in the Series 2023 Bonds Debt Service Account shall be
30 applied first to the payment of interest and then to pay or satisfy any payment of
31 principal on the respective Bonds. Except as provided in Section 21(D), money in

1 the Series 2023 Bonds Debt Service Account shall be used only to pay the Debt
2 Service Requirements on the Bonds. Transfers of amounts equal to the periodic
3 Debt Service Requirements on the Bonds shall be made by the Water Authority on a
4 timely basis to the Paying Agent.

5 (C) RESERVE ACCOUNTS FOR BONDS. At the time of initial
6 delivery of the Bonds, no Reserve Account will be established with respect to the
7 Bonds, unless the Sale Certificate provides otherwise.

8 (D) TERMINATION UPON DEPOSITS RELATING TO THE BONDS
9 TO MATURITY. No payments need be made into the Series 2023 Bonds Debt
10 Service Account if the amount in the Series 2023 Bonds Debt Service Account is not
11 less than the Debt Service Requirements due and to become due on and before the
12 final maturity date of the Bonds, both accrued and not accrued, and all proceeds
13 paid under any Credit Facility for the Bonds have been reimbursed. The money
14 retained in that account shall be used only to pay the Debt Service Requirements on
15 the Bonds when due except that any money on deposit in the Series 2023 Bonds
16 Debt Service Account which is not necessary to pay such Debt Service
17 Requirements shall be used as surplus Net Revenues in accordance with Section
18 21(A)(8) of this Bond Resolution.

19 (E) RATE STABILIZATION FUND. Money on deposit in the Rate
20 Stabilization Fund may be withdrawn at any time and used for any purpose for which
21 Gross Revenues may be used.

22 (F) PRO RATA DEPOSITS. If the amount of Net Revenues
23 available for deposit in the Debt Service Fund is not sufficient to pay the entire
24 amount required to be deposited in the Debt Service Accounts and/or Reserve
25 Accounts for System Obligations, the Net Revenues available shall be deposited in
26 the Debt Service Accounts and Reserve Accounts pro rata based upon the amount
27 required to be deposited in each account to the total Net Revenues available for
28 deposit but with the priorities established in Section 21(A).

29 With respect to each applicable series of System Obligations,
30 reimbursements owed to a Credit Source for amounts used to pay Debt Service
31 Requirements on those System Obligations shall be paid on the same pro rata basis

1 and with the same priority as are amounts to be deposited in the Debt Service
2 Account or Reserve Account, as applicable, for those System Obligations; provided
3 that such reimbursements for payments of Debt Service Requirements made
4 pursuant to a Credit Facility shall be made with the priorities established in Section
5 21(A).

6 (G) VARIABLE RATE OBLIGATIONS. In making computations
7 required by this Section, interest on Variable Rate Obligations which cannot be
8 computed exactly shall be deemed to bear the interest rate required by the definition
9 of Debt Service Requirements in the Bond Legislation. To determine the amount
10 required to be on deposit in any Debt Service Account for the payment of interest,
11 computations of the interest rate on Variable Rate Obligations shall be made
12 whenever there is a change in the interest rate on the applicable Variable Rate
13 Obligations except that the computation need not be made more often than once in
14 any month.

15 Section 22. TRANSFERS TO PAY PRINCIPAL OF, PREMIUM, IF ANY,
16 AND INTEREST ON THE BONDS; PAYMENT OF EXPENSES.

17 (A) TRANSFER TO PAYING AGENT. The Water Authority shall
18 transfer the funds set aside pursuant to Section 21 for the payments of Debt Service
19 Requirements on the Bonds to the Paying Agent on or before the date on which
20 each such payment is due.

21 (B) EXPENSES. The Water Authority or its designee shall pay, or
22 cause to be paid, all Expenses directly to the party entitled thereto.

23 Section 23. GENERAL ADMINISTRATION OF FUNDS. The funds and
24 accounts designated in Sections 20 and 21 shall be administered as follows:

25 (A) INVESTMENT OF MONEY. To the extent practicable, any
26 money in any such fund or account shall be invested in Permitted Investments.
27 Obligations purchased as an investment of money in any fund or account shall be
28 deemed at all times to be part of that fund or account, and the interest accruing and
29 any profit realized on those investments shall be credited to that fund or account,
30 unless otherwise stated in the Bond Legislation or related document (subject to
31 withdrawal at any time for the uses directed and permitted for such money by the

1 Bond Legislation and related documents), and any loss resulting from such
2 investment shall be charged to that fund or account. The custodian for any such
3 fund or account shall present for redemption or sale on the prevailing market any
4 Permitted Investment in a fund or account when necessary to provide money to
5 meet a required payment or when required to be transferred from that fund or
6 account.

7 (B) DEPOSITS OF FUNDS. The money and investments which are
8 part of the funds and accounts designated in Sections 20 and 21 shall be maintained
9 and kept in an Insured Bank or Banks, or otherwise in Permitted Investments or may
10 be held in book-entry form in the name of the Water Authority by an agent or
11 custodian of or for the Water Authority for the benefit of the Water Authority, as
12 permitted by State law. Each payment or deposit shall be made into and credited to
13 the proper fund or account at the designated time, except that when the designated
14 time is not a Business Day, then the payment shall be made on the next succeeding
15 Business Day unless otherwise required in the Bond Legislation or related
16 documents. The Water Authority may establish one or more accounts in Insured
17 Banks for all of the funds and accounts or combine such funds and accounts with
18 any other Insured Bank account or accounts for other funds and accounts of the
19 Water Authority.

20 (C) VALUATION OF INVESTMENTS. In the computation of the
21 amount in any account or fund for any purpose under the Bond Legislation, except
22 as otherwise expressly provided in the Bond Legislation, Permitted Investments shall
23 be valued according to the accounting standards applicable to the Water Authority
24 and the Board's investment policy.

25 Section 24. CREDIT FACILITY.

26 (A) CREDIT FACILITY FOR PAYMENT OF THE BONDS.
27 Payments of all or any part of the principal of and interest on the Bonds may be
28 guaranteed by a Credit Source.

29 (B) CHANGES TO INSURANCE TERMS. Terms and provisions
30 with respect to any Credit Facility for the Bonds, in addition to those set forth in the
31 Bond Legislation, shall be as set forth in the Credit Facility.

1 (C) CONSENT OF CREDIT SOURCE. Any provision of the Bond
2 Legislation expressly recognizing or granting rights in or to a Credit Source may not
3 be amended in any manner which affects the rights of the Credit Source without the
4 prior written consent of that Credit Source.

5 (D) ADVERSE EFFECT ON OWNERS. In determining whether the
6 rights of the Owners will be adversely affected by any action taken pursuant to the
7 terms and provisions of the Bond Legislation, the Water Authority shall consider the
8 effect on the Owners as if there were no Bond Insurance Policy or Reserve Account
9 Surety Bond in effect.

10 (E) CREDIT FACILITY. The rights and obligations of any Credit
11 Source under any Credit Facility shall be as set forth in the Bond Legislation or the
12 Credit Facility but shall not exceed any of the limitations included in the Bond
13 Legislation. The Water Authority shall promptly notify any rating agency then rating
14 the Bonds of changes to the terms of a Credit Facility.

15 Section 25. PLEDGE OF NET REVENUES AND LIEN OF THE BONDS.
16 The Net Revenues are hereby pledged for the payment of the Bonds, the
17 reimbursement of obligations of the Water Authority for the proceeds of any Credit
18 Facility used to pay Debt Service Requirements on the Bonds and for the other
19 payment obligations of the Water Authority set forth in the Bond Legislation, and
20 such payments and obligations of the Water Authority shall continue to have an
21 irrevocable senior lien (but not an exclusive senior lien) upon the Net Revenues, on
22 a parity with the Outstanding Senior Obligations and senior to the Subordinate
23 Obligations and the Super Subordinated Obligations until paid. Net Revenues shall
24 be applied to the payment of such payments and obligations with the priorities set
25 forth in Section 21(A).

26 Section 26. ESTABLISHMENT OF PRIORITIES OF THE BONDS. Except
27 as set forth in the Bond Legislation, the Bonds from time to time Outstanding shall
28 not be entitled to any priority one over the other in the application of the Net
29 Revenues, regardless of the time or times of their issuance.

30 Section 27. ADDITIONAL SYSTEM OBLIGATIONS.

31 (A) LIMITATIONS UPON ISSUANCE OF SYSTEM OBLIGATIONS.

1 Subject to the limitations of this Section and Section 28, nothing in this Bond
2 Resolution shall be construed to prevent the issuance by the Water Authority of
3 additional System Obligations.

4 (B) ADDITIONAL SENIOR OBLIGATIONS. The tests required in
5 this Section 27(B) shall be performed without adjustment for payments to or
6 withdrawals from the Rate Stabilization Fund or interest accrued in an acquisition
7 account for any Outstanding System Obligations. Except as permitted by Section
8 28, prior to the issuance of additional Senior Obligations, the Water Authority shall
9 be current in making all deposits required by Section 21 and the following test shall
10 be satisfied:

11 (1) The Net Revenues for the Historic Test Period shall have
12 been sufficient to pay an amount representing at least 133% of the maximum
13 combined annual Debt Service Requirements of only the Outstanding Senior
14 Obligations and the terms of either subparagraph 2(a) or 2(b) of this Section 27(B)
15 shall be satisfied.

