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Meeting Date: August 20, 2025  
Staff Contact: Marta J. Ortiz, Chief Financial Officer

**TITLE: R-25-24 – Authorizing the Issuance and Sale of Albuquerque Bernalillo County Water Utility Authority (Water authority) Senior Lien Joint Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2025 in an Aggregate Principal Amount Not to Exceed \$180,885,000 (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) and Refunding, Refinancing and Defeating Certain Outstanding Obligations of the Water Authority; 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: Recommend Approval**

**SUMMARY:**

This Bond Resolution is for the proposed Senior Lien Joint Water and Sewer System Revenue Bonds, Series 2025. It has been prepared by McCall, Parkhurst & Horton, L.L.P., serving as Bond Counsel for this transaction. The Resolution outlines key bond details, provides for the allocation of the issuance cost, and authorizes necessary disclosure and related documentation.

The primary objective of this Bond Resolution is to secure up to \$180,885,000 in Capital Improvement Plan (CIP) funding. The Water Authority's existing Senior Lien Bonds are rated Aa2/AA+/AA by Moody's, Standard and Poor's and Fitch Ratings, respectively, while its Subordinate Lien Bonds hold ratings of Aa3/AA/AA from the same agencies. Final approval of the Bond Resolution and associated matters will be considered for adoption during the Water Authority's meeting on August 20, 2025. A report and summarizing the pricing terms and financing is scheduled for presentation to the Board at its regular meeting on October 22, 2025.

**FISCAL IMPACT:**

The total bond proceeds of \$180,885,000 will be allocated as follows:

- \$60,000,000 – Basic Rehabilitation Program
- \$10,000,000 - Reservoir improvements
- \$20,000,000 – Southside Water Reclamation Plant (SWRP) new buildings.

Additionally, maturities achieving a minimum of 3% present value savings at the time of pricing will be refunded accordingly.

**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 detailed report on pricing terms and financing will be presented to the Board at its regularly scheduled meeting October 2025.

This Resolution authorizes the financing necessary to execute the Capital Improvements Plan outlined in the Decade Plan and the 2025 Finance Plan. The transaction is expected to close by October 2025.

A floor substitute may be prepared by Bond Counsel to incorporate technical adjustments, if necessary.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

**BILL NO. R-25-24**

## **RESOLUTION**

**AUTHORIZING THE ISSUANCE AND SALE OF ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY (THE “WATER AUTHORITY”) SENIOR LIEN JOINT WATER AND SEWER SYSTEM IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2025 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$180,885,000 (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”) AND REFUNDING, REFINANCING AND DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE WATER AUTHORITY; 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

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

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

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

12           WHEREAS, the Water Authority is obligated on the Super Subordinated  
13 Obligations set forth in Exhibit A, payable from Net Revenues with a lien on the Net  
14 Revenues subordinate to the Senior Obligations and the Subordinate Obligations,  
15 Outstanding on the date of the adoption of this Bond Resolution; and

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

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

22           WHEREAS, the Board desires to refund and refinance the Refunded  
23 Obligations to achieve debt service savings and to restructure its outstanding  
24 obligations; and

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

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

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

4 WHEREAS, the Water Authority intends to use a portion of the proceeds of  
5 the Bonds for the purpose of refunding, refinancing and defeasing the Refunded  
6 Obligations; and

7 WHEREAS, the Escrow Agent is a commercial bank having full trust powers  
8 and is a member of the Federal Deposit Insurance Corporation; and

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

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

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

19 WHEREAS, all required authorizations, consents or approvals of any  
20 governmental body, agency or authority in connection with charging the current rates  
21 for services of the System and for the authorization, execution and delivery of the  
22 Bonds which are required to have been obtained by the date of this Bond Resolution  
23 or which will be required to be obtained prior to the date of issuance of the Bonds  
24 have been or will have been obtained by such dates.

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

26 Section 1. DEFINITIONS AND RULES OF CONSTRUCTION.

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

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

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

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

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

13 AUTHORIZED OFFICER. The Chair, the Executive Director, Chief  
14 Operating Officer or the Chief Financial Officer of the Water Authority, or other  
15 officer or employee of the Water Authority when designated by a certificate signed  
16 by the Chair from time to time.