16 (2) (a) Using the fees and rates for use of the System on
17 the date of computation, or assuming that any new schedule of fees and rates
18 approved by the Water Authority during or after the Historic Test Period was in effect
19 during the entire Historic Test Period, the Net Revenues which were or would have
20 been received during that Historic Test Period shall have been sufficient to pay an
21 amount representing at least 133% of the maximum combined annual Debt Service
22 Requirements on the Outstanding Senior Obligations and the Senior Obligations
23 proposed to be issued; or

24 (b) The projected Net Revenues for the Prospective
25 Test Period shall be sufficient to pay an amount representing at least 133% of the
26 maximum combined annual Debt Service Requirements on the Outstanding Senior
27 Obligations and the Senior Obligations proposed to be issued. To determine if the
28 annual Net Revenues are sufficient for the purposes of the preceding sentence, the
29 Net Revenues projected for the applicable Prospective Test Period shall be
30 determined by applying the rates for use of the System approved by the Board at the
31 time of computation to be in effect during the Prospective Test Period to the

1 proposed number of connections to the System after giving effect to the purchase,
2 expansion or improvement of the System or the acquisition of an existing water and
3 sanitary sewer system.

4 (C) ADDITIONAL SUBORDINATE OBLIGATIONS. The tests
5 required in this Section 27(C) shall be performed without adjustment for payments to
6 or withdrawals from the Rate Stabilization Fund or interest accrued in an acquisition
7 account for Outstanding System Obligations. So long as the Series 2013B Bonds
8 and the Drinking Water State Revolving Fund Loan Agreement (2009) set forth in
9 Exhibit A are Outstanding, the Water Authority shall be required to meet all three
10 tests established in this paragraph; after such Senior Obligations listed above are no
11 longer Outstanding, the Water Authority shall be required to only meet the tests set
12 forth in (i) and (iii) of the following sentence, and the test set forth in (ii) of the
13 following sentence shall have no further force or effect when additional Subordinate
14 Obligations are issued by the Water Authority. Except as permitted by Section 28,
15 prior to the issuance of additional Subordinate Obligations, the Water Authority (i)
16 shall be current in making all deposits required by Section 21, (ii) shall satisfy the
17 test set forth in paragraph (B) of this Section 27 related to the issuance of additional
18 Senior Obligations, and (iii) shall satisfy the following test:

19 (1) The Net Revenues for the Historic Test Period shall have
20 been sufficient to pay an amount representing at least 120% of the maximum
21 combined annual Debt Service Requirements of only the Outstanding Senior
22 Obligations and the Outstanding Subordinate Obligations and the terms of either
23 subparagraph 2(a) or 2(b) of this Section 27(C) shall be satisfied.

24 (2) (a) Using the fees and rates for use of the System on
25 the date of computation, or assuming that any new schedule of fees and rates
26 approved by the Water Authority during or after the Historic Test Period was in effect
27 during the entire Historic Test Period, the Net Revenues which were or would have
28 been received during that Historic Test Period shall have been sufficient to pay an
29 amount representing at least 120% of the maximum combined annual Debt Service
30 Requirements on the Outstanding Senior Obligations and the Outstanding
31 Subordinate Obligations and the Subordinate Obligations proposed to be issued; or

1 (b) The projected Net Revenues for the Prospective
2 Test Period shall be sufficient to pay an amount representing at least 120% of the
3 maximum combined annual Debt Service Requirements on the Outstanding Senior
4 Obligations and the Outstanding Subordinate Obligations and the Subordinate
5 Obligations proposed to be issued. To determine if the annual Net Revenues are
6 sufficient for the purposes of the preceding sentence, the Net Revenues projected
7 for the applicable Prospective Test Period shall be determined by applying the rates
8 for use of the System approved by the Board at the time of computation to be in
9 effect during the Prospective Test Period to the proposed number of connections to
10 the System after giving effect to the purchase, expansion or improvement of the
11 System or the acquisition of an existing water and sanitary sewer system.

12 (D) CERTIFICATES. In determining whether additional Senior
13 Obligations may be issued pursuant to Section 27(B) or additional Subordinate
14 Obligations may be issued pursuant to Section 27(C), a written certificate or opinion
15 of an Independent Accountant or an Authorized Officer that states in substance that
16 the Net Revenues are sufficient to pay the amounts required shall be conclusively
17 presumed to be accurate in determining the right of the Water Authority to authorize,
18 issue, sell and deliver such additional Senior Obligations or additional Subordinate
19 Obligations, respectively. Also, an opinion of a Consulting Engineer as to the
20 estimated Completion Date of the project to be financed by the proposed System
21 Obligations and the estimated Net Revenues for the Prospective Test Period
22 referred to in Section 27(B)(2)(b) and Section 27(C)(2)(b) shall be conclusively
23 presumed to be accurate, and the Independent Accountant or Authorized Officer, as
24 the case may be, may conclusively rely upon the written opinion of the Consulting
25 Engineer in making the determinations required by Section 27(B)(2)(b) and Section
26 27(C)(2)(b)

27 (E) SUPER SUBORDINATED OBLIGATIONS PERMITTED. No
28 provision of the Bond Legislation shall be construed to prevent the Water Authority
29 from issuing additional Super Subordinated Obligations with a lien on Net Revenues
30 subordinate to the lien of the Subordinate Obligations and the Senior Obligations.

31 (F) VARIABLE RATE OBLIGATIONS. In making the computations

1 required by this Section to determine if additional System Obligations may be
2 issued, Variable Rate Obligations shall be deemed to bear a rate of interest as
3 required in the definition of Debt Service Requirements.

4 (G) SUPERIOR OBLIGATIONS PROHIBITED. As long as Senior
5 Obligations are outstanding, the Water Authority shall not issue additional System
6 Obligations having a lien on the Net Revenues prior and superior to the lien of the
7 Senior Obligations on Net Revenues.

8 Section 28. REFUNDING OBLIGATIONS. The provisions of Section 27 of
9 this Bond Resolution are subject to the following exceptions:

10 (A) PRIVILEGE OF ISSUING REFUNDING OBLIGATIONS. If at
11 any time while System Obligations remain Outstanding, the Water Authority desires
12 to refund any Outstanding System Obligations or other obligations payable from Net
13 Revenues, those System Obligations or other obligations, or any part thereof, may
14 be refunded regardless of whether the priority of the lien for the payment of the
15 refunding System Obligations on the Net Revenues is changed (except as provided
16 in paragraphs B and C of this Section).

17 (B) LIMITATIONS UPON ISSUANCE OF REFUNDING SENIOR
18 OBLIGATIONS. No senior refunding bonds or other senior refunding obligations
19 shall be issued as Senior Obligations unless:

20 (1) The refunding does not increase the maximum combined
21 annual Debt Service Requirements of the Senior Obligations, or

22 (2) The refunding Senior Obligations are issued in
23 compliance with Section 27(B).

24 (C) LIMITATIONS UPON ISSUANCE OF REFUNDING
25 SUBORDINATE OBLIGATIONS. No subordinate refunding bonds or other
26 subordinate refunding obligations shall be issued as Subordinate Obligations unless:

27 (1) The refunding does not increase the maximum combined
28 annual Debt Service Requirements of the Subordinate Obligations, or

29 (2) The refunding Subordinate Obligations are issued in
30 compliance with Section 27(C).

31 (D) LIMITATIONS UPON ISSUANCE OF ANY REFUNDING

1 SYSTEM OBLIGATIONS. Any refunding System Obligations shall be issued with
2 such details as the Board may provide by appropriate proceedings but without
3 impairment of any contractual obligation imposed upon the Water Authority by any
4 proceedings authorizing the issuance of any unrefunded portion of the series of
5 System Obligations to which the refunding was applicable.

6 Section 29. PROTECTIVE COVENANTS. The Water Authority hereby
7 covenants and agrees with the Owners:

8 (A) USE OF THE BOND PROCEEDS. The Water Authority will
9 promptly apply the proceeds of the Bonds to the Project and for the other purposes
10 permitted by this Bond Resolution.

11 (B) PAYMENT OF THE BONDS. The Water Authority will promptly
12 pay the Debt Service Requirements on the Bonds at the place, on the dates and in
13 the manner specified in the Bond Legislation and the Bonds.

14 (C) RATE COVENANTS.

15 (1) Rate Covenant for Senior Obligations. The Water
16 Authority will charge all purchasers of services of the System, including the Water
17 Authority, the City and the County, such reasonable and just rates as are sufficient
18 to produce Net Revenues annually to pay 133% of the annual Debt Service
19 Requirements on the Outstanding Senior Obligations (excluding accumulation of any
20 reserves therefor).

21 (2) Rate Covenant for Subordinate Obligations. The Water
22 Authority will charge all purchasers of services of the System, including the Water
23 Authority, the City and the County, such reasonable and just rates as are sufficient
24 to produce Net Revenues annually to pay 120% of the annual Debt Service
25 Requirements on the Outstanding Senior Obligations and the Outstanding
26 Subordinate Obligations (excluding accumulation of any reserves therefor).

27 (3) Quarterly, the Water Authority shall determine that the
28 Net Revenues are sufficient to satisfy the Rate Covenants. If the Net Revenues are
29 not sufficient to satisfy the Rate Covenant upon the approval of the annual audit for
30 a Fiscal Year, the Water Authority will either: (i) promptly increase the rates for use
31 of the services of the System in order to generate sufficient Net Revenues to satisfy

1 the Rate Covenants or (ii) employ a consultant or manager for the System who shall
2 have a favorable national reputation for skill and experience in the management,
3 operation and financial affairs of water and sanitary sewer systems and who is not
4 an employee or officer of the Water Authority. The Water Authority will request that
5 consultant or manager to make its recommendations, if any, as to revisions of the
6 Water Authority's rate structure and other charges for use of the System, its
7 Operation and Maintenance Expenses and the method of operation of the System in
8 order to satisfy the Rate Covenants as soon as practicable. Copies of any such
9 requests and recommendations of the consultant or manager shall be filed with the
10 Board. So long as the Water Authority substantially complies with the
11 recommendations of the consultant or manager on a timely basis, the Water
12 Authority will not be deemed to have defaulted in satisfying the Rate Covenants
13 even if the resulting Net Revenues are not sufficient to be in compliance with the
14 Rate Covenants, if there is no other default under the Bond Legislation.

15 (4) No free service, facilities or commodities shall be
16 furnished by the System. If the Water Authority, the City or the County elects to use
17 water supplied by, or the sanitary sewer facilities of, the System or in any other
18 manner use the System, such use of the System by such entity shall be paid from
19 lawfully available money of such entity at the reasonable value of the use made,
20 service rendered or facility or commodity supplied as is charged to other similar
21 users of the System.

22 (5) Nothing contained in this Section 29(C) shall be
23 interpreted to require the Water Authority to take any action in violation of any
24 applicable requirement imposed by law.

25 (D) LIEN ON LANDS SERVICED BY SYSTEM. To the extent
26 permitted by law, the Water Authority will cause a lien to be perfected upon each lot
27 or parcel of land for delinquent charges imposed for water and sanitary sewer
28 services supplied by the System to the owner of such lot or parcel. The Water
29 Authority will take all necessary steps to enforce the lien against any parcel of
30 property the owner of which is delinquent for more than six (6) months in the
31 payment of charges imposed by the Water Authority.

1 (E) LEVY OF CHARGES. The Water Authority will promptly fix,
2 establish and levy the rates and charges which are required by Section 29(C). No
3 reduction in any initial or existing rate schedule for the System may be made unless:

4 (1) the Water Authority has fully complied with the provisions
5 of Section 21 of this Bond Resolution for any twelve (12) consecutive months out of
6 the sixteen (16) calendar months immediately preceding the reduction of the rate
7 schedule, and

8 (2) the audit required by Section 29(I) or a separate
9 certificate by an Independent Accountant for or relating to any twelve (12)
10 consecutive months out of the sixteen (16) calendar months immediately preceding
11 any reduction discloses that the estimated Net Revenues resulting from the
12 proposed reduced rate schedule would have been sufficient to meet the applicable
13 Rate Covenant during the applicable 12-month period.

14 (F) EFFICIENT OPERATION. The Water Authority will maintain the
15 System in efficient operating condition and make such improvements, extensions,
16 enlargements, repairs and betterments to the System as may be necessary or
17 advisable for its economical and efficient operation at all times and to supply
18 reasonable public and private demands for System services within the area served
19 by the Water Authority.

20 (G) RECORDS. So long as the Bonds remain Outstanding, the
21 Water Authority will keep, or cause to be kept, proper books of record and account,
22 separate from all other records and accounts, showing complete and correct entries
23 of all transactions relating to the System.

24 (H) RIGHT TO INSPECT. Owners, or their duly authorized agents,
25 shall have the right to inspect at all reasonable times all records, accounts and data
26 relating to the System; however, pursuant to Section 6-14-10(E) NMSA 1978,
27 records with regard to the ownership or pledge of the Bonds are not subject to
28 inspection or copying.

29 (I) AUDITS. So long as the Bonds are Outstanding, within nine (9)
30 months following the close of each Fiscal Year, the Water Authority will cause an
31 audit of the books and accounts of the System to be made by an Independent

1 Accountant. Each audit of the System shall include those matters determined to be
2 proper by the Independent Accountant.

3 (J) BILLING PROCEDURE. Bills for water, water services or
4 facilities, sanitary sewer service or facilities, or any combination thereof, furnished by
5 or through the System shall be provided to customers on a regular basis each month
6 following the month in which the service was rendered and shall be due as required
7 by Water Authority ordinance. If permitted by law, if a bill is not paid within the
8 period of time required by Water Authority ordinance, water and sanitary sewer
9 services shall be discontinued as required by Water Authority ordinance, and the
10 rates and charges due shall be collected in a lawful manner, including but not limited
11 to the cost of disconnection and reconnection.

12 (K) CHARGES AND LIENS UPON SYSTEM. The Water Authority
13 will pay when due from Gross Revenues or other legally available funds all taxes
14 and assessments or other municipal or governmental charges, lawfully levied or
15 assessed upon the System and will observe and comply with all valid requirements
16 of any municipal or governmental authority relating to the System. The Water
17 Authority will not create or permit any lien or charge upon the System or the Gross
18 Revenues or Net Revenues except as permitted by this Bond Resolution, or it will
19 make adequate provisions to satisfy and discharge within sixty (60) days after the
20 same accrue, all lawful claims and demands for labor, materials, supplies or other
21 objects, which, if unpaid, might by law become a lien upon the System, the Gross
22 Revenues or the Net Revenues. However, the Water Authority shall not be required
23 to pay or cause to be discharged, or make provision for any tax assessment, lien or
24 charge before the time when payment becomes due or so long as the validity thereof
25 is contested in good faith by appropriate legal proceedings and there is no adverse
26 effect on Owners.

27 (L) INSURANCE. In its operation of the System, the Water
28 Authority will carry fire and extended coverage insurance. As required by law, the
29 Water Authority will acquire insurance or maintain a self-insurance fund to cover
30 workmen's compensation insurance and public liability insurance. In the event of
31 property loss or damage to the System, insurance proceeds shall be used first for

1 the purpose of restoring or replacing the property lost or damaged and any
2 remainder shall be treated as Gross Revenues.

3 (M) ALIENATING SYSTEM. Except as permitted in this Bond
4 Resolution, while any Bonds are Outstanding, the Water Authority will not sell, lease,
5 mortgage, pledge or otherwise encumber, or in any manner dispose of, or otherwise
6 alienate, any part of the System, except that the Water Authority may sell any
7 portion of the property of the System which is replaced by other property of at least
8 equal value, or which ceases to be necessary for the efficient operation of the
9 System. In the event of any sale of System property, the proceeds of such sale
10 which are not used to purchase other System property shall be distributed as Gross
11 Revenues.

12 (N) EXTENDING INTEREST PAYMENTS. To prevent any
13 accumulation of claims for interest after maturity, except as permitted by the Bond
14 Legislation, the Water Authority will not directly or indirectly extend or assent to the
15 extension of the time for the payment of any claim for interest on the Bonds. If the
16 time for payment of interest is extended contrary to the provisions of this Section, the
17 installments of interest extended shall not be entitled, in case of an event of default
18 under the Bond Legislation, to the benefit or security of the Bond Legislation until the
19 prior payment in full of the principal of and interest on all other Bonds then
20 Outstanding.

21 (O) COMPETENT MANAGEMENT. The Water Authority shall
22 employ experienced and competent personnel to manage the System.

23 (P) PERFORMING DUTIES. The Water Authority will faithfully and
24 punctually perform all duties with respect to the System required by State, City and
25 County laws including, but not limited to, making and collecting reasonable and
26 sufficient rates and charges for services rendered or furnished by the System as
27 required by this Section and the proper segregation and application of the Gross
28 Revenues.

29 (Q) OTHER LIENS. Other than as stated in or provided by the
30 Bond Legislation, there are no liens or encumbrances of any nature whatsoever on
31 or against the System or Gross Revenues or Net Revenues.

1 (R) WATER AUTHORITY'S EXISTENCE. The Water Authority will
2 maintain its corporate identity, existence, and Board governance structure and
3 determination of Board members as long as the Bonds remain outstanding.

4 (S) COVENANTS REGARDING TAX EXEMPTION OF INTEREST
5 ON THE BONDS.