17 BENEFICIAL OWNERS. The beneficial owners of the Bonds.

18 BOARD. The governing body in which is vested the legislative power  
19 of the Water Authority.

20 BOND or BONDS. The Albuquerque Bernalillo County Water Utility  
21 Authority Senior Lien Joint Water and Sewer System Improvement and Refunding  
22 Revenue Bonds, Series 2025 or such other designation of bonds authorized by and  
23 issued pursuant to the Bond Legislation.

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

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

1                   BOND LEGISLATION. Collectively, the Bond Resolution and the Sale  
2 Certificate.

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

6                   BOND RESOLUTION. This resolution, as amended or supplemented  
7 from time to time.

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

11                  CHAIR. The duly elected Chair of the Board or the Vice Chair of the  
12 Board acting in the absence of the Chair.

13                  CITY. The City of Albuquerque, in the County of Bernalillo and State  
14 of New Mexico.

15                  CODE. The Internal Revenue Code of 1986, as amended, the federal  
16 income tax regulations of the Treasury Department (whether proposed, temporary or  
17 final) and any amendments of, or successor provisions to, the foregoing and any  
18 official rulings, announcements, notices, procedures and judicial determinations  
19 regarding any of the foregoing, all as and to the extent applicable. Unless otherwise  
20 indicated, reference to a section of the Code in this Bond Resolution means that  
21 section of the Code and such applicable regulations, rulings, announcements,  
22 notices, procedures and determinations pertinent to that section.

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

26                  CONSULTING ENGINEER. Any registered or licensed professional  
27 engineer or firm of engineers, entitled to practice and practicing as such under the  
28 laws of the State, retained and compensated by the Water Authority but not in the  
29 regular employ of the Water Authority, the City or the County; but, as to any  
30 construction drawings and specifications prepared for the System by Water Authority

1 or City employees under the supervision of an engineer employed by the Water  
2 Authority or the City, this term may include such engineer.

3 CONTINUING DISCLOSURE UNDERTAKING. The undertaking of  
4 the Water Authority pursuant to which the Water Authority will agree for the benefit  
5 of Owners, if applicable, that, while the Bonds are Outstanding, the Water Authority  
6 will annually provide certain financial information and operating data and audited  
7 financial statements and will provide notice of certain events in accordance with Rule  
8 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934.

9 COUNTY. Bernalillo County, New Mexico.

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

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

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

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

21 DEBT SERVICE REQUIREMENTS. With respect to System  
22 Obligations and for any given period, the sum of: (1) the amount required to pay the  
23 interest, or to make reimbursements for payments of interest, becoming due on  
24 System Obligations during that period, plus (2) the amount required to pay the  
25 principal or to make reimbursements for the payment of principal becoming due on  
26 System Obligations during that period, whether at maturity or upon mandatory  
27 sinking fund redemption dates, plus (3) the periodic payments required to be made  
28 by the Water Authority pursuant to a Qualified Exchange Agreement minus (4) the  
29 periodic payments to be received by the Water Authority pursuant to a Qualified  
30 Exchange Agreement. No payments required for any System Obligations which may  
31 be tendered or otherwise presented for payment at the option or demand of the



1 owners of System Obligations, or which may occur because of the exercise of an  
2 option by the Water Authority, or which may otherwise become due by reason of any  
3 other circumstance or contingency, including acceleration or early termination  
4 payments, which constitute other than regularly scheduled payments of principal,  
5 interest or other regularly scheduled payments on System Obligations shall be  
6 included in any computation of Debt Service Requirements for that period.

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

12 In any computation of Debt Service Requirements relating to the issuance of  
13 additional System Obligations, there shall be excluded from the computation of the  
14 Debt Service Requirements amounts and investments which are irrevocably  
15 committed to make designated payments on System Obligations during the  
16 applicable period, including, without limitation, money on deposit in any Debt Service  
17 Account and amounts on deposit in an escrow fund irrevocably committed to make  
18 designated payments on System Obligations during the applicable period and  
19 earnings on such investments which are payable and committed to the payment of  
20 such System Obligations during the applicable period.

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

26 (1) During any historical period for which the actual variable  
27 interest rate or rates are determinable, the actual variable interest rate shall be used.  
28 During any historical period when the actual variable interest rate is not  
29 determinable, the variable interest rate shall, for the purpose of determining Debt  
30 Service Requirements, be deemed to be the higher of:

31 (a) the actual variable interest rate, if any, at the time

1 of computation; or

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

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

13 (a) the average of the daily rates of such System  
14 Obligations during the three hundred sixty-five (365) consecutive days (or any lesser  
15 period such System Obligations have been Outstanding) next preceding a date  
16 which is no more than sixty (60) days prior to the date of the issuance of the  
17 additional System Obligations; or

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

24 **DEFEASANCE OBLIGATIONS.**

25 (1) Government Obligations; or

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

30 **DELEGATE.** Any Authorized Officer of the Water Authority which is  
31 hereby delegated the authority to approve the pricing and final terms of the Bonds,

1 with such terms to be set forth in the Sale Certificate.