6 (1) Tax Covenants. The Water Authority covenants to take
7 any action necessary to assure, or refrain from any action which would adversely
8 affect, the treatment of the Bonds as obligations described in section 103 of the
9 Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is
10 not includable in the "gross income" of the holder for purposes of federal income
11 taxation. In furtherance thereof, the Water Authority covenants as follows:

12 (a) to take any action to assure that no more than 10
13 percent (10%) of the proceeds of the Bonds or the projects financed therewith (less
14 amounts deposited to a reserve fund, if any) are used for any "private business use,"
15 as defined in section 141(b)(6) of the Code or, if more than 10 percent(10%) of the
16 proceeds or the projects financed therewith are so used, such amounts, whether or
17 not received by the Water Authority, with respect to such private business use, do
18 not, under the terms of this Resolution or any underlying arrangement, directly or
19 indirectly, secure or provide for the payment of more than 10 percent(10%) of the
20 debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

21 (b) to take any action to assure that in the event that
22 the "private business use" described in subsection (1) hereof exceeds 5 percent
23 (5%) of the proceeds of the Bonds or the projects financed therewith (less amounts
24 deposited into a reserve fund, if any) then the amount in excess of 5 percent (5%)
25 is used for a "private business use" which is "related" and not "disproportionate,"
26 within the meaning of section 141(b)(3) of the Code, to the governmental use;

27 (c) to take any action to assure that no amount which
28 is greater than the lesser of \$5,000,000, or 5 percent (5%) of the proceeds of the
29 Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly
30 used to finance loans to persons, other than state or local governmental units, in
31 contravention of section 141(c) of the Code;

1 (d) to refrain from taking any action which would
2 otherwise result in the Bonds being treated as “private activity bonds” within the
3 meaning of section 141(b) of the Code;

4 (e) to refrain from taking any action that would result
5 in the Bonds being “federally guaranteed” within the meaning of section 149(b) of the
6 Code;

7 (f) to refrain from using any portion of the proceeds of
8 the Bonds, directly or indirectly, to acquire or to replace funds which were used,
9 directly or indirectly, to acquire investment property (as defined in section 148(b)(2)
10 of the Code) which produces a materially higher yield over the term of the Bonds,
11 other than investment property acquired with –

12 (i) proceeds of the Bonds invested for a
13 reasonable temporary period of there (3) years or less or, in the case of a refunding
14 bond, for a period of ninety (90) days or less until such proceeds are needed for the
15 purpose for which the bonds are issued,

16 (ii) amounts invested in a bona fide debt service
17 fund, within the meaning of section I.148 1(b) of the Treasury Regulations, and

18 (iii) amounts deposited in any reasonably required
19 reserve or replacement fund to the extent such amounts do not exceed 10 percent
20 (10%) of the proceeds of the Bonds;

21 (g) to otherwise restrict the use of the proceeds of the
22 Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that
23 the Bonds do not otherwise contravene the requirements of section 148 of the Code
24 (relating to arbitrage);

25 (h) to refrain from using the proceeds of the Bonds or
26 proceeds of any prior bonds to pay debt service on another issue more than ninety
27 (90) days after the date of issue of the Bonds in contravention of the requirements
28 of section 149(d) of the Code (relating to advance refundings, if applicable); and

29 (i) to pay to the United States of America at least
30 once during each five-year period (beginning on the date of delivery of the Bonds)
31 an amount that is at least equal to 90 percent (90%) of the “Excess Earnings,” within

1 the meaning of section 148(f) of the Code and to pay to the United States of
2 America, not later than sixty (60) days after the Bonds have been paid in full, 100
3 percent (100%) of the amount then required to be paid as a result of Excess
4 Earnings under section 148(f) of the Code.

5 (2) Rebate Fund. In order to facilitate compliance with the
6 above covenants, the “Rebate Fund” previously established by the Water Authority
7 for System Obligations for the sole benefit of the United States of America is hereby
8 continued, and such fund shall not be subject to the claim of any other person,
9 including without limitation the bondholders. The Rebate Fund is continued for the
10 additional purpose of compliance with section 148 of the Code.

11 (3) Proceeds. The Water Authority understands that the
12 term “proceeds” includes “disposition proceeds” as defined in the Treasury
13 Regulations and, in the case of refunding bonds, transferred proceeds (if any) and
14 proceeds of the refunded bonds expended prior to the date of issuance of the
15 Bonds. It is the understanding of the Water Authority that the covenants contained
16 herein are intended to assure compliance with the Code and any regulations or
17 rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the
18 event that regulations or rulings are hereafter promulgated which modify or expand
19 provisions of the Code, as applicable to the Bonds, the Water Authority will not be
20 required to comply with any covenant contained herein to the extent that such failure
21 to comply, in the opinion of nationally recognized bond counsel, will not adversely
22 affect the exemption from federal income taxation of interest on the Bonds under
23 section 103 of the Code. In the event that regulations or rulings are hereafter
24 promulgated which impose additional requirements which are applicable to the
25 Bonds, the Water Authority agrees to comply with the additional requirements to the
26 extent necessary, in the opinion of nationally recognized bond counsel, to preserve
27 the exemption from federal income taxation of interest on the Bonds under section
28 103 of the Code. In furtherance of such intention, the Water Authority hereby
29 authorizes and directs the Authorized Officer, Bond Counsel or any other necessary
30 party to execute any documents, certificates or reports required by the Code and to
31 make such elections, on behalf of the Water Authority, which may be permitted by

1 the Code as are consistent with the purpose for the issuance of the Bonds.

2 (4) Allocation Of, and Limitation On, Expenditures for the
3 Project. The Water Authority covenants to account for the expenditure of sale
4 proceeds and investment earnings to be used for the purposes described in this
5 Resolution (the "Project") on its books and records in accordance with the
6 requirements of the Internal Revenue Code. The Water Authority recognizes that in
7 order for the proceeds to be considered used for the reimbursement of costs, the
8 proceeds must be allocated to expenditures within eighteen (18) months of the later
9 of the date that (1) the expenditure is made, or (2) the Project is completed; but in no
10 event later than three (3) years after the date on which the original expenditure is
11 paid. The foregoing notwithstanding, the Water Authority recognizes that in order for
12 proceeds to be expended under the Internal Revenue Code, the sale proceeds or
13 investment earnings must be expended no more than sixty (60) days after the earlier
14 of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are
15 retired. The Water Authority agrees to obtain the advice of nationally-recognized
16 bond counsel if such expenditure fails to comply with the foregoing to assure that
17 such expenditure will not adversely affect the tax-exempt status of the Bonds. For
18 purposes hereof, the Water Authority shall not be obligated to comply with this
19 covenant if it obtains an opinion that such failure to comply will not adversely affect
20 the excludability for federal income tax purposes from gross income of the interest.

21 (5) Disposition of Project. The Water Authority covenants
22 that the property constituting the Project will not be sold or otherwise disposed in a
23 transaction resulting in the receipt by the Water Authority of cash or other
24 compensation, unless any action taken in connection with such disposition will not
25 adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing,
26 the Water Authority may rely on an opinion of nationally-recognized bond counsel
27 that the action taken in connection with such sale or other disposition will not
28 adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing,
29 the portion of the property comprising personal property and disposed in the ordinary
30 course shall not be treated as a transaction resulting in the receipt of cash or other
31 compensation. For purposes hereof, the Water Authority shall not be obligated to

1 comply with this covenant if it obtains an opinion that such failure to comply will not
2 adversely affect the excludability for federal income tax purposes from gross income
3 of the interest.

4 (6) Reimbursement. This Resolution is intended to satisfy
5 the official intent requirements set forth in section 1.150-2 of the Treasury
6 Regulations.

7 Section 30. EVENTS OF DEFAULT. Each of the following events is
8 declared an “event of default” under the Bond Legislation:

9 (A) NONPAYMENT OF PRINCIPAL. Failure to pay the principal of
10 the Bonds when due and payable, either at maturity or otherwise.

11 (B) NONPAYMENT OF INTEREST. Failure to pay any installment
12 of interest on the Bonds when due and payable.

13 (C) INCAPABLE OF PERFORMING. For any reason, the Water
14 Authority becomes incapable of fulfilling its obligations under the Bond Legislation.

15 (D) DEFAULTS OF ANY OTHER PROVISION. Default by the
16 Water Authority in the due and punctual performance of its covenants, conditions,
17 agreements and provisions contained in System Obligations or in the Water
18 Authority ordinance or resolution authorizing those System Obligations and the
19 continuance of such default (other than a default set forth in paragraphs A, B and C
20 of this Section) for sixty (60) days after written notice specifying such default and
21 requiring the same to be remedied has been given to the Water Authority by any
22 Credit Source or the Owners of 25% in principal amount of the System Obligations
23 then Outstanding.

24 Section 31. REMEDIES UPON DEFAULT. Upon the happening and
25 continuance of any of the events of default stated in Section 30:

26 (1) any applicable Credit Source may proceed with any
27 available remedies under any Credit Facility; and

28 (2) the Owners of not less than 66% in principal amount of
29 the System Obligations then Outstanding, including but not limited to a trustee or
30 trustees therefor, with the consent of the Credit Source with respect to Insured
31 Obligations, may proceed against the Water Authority or the Board or both to:

1 (a) protect and enforce the rights of the Owners by
2 mandamus or other suit, action or special proceedings in equity or at law, in any
3 court of competent jurisdiction, either for the appointment of a receiver or for the
4 specific performance of any covenant or agreement contained in the Bond
5 Legislation or for the enforcement of any proper legal or equitable remedy as those
6 Owners may deem necessary or desirable to protect and enforce their rights,

7 (b) to enjoin any act or thing which may be unlawful or
8 in violation of any right of any Owner,

9 (c) to require the Board to act as if it were the trustee
10 of an express trust, or

11 (d) any combination of those remedies.

12 All proceedings shall be instituted and maintained for the equal benefit of all
13 Owners of System Obligations then Outstanding, subject to the provisions of Section
14 21 of this Bond Resolution, with respect to the use of Gross Revenues. The Owners
15 by purchasing System Obligations consent to the appointment of a receiver to
16 protect the rights of the Owners. The receiver may enter and take possession of
17 and operate and maintain the System and shall prescribe rates, fees or charges and
18 collect, receive and apply all Gross Revenues as required by this Bond Resolution.
19 The failure of any Owner to exercise any right granted by this Section shall not
20 relieve the Water Authority of any obligation to perform any duty. Each right or
21 privilege of any Owner (or trustee or receiver therefor) is in addition and cumulative
22 to any other right or privilege and the exercise of any right or privilege by or on
23 behalf of any Owner shall not be deemed a waiver of any other right or privilege of
24 any Owner.

25 Notwithstanding any other provision in the Bond Legislation, no recourse shall
26 be had for the payment of any Bond or for any claim based on any other obligation,
27 covenant or agreement contained in the Bond Legislation against any past, present
28 or future officer, employee or agent of the Water Authority or member of the Board,
29 and all such liability of any such officers, employees, agents or member (as such) is
30 released as a condition of and consideration for the adoption of the Bond Legislation
31 and the issuance of the Bonds.

1 Upon the occurrence and continuance of an Event of Default, so long as the
2 Credit Source, if any, is not in default in its payment obligations under the Bond
3 Insurance Policy, the Credit Source shall be entitled to control and direct the
4 enforcement of all rights and remedies granted to the Owners with respect to
5 Insured Obligations and such Credit Source shall also be entitled to direct and
6 approve all waivers of Events of Default with respect to Insured Obligations.

7 Section 32. DUTIES UPON DEFAULT. Upon the happening of any of the
8 events of default listed in Section 30, the Water Authority will do and perform all
9 proper acts on behalf of and for the Owners necessary to protect and preserve the
10 security created for the payment of the System Obligations and for the payment of
11 the Debt Service Requirements on the System Obligations promptly as the same
12 become due. As long as any of the System Obligations are Outstanding, all Gross
13 Revenues shall be distributed and used for the purpose and with the priorities set
14 forth in Section 21. If the Water Authority fails or refuses to proceed as provided in
15 this Section, the Owners of not less than 66% in principal amount of the System
16 Obligations then Outstanding, after demand in writing, may proceed to protect and
17 enforce the rights of the Owners as provided in the Bond Legislation.

18 Section 33. DEFEASANCE. When all principal, interest and prior
19 redemption premiums, if any, in connection with all or any part of the Bonds have
20 been paid or provided for (including amounts owed to the Credit Source, if any,
21 under any Bond Insurance Policy), the pledge and lien and all obligations under the
22 Bond Legislation with respect to those Bonds and any Bond Insurance Policy shall
23 be discharged and those Bonds shall no longer be deemed to be Outstanding within
24 the meaning of the Bond Legislation.

25 Without limiting the preceding paragraph, there shall be deemed to be such
26 payment when: (i) the Board has caused to be placed in escrow and in trust with an
27 escrow agent located within or without the State and exercising trust powers, an
28 amount sufficient (including the known minimum yield from Defeasance Obligations
29 in which such amount may be initially invested) to pay all requirements of principal,
30 interest and prior redemption premium, if any, on the Bonds to be defeased as the
31 same become due to the final maturities or upon designated prior redemption dates,

1 and (ii) any Bonds to be redeemed prior to maturity shall have been duly called for
2 redemption or irrevocable instructions to call such Bonds for redemption have been
3 given to the Registrar. The escrow agent shall have received evidence satisfactory
4 to it that the cash and Defeasance Obligations delivered will be sufficient to provide
5 for the payment of the Bonds to be defeased as stated above. Neither the
6 Defeasance Obligations nor money deposited with the escrow agent shall be
7 withdrawn or used for any purpose other than as provided in the escrow agreement
8 and the Defeasance Obligations and money shall be segregated and held in trust for
9 the payment of the principal and premium, if any, and interest on the Bonds with
10 respect to which such deposit has been made. The Defeasance Obligations shall
11 become due prior to the respective times at which the proceeds are needed in
12 accordance with a schedule established and agreed upon between the Board and
13 the escrow agent at the time of the creation of the escrow, or the Defeasance
14 Obligations shall be subject to redemption but only at the option of the holders or
15 owners thereof to assure the availability of the proceeds as needed to meet the
16 schedule.

17 Until reimbursement is made by the Water Authority to the applicable Credit
18 Source, if the principal and/or interest due on Insured Obligations is paid by a Credit
19 Source pursuant to a Credit Facility, the applicable Insured Obligations shall remain
20 Outstanding, shall not be defeased or otherwise satisfied and shall not be
21 considered to be paid by the Water Authority. In such case, the assignment and
22 pledge of the Net Revenues for the payment of the Insured Obligations paid by the
23 Credit Source and all covenants, agreements and other obligations of the Water
24 Authority to the Owners of those Insured Obligations shall continue to exist and shall
25 run to the benefit of that Credit Source and that Credit Source shall be subrogated to
26 the rights of the owners of those Insured Obligations, until all obligations of the
27 Water Authority to that Credit Source have been paid.

28 Notwithstanding the foregoing, any provisions of the Bond Legislation
29 which relate to indemnification and the payment of fees and expenses, the payment
30 of the principal of and premium of Bonds at maturity or on a prior redemption date,
31 interest payments and dates thereof, exchange, registration of transfer and

1 registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the
2 safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of
3 money in trust, the obligations set forth in the Bond Legislation regarding rebate, and
4 the duties of the Registrar, Authenticating Agent and Paying Agent in connection
5 with all of the foregoing shall remain in effect and be binding upon the Owners, the
6 Registrar, Authenticating Agent and Paying Agent notwithstanding the release and
7 discharge of the Bond Legislation. The provisions of this Section shall survive the
8 release, discharge and satisfaction of the Bond Legislation.

9 Section 34. BONDS NOT PRESENTED WHEN DUE. If any Bonds are not
10 duly presented for payment when due at maturity or on any prior redemption date,
11 and if money sufficient for the payment of those Bonds is on deposit with the Paying
12 Agent, and, in the case of the Bonds to be redeemed, if notice of redemption has
13 been given as provided in the Bond Legislation, all liability of the Water Authority to
14 the Owners of those Bonds shall be discharged, those Bonds shall no longer be
15 Outstanding and it shall be the duty of the Paying Agent to segregate and to hold
16 such money in trust, without liability for interest thereon, for the benefit of the
17 Owners of those Bonds.

18 Section 35. DELEGATED POWERS. The officers of the Water Authority,
19 the Authorized Officers and any other employee of the Water Authority are
20 authorized and directed to take all action from time to time which is necessary or
21 appropriate to effectuate the provisions of the Bond Legislation, the Bonds and the
22 sale, issuance and delivery of the Bonds, including, without limitation, the execution
23 of any credit facility, any liquidity agreement, any remarketing agreement, any
24 qualified exchange agreement, the delivery of a "deemed final" certificate relating to
25 the disclosure document for the Bonds, the publication of a summary of this Bond
26 Resolution substantially in the form set out in Section 44, the distribution of material
27 related to the Bonds, the printing of the Bonds and the execution of related
28 agreements, documents and certificates pertaining to the System, the Bonds, and
29 the delivery of and security for the Bonds, as may be reasonably required to
30 consummate the sale and delivery of the Bonds. All such persons are further
31 authorized and directed to take all action from time to time which is desirable or

1 necessary for the Water Authority with respect to arbitrage rebate requirements
2 under Section 148(f) of the Code. Pursuant to Section 6-14–10.2 NMSA 1978 and
3 the provisions of this Bond Resolution, the Delegate is delegated the authority to
4 approve the final terms of the Bonds and to execute the Sale Certificate and Bond
5 Purchase Agreement all within the parameters set forth in this Bond Resolution.

6 The Executive Director of the Water Authority and any Authorized Officer, or
7 successor in interest, is hereby authorized and directed to make such changes or
8 corrections to the procedures established in the Bond Legislation relating to the
9 times of day or the days on which actions are required to be taken, or the persons
10 responsible for particular actions, the form of notice of the occurrence of events, the
11 types and forms of actions required and other similar administrative matters which,
12 in the judgment of the Executive Director or Authorized Officer, are necessary and
13 appropriate to accomplish the purposes of the Bond Legislation and to provide for
14 the efficient administration of the System and the Bonds.

15 Section 36. AMENDMENT OF BOND RESOLUTION.

16 (A) LIMITATIONS UPON AMENDMENTS. The Bond Legislation
17 may be amended by ordinance or resolution of the Board without the consent of
18 Owners but with the consent of any Credit Source providing a Credit Facility which is
19 in effect and which pertains to the Bonds and is affected by the amendment if the
20 Credit Source is not in default in its obligations under the Credit Facility:

21 (1) To cure any ambiguity, or to cure, correct or supplement
22 any defect or inconsistent provision contained in the Bond Legislation;

23 (2) To grant to the Owners any additional rights, remedies,
24 powers or authority that may lawfully be granted to them;

25 (3) To obtain or maintain a rating on the Bonds from any
26 Rating Agency if the amendment, in the judgment of Bond Counsel, does not
27 materially adversely affect the Owners of the Bonds;

28 (4) To achieve compliance with federal securities or tax laws;
29 and

30 (5) To make any other changes in the Bond Legislation
31 which, in the opinion of Bond Counsel, are not materially adverse to the Owners.