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

8 ELECTRONIC MEANS. Telephone, telecopy, telegraph, email,  
9 facsimile transmission or any other similar means of electronic communication. Any  
10 communication by telephone as an Electronic Means shall promptly be confirmed in  
11 writing, which may be by one of the other means of electronic communication listed  
12 in this definition.

13 EMMA. The Municipal Securities Rulemaking Board's Electronic  
14 Municipal Market Access System located on its website at [emma.msrb.org](http://emma.msrb.org).

15 ESCROW AGENT. BOKF, NA dba Bank of Albuquerque, a  
16 commercial bank and a member of the Federal Deposit Insurance Corporation  
17 having full and complete trust powers, or its duly authorized successor or such other  
18 qualifying escrow agent as may be set forth and identified in the Sale Certificate.

19 ESCROW AGREEMENT. The escrow agreement, if any, relating to  
20 the refunding, refinancing and defeasing of the Refunded Obligations between the  
21 Water Authority and the Escrow Agent.

22 ESCROW FUND. The escrow fund for the Refunded Obligations  
23 created in Section 20 to be maintained by the Escrow Agent.

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

27 EXPENSES. The reasonable and necessary fees, costs and  
28 expenses incurred by the Water Authority with respect to the issuance of the Bonds  
29 and all matters pertaining to the Bonds, including, without limitation, attorneys' fees  
30 and costs, financial advisor's fees and costs, premiums and costs for any Credit  
31 Facility, costs of advertising and publication, underwriter's discounts, cost of printing

1 bonds and disclosure documents, legal fees and expenses, including any fees and  
2 costs associated with any other consultant, agent (including paying agents, escrow  
3 agents, verification agents, bidding agents) or Independent Accountant and all  
4 reasonable and necessary fees and administrative costs of the Water Authority  
5 relating to the foregoing.

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

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

21 GROSS REVENUES. All income and revenues directly or indirectly  
22 derived by the Water Authority from the operation and use of the System, or any part  
23 of the System, and includes, without limitation, all revenues received by the Water  
24 Authority, or any municipal corporation or agency succeeding to the rights of the  
25 Water Authority, from the System and from the sale and use of water, water services  
26 or facilities, sewer service or facilities or any other service, commodity or facility or  
27 any combination thereof furnished to the inhabitants of the geographic area served  
28 by the Water Authority by means of the System as the same may at any time exist to  
29 serve customers outside the Water Authority's geographical limits as well as  
30 customers within the Water Authority's geographical limits. Such term also includes:

- 31 (1) All income derived from the investment of any money in

1 the Acquisition Fund, Joint Water and Sewer Fund, Debt Service Fund and Rate  
2 Stabilization Fund and income derived from surplus Net Revenues;

3 (2) Money released from the Rebate Fund to the Water  
4 Authority;

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

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

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

17 Gross Revenues do not include:

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

22 (2) condemnation proceeds or the proceeds of any  
23 insurance policy, except any property insurance proceeds described above in clause  
24 (4) of this definition or in Section 29(L) or derived in respect of loss of use or  
25 business interruption.

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

30 INDEPENDENT ACCOUNTANT. Any certified public accountant,  
31 registered accountant, or firm of accountants duly licensed to practice and practicing

1 as such under the laws of the State, appointed and paid by the Water Authority who  
2 (a) is, in fact, independent and not under the domination of the Water Authority, (b)  
3 does not have any substantial interest, direct or indirect, with the Water Authority,  
4 and (c) is not connected with the Water Authority as an officer or employee of the  
5 Water Authority, but who may be regularly retained to make annual or similar audits  
6 of the books or records of the Water Authority.

7 INSURED BANK. A bank insured by an agency of the United States of  
8 America.

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

11 INTEREST PAYMENT DATE. January 1 and July 1 of each year (or if  
12 such day is not a Business Day, then the next succeeding Business Day) beginning  
13 on the date set forth in the Sale Certificate or such other payment dates as may be  
14 set forth in the Sale Certificate.