1 (B) ADDITIONAL AMENDMENTS. Except as provided above or in
2 the Sale Certificate, the Bond Resolution may only be amended or supplemented by
3 ordinance or resolution adopted by the Board in accordance with the laws of the
4 State, without receipt by the Water Authority of any additional consideration, but with
5 the written consent of the Owners of a majority of the principal amount of the Bonds
6 then Outstanding which are affected by the amendment or supplement (not including
7 the Bonds which are then owned by or for the account of the Water Authority) and of
8 any Credit Source providing a Credit Facility which is in effect affected by the
9 amendment or supplement, if the Credit Source is not in default in its obligations
10 under the Credit Facility; provided, however, that no such ordinances or resolutions
11 shall have the effect of permitting:

- 12 (1) An extension of the maturity of any Bond; or
- 13 (2) A reduction in the principal amount of, premium, if any, or
14 interest rate on any Bond; or
- 15 (3) The creation of a lien on or a pledge of Net Revenues
16 ranking prior to the lien or pledge of Senior Obligations on Net Revenues; or
- 17 (4) A reduction of the principal amount of the Bonds required
18 for consent to such amendment or supplement.

19 (C) PROOF OF INSTRUMENTS. The fact and date of the
20 execution of any instrument under the provisions of this Section may be proved by
21 the certificate of any officer in any jurisdiction who by the laws of that jurisdiction is
22 authorized to take acknowledgments of deeds within that jurisdiction that the person
23 signing the instrument acknowledged before him the execution of that instrument, or
24 may be proved by an affidavit of a witness to the execution sworn to before such
25 officer.

26 Section 37. LIMITATION OF RIGHTS. Nothing in the Bond Legislation
27 expressed or implied is intended or shall be construed to give to any Person other
28 than the Owners, the Water Authority and the parties to which such right, remedy or
29 claim is expressly granted by the Bond Legislation any legal or equitable right,
30 remedy or claim under or in respect to the Bond Legislation or any covenant,
31 condition or stipulation of the Bond Legislation, and all covenants, stipulations,

1 promises and agreements in the Bond Legislation shall be for the sole and exclusive
2 benefit of the Water Authority, the Paying Agent, the Registrar and the Owners.

3 Section 38. NOTICES. Except as otherwise specifically required in the
4 Bond Legislation, notice with respect to the Bonds shall be effective when received
5 and it shall be sufficient service of any notice, request, demand or other paper if the
6 same is given: (i) orally, or (ii) by mail, or (iii) by Electronic Means, or (iv) hand
7 delivered; provided that any notice given orally, including notice by telephone, must
8 be confirmed by notice in writing as set forth in clause (ii), (iii) (except by telephone)
9 or (iv) above initiated within one Business Day after oral Notice is given. Notice shall
10 be given as follows:

11 (A) If to the Water Authority:

12 Albuquerque Bernalillo County Water Utility Authority

13 1441 Mission Ave. NE

14 Albuquerque, NM 87107

15 Attention: Executive Director

16 (505) 289-3101

17 (505) 289-3060 (Fax)

18
19 (B) If to the Initial Paying Agent (unless modified by the Sale
20 Certificate):

21 Albuquerque Bernalillo County Water Utility Authority

22 1441 Mission Ave. NE

23 Albuquerque, NM 87107

24 Attention: Chief Financial Officer

25 (505) 289-3080

26
27 Any such party may, by notice as set forth above to other parties, designate
28 any further or different address to which subsequent notices, certificates or other
29 communication shall be sent. All notices sent pursuant to the Bond Legislation to
30 any Owner shall also be sent to the Credit Source, if any, of the Bonds.

1 When the Bond Legislation provides for notice to the Owners of Bonds of any
2 event, such notice shall be sufficiently given (unless otherwise expressly provided in
3 the Bond Legislation) if in writing and given in accordance with this Section to each
4 Owner of Bonds affected by such event, at his address as it appears on the register
5 for the Bonds. In any case where notice to an Owner of Bonds is given by Electronic
6 Means or by mail, neither the failure to send such notice nor any defect in any notice
7 sent to any particular Owner of Bonds shall affect the sufficiency of such notice with
8 respect to any other Owner, and any notice which is sent in the manner provided in
9 this paragraph shall conclusively be presumed to have been duly given.

10 Where the Bond Legislation provides for notice upon the occurrence of any
11 event, that notice may be waived by the person entitled to receive that notice, either
12 before or after the event, and such waiver shall be the equivalent of notice.

13 The Paying Agent shall provide the Rating Agencies then rating the Bonds
14 with prior written notice of any amendments to the Bond Legislation and the optional
15 redemption of Bonds pursuant to Section 9(A) or defeasance pursuant to Section 33.

16 Section 39. BOND RESOLUTION IRREPEALABLE AS TO THE BONDS.
17 After any of the Bonds are issued, this Bond Resolution shall be and remain
18 irrepeatable until the Debt Service Requirements on all the Bonds are fully paid and
19 discharged and the Bonds are canceled, as provided in this Bond Resolution, or
20 there has been defeasance of all the Bonds as provided in this Bond Resolution.

21 Section 40. SEVERABILITY CLAUSE. If any section, paragraph, clause or
22 provision of this Bond Resolution shall for any reason be held to be invalid or
23 unenforceable, the invalidity or unenforceability of that section, paragraph, clause or
24 provision shall not affect any of the remaining provisions of this Bond Resolution.

25 Section 41. REPEALER CLAUSE. All bylaws, orders, resolutions and
26 ordinances, or parts thereof, inconsistent with this Bond Resolution are repealed to
27 the extent only of such inconsistency. This repealer shall not be construed to revive
28 any bylaw, order, resolution or ordinance, or part thereof, previously repealed.

29 Section 42. GENERAL SUMMARY FOR PUBLICATION. The title and a
30 general summary of the subject matter contained in the Bond Resolution shall be
31 published in substantially the following form:

1

2 The title contains a general summary of the subject matter contained in the
3 Bond Resolution.

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

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PASSED AND ADOPTED THIS _____, 2023.
BY A VOTE OF ___ FOR AND ___ AGAINST.

Chair

ATTEST:

_____ Secretary

Exhibit A

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY OUSTANDING SYSTEM OBLIGATIONS (As of August 1, 2023)

<u>Senior Obligations</u>	<u>Senior Obligations Authorizing Legislation</u>	<u>Original Principal Amount (\$)</u>	<u>Principal Amount Outstanding (\$)</u>
New Mexico Finance Authority Drinking Water Revolving Fund Loan Agreement (2009)	O-09-9 & R-09-24	1,010,000	424,023
Joint Water and Sewer System Improvement and Refunding Revenue Bonds Series 2013B	O-13-2 & R-13-13	55,265,000	2,420,000
Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2014A	O-14-2 and R-14-10	97,270,000	32,550,000
Senior Lien Joint Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2015	O-15-2 & R-15-6	211,940,000	122,120,000
Senior Lien Joint Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2017	O-16-2 & R-16-13	87,970,000	61,760,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2018	O-18-7 & R-18-20	75,085,000	52,305,000
New Mexico Finance Authority Drinking Water Revolving Fund Loan Agreement DW-4877 (2019)	O-19-1 & R-19-4	3,430,081	2,631,966
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2020	O-19-3 & R-19-26	69,440,000	57,440,000
Drinking Water State Revolving Fund Loan Agreement DW-5028 (2020)	O-20-1 & R-20-3	1,515,000	1,471,447
Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Taxable Series 2020A	O-20-2 & R-19-26	47,800,000	35,200,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2021	R-21-21	73,255,000	73,255,000
	Total		441,577,436
<u>Subordinate Obligations</u>	<u>Subordinate Obligations Authorizing Legislation</u>	<u>Original Principal Amount (\$)</u>	<u>Principal Amount Outstanding (\$)</u>
2008 NMFA Drinking Water Loan	O-08-4 & R-08-13 as amended by F/S O-14-2	12,000,000	4,214,651
Subordinate Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2014B	O-14-2 & R-14-10	87,005,000	17,205,000
Water Project Fund Loan/Grant Agreement No. WPF-5103 (2021)	R-20-26	800,000	763,556
Water Project Fund Loan/Grant Agreement No. WPF-5401 (2021)	R-21-31	800,000	800,000
Water Project Fund Loan/Grant Agreement No. WPF-5402 (2022)	R-22-7	770,827	770,827
Water Project Fund Loan/Grant Agreement No. WPF-5659 (2023)	R-22-31	200,000	200,000
Water Project Fund Loan/Grant Agreement No. WPF-5660 (2023)	R-22-32	710,000	710,000
	Total		24,664,034
<u>Super Subordinate Obligations</u>	<u>Super Subordinate Obligations Authorizing Legislation</u>	<u>Original Principal Amount(\$)</u>	<u>Principal Amount Outstanding(\$)</u>
None	None	0	0

Albuquerque Bernalillo County Water Utility Authority

Financing Discussion

June 28, 2023

STRICTLY PRIVATE AND CONFIDENTIAL



Outstanding Debt Summary

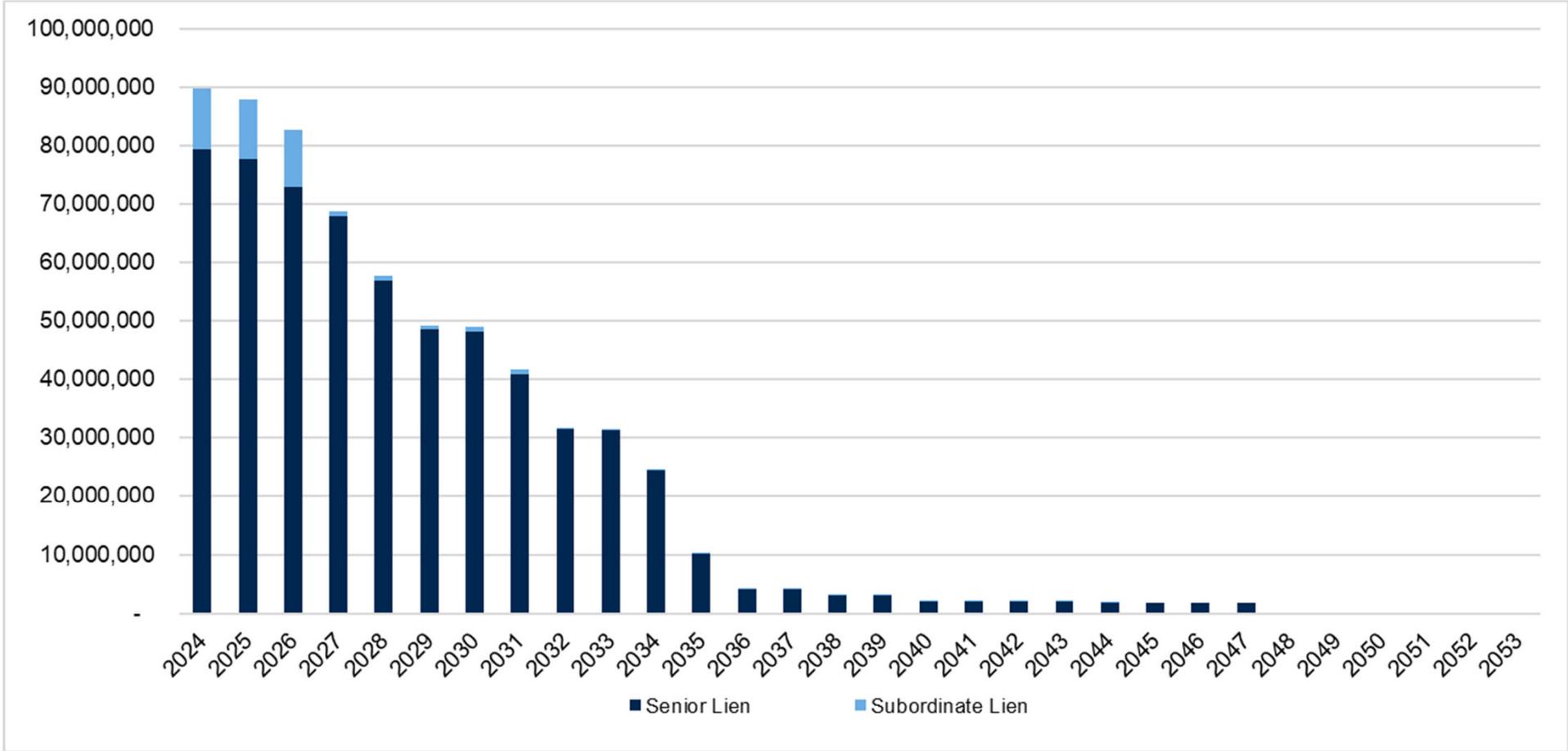
Issue	Bond Type	Lien	Original Amount	Amount Outstanding	Callable Amount Outstanding	Call Date	Rate Covenant (Current)	Remaining Average Life	Coupons	Final Maturity
2009 NMFA DWRFL	Fixed Rate	Senior	1,010,000	474,691	474,691	Callable Anytime	1.33x	5.07	1.000%	2031
Series 2013A	Fixed Rate	Senior	62,950,000	5,005,000	-	7/1/2023 @ 100%	1.33x	1.00	5.000%	2023
Series 2013B	Fixed Rate	Senior	55,265,000	5,210,000	2,420,000	7/1/2023 @ 100%	1.33x	1.46	5.000%	2024
Series 2014A	Fixed Rate	Senior	97,270,000	42,945,000	21,640,000	7/1/2024 @ 100%	1.33x	2.50	4.025% - 5.000%	2026
Series 2015	Fixed Rate	Senior	211,940,000	138,715,000	89,335,000	7/1/2025 @ 100%	1.33x	5.03	2.850% to 5.000%	2033
Series 2017	Fixed Rate	Senior	87,970,000	66,670,000	39,530,000	7/1/2027 @ 100%	1.33x	6.56	3.375% to 5.000%	2034
Series 2018	Fixed Rate	Senior	75,085,000	58,425,000	32,055,000	7/1/2026 @ 100%	1.33x	4.76	5.000%	2030
2019 DWRFL - 4877	Fixed Rate	Senior	3,430,081	2,724,170	2,724,170	Callable Anytime	1.33x	13.03	0.250%	2040
2020 DWRFL - _____	Fixed Rate	Senior	1,515,000	1,515,000	1,515,000	Callable Anytime	1.33x	13.03	0.250%	2040
Series 2020	Fixed Rate	Senior	69,440,000	63,440,000	25,520,000	7/1/2028 @ 100%	1.33x	5.53	5.000%	2032
Series 2020A	Fixed Rate	Senior	47,800,000	40,930,000	15,225,000	7/1/2029 @ 100%	1.33x	0.00	5.000%	2032
Series 2021	Fixed Rate	Senior	73,255,000	73,255,000	43,855,000	7/1/2029 @ 100%	1.33x	Principal (7/1)	5.000%	2032
TOTAL SENIOR LIEN DEBT			713,675,081	499,308,861	274,293,861					
Series 2008	Fixed Rate	Subordinate	12,000,000	4,770,344	4,770,344	Callable Anytime	1.20x	1.20	4.190% - 5.000%	2024
Series 2014B	Fixed Rate	Subordinate	87,005,000	25,710,000	8,635,000	7/1/2024 @ 100%	1.20x	2.01	4.190% - 5.000%	2025
TOTAL SUBORDINATE LIEN DEBT			99,005,000	30,480,344	13,405,344					
TOTAL DEBT			812,680,081	529,789,205	287,699,205					

Outstanding Debt

- Water Utility Authority has very attractive debt profile with rapidly decline debt service
 - Debt profile provides the Authority with significant flexibility to issue debt beyond 2023 with little to no impact to existing debt service.
 - Additionally, the Authority pays off it's debt much faster than most Utilities
 - Over 59% of the Authority's debt will mature within in the next 5 years
 - Over 92% of the Authority's debt will mature within the next 10 years
- The Authority's conservative debt policies have put the Authority in a position to continue to provide basic needs rehab funding as well as provide significant funding toward Water 2120 over the next 40+ years
- The Authority's debt profile along with strong management and sound fiscal practices have resulted in strong bond ratings from the rating agencies of AA+ (Standard and Poor's), Aa2 (Moody's) and AA+ (Fitch)⁽¹⁾