15 IMPROVEMENT PROJECT. Acquiring additional System assets,  
16 extending, repairing, replacing and improving the System and providing for the  
17 payment of Expenses associated with the issuance of the Bonds.

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

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

28 NMSA 1978. New Mexico Statutes Annotated, 1978 Compilation, as  
29 amended and supplemented.

30 NET REVENUES. The Gross Revenues after deducting Operation  
31 and Maintenance Expenses.

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

5           OPERATION AND MAINTENANCE EXPENSES. All reasonable and  
6 necessary current expenses of the System, paid or accrued, related to operating,  
7 maintaining and repairing the System including, without limiting the generality of the  
8 foregoing:

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

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

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

17                   (4) Expenses other than expenses paid from the proceeds of  
18 System Obligations;

19                   (5) the costs of audits of the books and accounts of the  
20 Water Authority and the System;

21                   (6) amounts required to be deposited in the Rebate Fund or  
22 otherwise required to make rebate payments to the government of the United States  
23 of America;

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

27                   (8) franchise tax payments to the City, County or any other  
28 local government.

29           Operation and Maintenance Expenses do not include any allowance for  
30 depreciation, payments in lieu of taxes, liabilities incurred by the Water Authority as  
31 a result of its negligence or other misconduct in the operation of the System or any

1 charges or costs allocable to capital improvements or replacements. Operation and  
2 Maintenance Expenses do not include any payment of or reimbursement for the  
3 payment of Debt Service Requirements or premiums on the Bonds.

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

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

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

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

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

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

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

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



1                    PERMITTED INVESTMENTS. Any of the following which at the time  
2 of the investment are legal investments for the Water Authority for the money to be  
3 invested and any other investments, which at the time of investment are legal  
4 investments of the Water Authority for the money to be invested:

5                    (1) United States of America Government Obligations:  
6 Securities backed by the full faith and credit of the U.S. Government including direct  
7 obligations of the U.S. Treasury, such as U.S. treasury notes and bills and "Ginnie  
8 Mae" mortgage-backed certificates issued by the Government National Mortgage  
9 Association;

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

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

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

31                    (5) Money market instruments and other securities of

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

10 (6) The “local government investment pool” described in  
11 Section 6-10-10.1 NMSA. 1978, as amended, or other similar pooled fund  
12 maintained by the State for the investment of public funds of local public bodies of  
13 the State; and

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

24 PRELIMINARY OFFICIAL STATEMENT. The initial disclosure  
25 document relating to the public offer and sale of the Bonds (including the cover page  
26 and all summary statements, appendices, schedules and other materials included or  
27 incorporated by reference or attached thereto), as amended or supplemented.

28 PRINCIPAL PAYMENT DATE. July 1<sup>st</sup> of each year so long as the  
29 Bonds are Outstanding, beginning on the date set forth in the Sale Certificate or  
30 such other principal payment date or dates as may be set forth in the Sale  
31 Certificate.

1 PROJECT. Collectively, the Improvement Project and the Refunding  
2 Project.

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

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

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

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

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

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

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

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

29 REFUNDED OBLIGATIONS. The applicable Refunded Obligations set  
30 forth in Schedule I and ultimately selected by the Delegate to be refunded,  
31 refinanced and defeased all as further set forth and identified in the Sale Certificate.

1                REFUNDING PROJECT. The refunding, refinancing and defeasing of  
2 the Refunded Obligations as set forth in the Sale Certificate.

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

8                RESERVE ACCOUNT. The accounts of the Debt Service Fund to be  
9 established for Senior Obligations or Subordinate Obligations with a reserve  
10 requirement.

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

22               SALE CERTIFICATE. One or more certificates executed by the  
23 Delegate dated on or before the date of initial delivery of the Bonds, setting forth the  
24 following final terms of the Bonds: (i) the interest and principal payment dates; (ii) the  
25 principal amounts, denominations and maturity amortization; (iii) the sale prices;  
26 (iv) the interest rate or rates; (v) the interest payment periods; (vi) the redemption  
27 and tender provisions; (vii) the procurement, if any, of a Municipal Bond Insurance  
28 Policy or Reserve Account Surety Bond, and any related covenants and  
29 agreements, (viii) the creation of any capitalized interest fund, including the size and  
30 funding of such fund(s); (ix) the amount of underwriting discount, if any; (x) the public  
31 securities to be refunded, if any, (xi) the final terms of agreements, if any, with

1 agents or service providers required in connection with the Bonds, (xii) any updates  
2 to or applicable changes to this Resolution necessary or required to effect the  
3 authorization, sale, issuance and delivery of the Bonds, (xiii) the federal tax status of  
4 the Bonds, and (xiv) any other terms or provisions in connection with the Bonds as  
5 deemed necessary by the Delegate.