(1) Fitch recently upgraded the Authority from AA to AA+

Outstanding Debt Graph



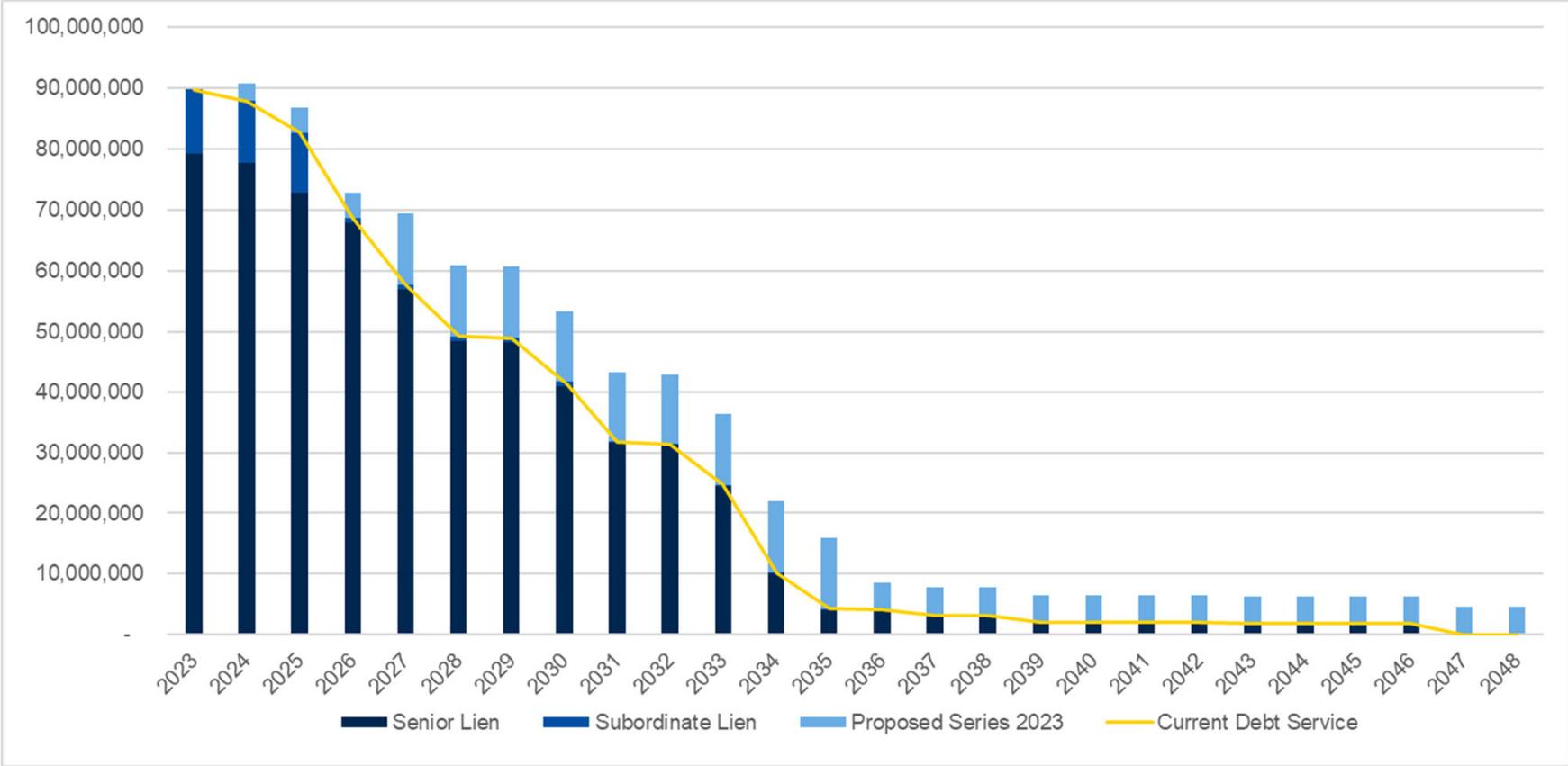
Series 2023 Bond Overview

- The Water Authority has the following needs:
 - \$56 million basic needs infrastructure – 12-year final maturity
 - \$65 million other projects - 25-year maximum final maturity
- Series 2023 Bonds will be structured to take advantage of Authority’s declining debt service to limit impact to annual debt service while preserving the Authority’s future capacity.
- Series 2023 Bonds plan of finance meets the Authority’s Debt Policy requirements
- The Bonds will be placed and sold through the New Mexico Finance Authority through a simultaneous pricing process.
 - Issuance through the New Mexico Finance Authority reduces Authority’s issuance costs and all-in-interest cost.

Projects to be Financed by the Series 2022 Bond Issuance

\$MM	Project	\$MM	Project
\$56.00	Basic Rehab Projects (12 Years)	\$10.00	CIP Project Market Adjustments
\$28.00	Grit Removal From Surface Water Ponds	\$3.00	Grading Vulcan Site
\$24.00	Rehab Force Main and Lift Station		
<i>\$121 Million in Total Projects to be Financed</i>			

Outstanding Plus Proposed Series 2023 Bonds



Timeline

Date	Activity	Responsibility
Wednesday, June 28, 2023	ABCWUA Board Meeting - First Reading of Bond Ordinance and Confirming Resolution and Approval of NMFA Application Resolution	WUA, MA, BC
Thursday, June 29, 2023	Submit Signed Final Application and Signed Application Resolution to NMFA	WUA, FA, BC, DC
Thursday, July 27, 2023	NMFA Board Meeting to Approval Application	WUA, MA, BC
Wednesday, August 23, 2023	ABCWUA Board Meeting - Approval of Bond Ordinance and Confirming Resolution	WUA, MA, BC
Friday, August 25, 2023	Notice of Adoption of Bond Ordinance Published	BC
Thursday, August 24, 2023	NMFA Board Meeting to Approve PPRF Simultaneous Financing	MA
Sunday, September 24, 2023	30 Day Statute of Limitation Ends	
Tuesday, October 03, 2023	Post POS	
Tuesday, October 17, 2023	Simultaneous Pricing	WUA, MA, BC
Tuesday, October 17, 2023	Pricing Certificate Signed by Water Authority	WUA, BC
Tuesday, October 31, 2023	Closing	ALL
Wednesday, November 22, 2023	ABCWUA Board Meeting - Update Board on Pricing Results	WUA, MA

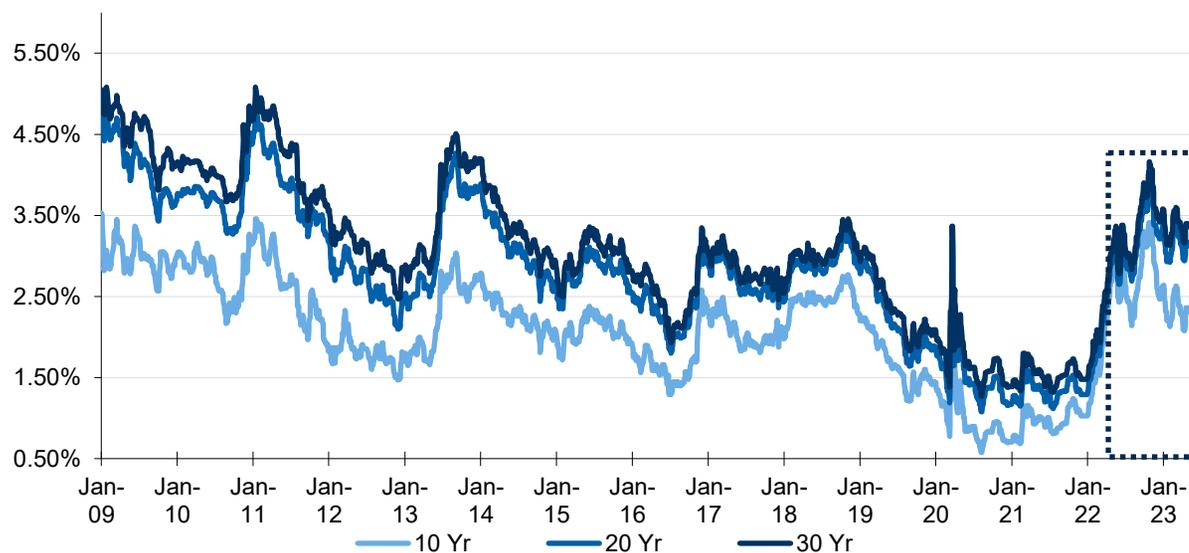
Working Group Key

Code	Participant	Role
WUA	Albuquerque Bernalillo County Water Utility Authority	Issuer
MA	RBC Capital Markets, LLC	Municipal Advisor
BC	McCall Parkhurst & Horton	Bond Counsel
NMFA	New Mexico Finance Authority	Purchaser

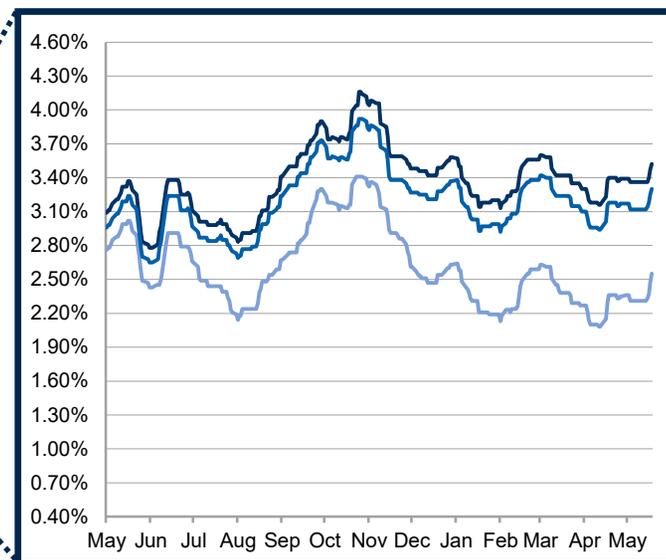
Current Municipal Market Conditions: “AAA” MMD

After closing at 3.36% the previous week, 30-year “AAA” MMD increased 16 bps on the week

“AAA” MMD January 1, 2009 to Present



Shift in “AAA” MMD Since May 2022



January 1, 2009 to Present

	10 Year	20 Year	30 Year
Maximum	3.53%	4.89%	5.08%
Minimum	0.58%	1.08%	1.27%
Current	2.55%	3.30%	3.52%

Shift in 30-year “AAA” MMD

2016	2017	2018	2019	2020	2021	2022
0.27%	-0.51%	0.47%	-0.90%	-0.68%	0.09%	2.08%

May 1, 2022 to Present

	10 Year	20 Year	30 Year
Maximum	3.41%	3.92%	4.16%
Minimum	2.08%	2.38%	2.51%
Average	2.61%	3.16%	3.34%

Source: Refinitiv
10, 20, and 30 year “AAA” MMD shown to represent different average lives of municipal transactions
Rates as of May 19, 2023

Disclaimer

Sources include: https://www.rbccm.com/assets/rbccm/docs/uploads/2017/RBCCM_Muni_Markets_Weekly_Newsletter.pdf, <http://www.rbc.com/economics/>, RBC Capital Markets.

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