6 SEC. The United States Securities and Exchange Commission.

7 SENIOR OBLIGATIONS. The obligations designated as Senior  
8 Obligations as set forth in Exhibit A and any other System Obligations now or  
9 hereafter issued with a lien on the Net Revenues on a parity with the senior lien of  
10 the Outstanding Senior Obligations on Net Revenues and superior to the lien of the  
11 Subordinate Obligations and the Super Subordinate Obligations.

12 SERIES 2025 BONDS DEBT SERVICE ACCOUNT. An account of the  
13 Debt Service Fund established for the deposit of amounts necessary to pay the Debt  
14 Service Requirements on the Bonds.

15 SERIES 2025 BONDS ACQUISITION ACCOUNT. An account of the  
16 Acquisition Fund or such other account as may be set forth in the Sale Certificate  
17 that is established for the benefit of the Water Authority to deposit a portion of the  
18 proceeds of the Bonds to finance the Project.

19 STATE. The State of New Mexico.

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

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

30 SYSTEM. The public utility owned by the Water Authority and  
31 designated as the Water Authority's water system and sanitary sewer system

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

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

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

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

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

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

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

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

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

1 accepted accounting principles.

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

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

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

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

15 Section 3. FINDINGS.

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

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

24 (C) It is economically feasible to accomplish the Project by the  
25 issuance of the Bonds and the Refunding Project shall result in debt service savings  
26 for the Water Authority.

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

1 Section 6-14-10.2 NMSA 1978. The use and distribution of any Preliminary Official  
2 Statement and Official Statement, if any, by the Underwriters in connection with the  
3 sale of the bonds to the public are hereby ratified, authorized, approved and  
4 acknowledged.

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

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

11 Section 6. AUTHORIZATION OF PROJECT; EXPENSES.

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

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

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

17 (D) REFUNDING. The Refunded Obligations shall be redeemed,  
18 refunded and defeased, all as further set forth in the Sale Certificate.

19 Section 7. THE BONDS.

20 (A) AUTHORIZATIONS. This Bond Resolution has been adopted  
21 by the affirmative vote of at least a majority of all of the members of the Board. For  
22 the purpose of protecting the public health, conserving the property, protecting the  
23 general welfare and prosperity of the citizens of the geographic area served by the  
24 Water Authority, and completing the Project, it is necessary that the Water Authority  
25 issue, and the Water Authority is hereby authorized to issue, pursuant to the Act, its  
26 negotiable, fully registered bonds in one or more series designated as the  
27 "Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and  
28 Sewer System Improvement and Refunding Revenue Bonds, Series 2025" or such  
29 other designation as set forth in the Sale Certificate.

30 The Bonds shall be issued in one or more series in the aggregate principal  
31 amount not to exceed \$180,885,000 consisting of a not to exceed amount of



1 \$90,270,000 for the Improvement Project and a not to exceed amount of  
2 \$90,615,000 for the Refunding Project, to be used, with other available moneys of  
3 the Water Authority, if any, to finance the Project, including the payment of  
4 Expenses.

5 (B) DETAILS OF THE BONDS.

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

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

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

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

1 (C) BOOK-ENTRY. Unless otherwise set forth in the Sale  
2 Certificate, the Bonds shall be issued or registered in book entry form with no  
3 physical distribution of bond certificates made to the public, with a Depository acting  
4 as securities depository for the Bonds. A single certificate for each maturity of the  
5 Bonds will be delivered to the Depository and immobilized in its custody. The book-  
6 entry system will evidence ownership of the Bonds in Authorized Denominations,  
7 with transfer of ownership effected on the books of the Depository and its  
8 participants ("Participants"). As a condition to delivery of the Bonds, the  
9 Underwriters will, immediately after acceptance of delivery thereof, deposit, or cause  
10 to be deposited, Bond certificates with the Depository, registered in the name of the  
11 Depository or its nominee. Principal of, premium, if any, and interest on the Bonds  
12 will be paid to the Depository or its nominee as the registered Owner of the Bonds.  
13 The transfer of principal and interest payments to Participants will be the  
14 responsibility of the Depository; the transfer of principal and interest payments to the  
15 Beneficial Owners will be the responsibility of such Participants and other nominees  
16 of Beneficial Owners maintaining a relationship with Participants (the "Indirect  
17 Participants"). The Water Authority will not be responsible or liable for maintaining,  
18 supervising or reviewing the records maintained by the Depository, Participants or  
19 Indirect Participants.

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

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

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

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

1 The Water Authority shall transfer, or cause to be transferred, funds to the  
2 Paying Agent on a timely basis so that the Paying Agent may make payments of the  
3 principal of, premium, if any, and interest on the Bonds, when due, to the Owners  
4 and comply with the requirements of any Credit Source. The Water Authority shall  
5 notify the Paying Agent if there is or will be an insufficient amount of money of the  
6 Water Authority legally available to pay principal and interest on the Bonds when  
7 due.

8 Section 8. APPOINTMENT OF PAYING AGENT AND REGISTRAR, AND  
9 ESCROW AGENT. The initial Paying Agent and Registrar for the Bonds and the  
10 Escrow Agent shall be set forth in the Sale Certificate. The Paying Agent,  
11 Authenticating Agent and Registrar shall be the same person.

12 Section 9. REDEMPTION OF BONDS.

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

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

1 Registrar shall promptly return those Bonds to the Owners thereof as shown on the  
2 Bonds register.

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

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

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

1 optional redemption at least fifteen (15) days prior to the date that the Registrar is  
2 required to give Owners notice of redemption specifying the Bonds or the principal  
3 amount thereof to be called for redemption and the applicable redemption date. If  
4 the Water Authority has not designated the Bonds to be called for redemption on the  
5 dates specified above, the Registrar shall select the Bonds to be redeemed by lot.  
6 Neither the Water Authority's failure to give such notice, the Registrar's failure to  
7 give such notice to the registered Owner of any Bonds or to any Credit Source, or  
8 any defect thereon, nor the failure of the Depository to notify a Participant or any  
9 Participant or Indirect Participant to notify a Beneficial Owner of any such  
10 redemption, shall affect the validity of the proceedings for the redemption of any  
11 Bonds for which proper notice was given.

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

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

1 satisfaction of the terms of any other arrangement between the Paying Agent and  
2 the Depository, the Paying Agent will pay such Bond, or portion thereof called for  
3 redemption.

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

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

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

14 Section 10. REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP  
15 OF BONDS.

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

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

1 (C) LOST BONDS. If any Bond is lost, stolen, destroyed or  
2 mutilated, the Registrar shall, upon receipt of such Bond, if mutilated, and the  
3 evidence, information or indemnity which the Registrar may reasonably require, if  
4 lost, stolen, or destroyed, authenticate and deliver a replacement Bond of the same  
5 aggregate principal amount, maturity and interest rate, bearing a number or numbers  
6 not then outstanding. If any lost, stolen, destroyed or mutilated Bond has matured or  
7 been called for redemption, the Registrar may direct the Paying Agent to pay that  
8 Bond in lieu of replacement.

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

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

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

25 Section 12. EXECUTION AND CUSTODY OF BONDS.

26 (A) EXECUTION. The Bonds shall be signed with the facsimile or  
27 manual signature of the Chair and the manual or facsimile signature of the Secretary  
28 of the Water Authority. Bonds when authenticated and bearing the manual or  
29 facsimile signatures of the officers in office at the time of their signing shall be valid  
30 and binding obligations of the Water Authority, notwithstanding that before delivery  
31 of those Bonds, any or all of the persons who executed those Bonds shall have



1 ceased to fill their respective offices. The Chair, Vice Chair, Executive Director and  
2 Board Secretary, at the time of the execution of the Bonds and the signature  
3 certificate, each may adopt as and for his or her own facsimile signature, the  
4 facsimile signature of his or her predecessor in office if such facsimile signature  
5 appears upon any of the Bonds or certificates pertaining to the Bonds. No manual  
6 or facsimile signature of an officer of the Water Authority or an Authenticating Agent  
7 shall be required if the Bonds are issued in book-entry form without the delivery of  
8 any physical securities.

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

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

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

28 Section 14. SPECIAL LIMITED OBLIGATIONS. All of the Bonds and all  
29 payments of principal of, premium, if any, and interest on Bonds, and the fees, costs,  
30 expenses and other obligations of the Water Authority under the Bond Legislation,  
31 the Issuer Documents, or any Credit Facility, together with the interest accruing

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

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

28 (a) The proceeds of the Bonds shall be used for the Project.

29 (b) The aggregate maximum par amount of the Bonds shall not be more  
30 than \$180,885,000 (consisting of the maximum par amount for the  
31 Improvement Project of \$90,270,000 and the maximum par amount for the

1 Refunding Project of \$90,615,000).

2 (c) The final maturity of the Bonds shall be no later than July 1, 2050.

3 (d) The maximum interest rate on the Bonds shall be no greater than 12%  
4 per annum.

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

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

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

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

15 (i) The Bonds, the Bond Purchase Agreement and the Escrow Agreement  
16 shall be in substantially the forms described in this Resolution and approved  
17 by an Authorized Officer.

18 (j) The net present value savings from the Refunding Project shall be at  
19 least 3%.

20 (k) The Bonds may be issued in one or more series on a taxable or tax-  
21 exempt basis as determined by the Delegate and as further set forth in the Sale  
22 Certificate.

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

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

1  
2 **[Form of Bond]**

3 **UNITED STATES OF AMERICA**

**STATE OF NEW MEXICO**

4 [AS PROVIDED IN THE BOND LEGISLATION REFERRED TO HEREIN, UNTIL  
5 THE TERMINATION OF REGISTERED OWNERSHIP OF ALL OF THE BONDS  
6 THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK  
7 (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY, "DTC"), AND  
8 NOTWITHSTANDING ANY OTHER PROVISION OF THE BOND LEGISLATION TO  
9 THE CONTRARY, THE PRINCIPAL AMOUNT OUTSTANDING UNDER THIS  
10 BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE  
11 REGISTRAR. DTC OR A TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND  
12 MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE  
13 PRINCIPAL AMOUNT HEREOF OUTSTANDING AND TO BE PAID. THE  
14 PRINCIPAL AMOUNT OUTSTANDING AND TO BE PAID ON THIS BOND SHALL  
15 FOR ALL PURPOSES BE THE AMOUNT INDICATED ON THE BOOKS OF THE  
16 REGISTRAR.

17  
18 UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE  
19 OF DTC TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE  
20 OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF  
21 CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED  
22 REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO.,  
23 ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR  
24 OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL SINCE THE  
25 REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

26  
27 **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**  
28 **SENIOR LIEN JOINT WATER AND SEWER SYSTEM**  
29 **IMPROVEMENT AND REFUNDING REVENUE BONDS**  
30 **SERIES 2025**

31 **Bond No. R-\_\_\_\_\_**

**\$\_\_\_\_\_**

1 **Registered Owner:** \_\_\_\_\_

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

3 \_\_\_\_\_% per annum                      \_\_\_\_\_, 20\_\_\_\_                      \_\_\_\_\_, 20\_\_\_\_                      \_\_\_\_\_

4

5            The Albuquerque Bernalillo County Water Utility Authority (the “Water  
6 Authority”), a legally and regularly created, established, organized and existing  
7 municipal utility under the general laws of the State of New Mexico, for value  
8 received, hereby promises to pay, solely from the special funds available for the  
9 purpose as hereinafter set forth, to the registered owner or registered assigns, no  
10 later than the Maturity Date stated above (unless this bond is called for prior  
11 redemption, in which case on such redemption date), upon presentation and  
12 surrender hereof at the principal office of the Chief Financial Officer of the Water  
13 Authority as paying agent, or any successor paying agent (the “Paying Agent”), the  
14 principal amount set forth above and to pay from said sources interest on the unpaid  
15 principal amount at the Interest Rate stated above on January 1, 20\_\_\_\_, and on July 1  
16 and January 1 of each year (each an “Interest Payment Date”) thereafter to its  
17 maturity, or until redeemed if called for redemption prior to maturity. This bond will  
18 bear interest from the most recent date to which interest has been paid or provided  
19 for or, if no interest has been paid or provided for, from its date. Interest on this  
20 bond is payable by check mailed to the registered owner hereof (or by such other  
21 arrangement as may be mutually agreed to by the Paying Agent and the registered  
22 owner) as shown on the registration books for this issue maintained by the Chief  
23 Financial Officer of the Water Authority as registrar, or any successor registrar (the  
24 “Registrar”) at the address appearing therein at the close of business on the 15<sup>TH</sup>  
25 day of the calendar month next preceding the Interest Payment Date (the “Record  
26 Date”). Any interest which is not timely paid or duly provided for shall cease to be  
27 payable to the owner hereof as of the Record Date but shall be payable to the owner  
28 hereof at the close of business on a special record date to be fixed by the Paying  
29 Agent for the payment of interest. The special record date shall be fixed by the  
30 Paying Agent whenever moneys become available for payment of the overdue  
31 interest, and notice of the special record date shall be given to owner of the Bonds

1 (defined below) as then shown on the Registrar's registration books not less than ten  
2 (10) days prior to the special record date. If, upon presentation at maturity or  
3 redemption, payment of this bond is not made as herein provided, interest hereon  
4 shall continue at the Interest Rate stated above until the principal hereof is paid in  
5 full. The principal, premium, if any, and interest on this bond are payable in lawful  
6 money of the United States of America, without deduction for the services of the  
7 Paying Agent or the Registrar.

8 This bond is one of a duly authorized issue of fully registered bonds of the  
9 Water Authority in the principal amount of \$\_\_\_\_\_, issued in denominations  
10 of \$5,000 or integral multiples thereof, designated as Albuquerque Bernalillo County  
11 Water Utility Authority Senior Lien Joint Water and Sewer System Improvement and  
12 Refunding Revenue Bonds, Series 2025 (the "Bonds"), issued under and pursuant to  
13 Resolution No. R-23-\_\_\_ adopted \_\_\_\_\_, 2025, and the Sale Certificate dated \_\_\_,  
14 2025 (collectively, the "Bond Legislation").

15 The Bonds are subject to prior redemption as more particularly described  
16 below:

17 Optional Redemption. Bonds maturing on and after July 1, \_\_\_ are subject to  
18 redemption on any date, in whole or in part, at the option of the Water Authority,  
19 prior to their respective maturities on or after July 1, \_\_\_ at a price equal to 100% of  
20 the principal amount of the Bonds redeemed, plus accrued interest to the date of  
21 redemption.

22 Notice of redemption of this bond, or any portion of this bond, will be given by  
23 providing at least thirty (30) days prior written notice by Electronic Means or by first-  
24 class mail, postage prepaid, to the owner hereof at the address shown on the  
25 registration book as of the fifth day prior to the mailing of notice as provided in the  
26 Bond Legislation. Notice of redemption will specify the amount being redeemed,  
27 and shall further state that on such redemption date there will become and be due  
28 and payable upon each Bond to be redeemed at the office of the Paying Agent the  
29 principal amount thereof plus accrued interest to the redemption date and the  
30 stipulated premium, if any, and that from and after such date, the redemption

1 amount having been deposited and notice having been given, interest will cease to  
2 accrue.

3 Books for the registration and transfer of the Bonds shall be kept by the  
4 Registrar. Upon the surrender for transfer or exchange of this bond at the principal  
5 office of the Registrar, duly endorsed or accompanied by an assignment duly  
6 executed by the registered owner or his attorney duly authorized in writing, the  
7 Registrar shall authenticate and deliver, not more than three (3) business days after  
8 receipt of the Bond or Bonds to be transferred, in the name of the transferee or  
9 owner a new Bond or Bonds in fully registered form of the same aggregate principal  
10 amount, maturity and interest rate. Exchanges and transfers of the Bonds shall be  
11 without charge to the owner or any transferee, but the Registrar may require the  
12 payment by the owner of any Bonds of any tax or other similar governmental charge  
13 required to be paid with respect to such exchange or transfer. The Registrar shall  
14 not be required (i) to transfer or exchange any Bond during the period of five (5)  
15 days next preceding the mailing of notice calling any Bond for redemption, or (ii) to  
16 transfer or exchange any Bond or part thereof called for redemption. The Registrar  
17 will close books for change of registered owners' addresses on each Record Date;  
18 transfers will be permitted within the period from each Record Date to each interest  
19 payment date, but such transfers shall not include a transfer of accrued interest  
20 payable.

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

29 If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar will,  
30 upon receipt of such Bond, if mutilated, and such evidence, information or indemnity  
31 relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed,

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

6 This bond does not constitute an indebtedness of the Water Authority within  
7 the meaning of any constitutional or statutory provision or limitation, shall not be  
8 considered or held to be a general obligation of the Water Authority, and is payable  
9 and collectible solely from a senior lien (but not an exclusive senior lien) on the Net  
10 Revenues (as defined in the Bond Legislation), and the bondholders may not look to  
11 any general or other Water Authority fund other than those described above for the  
12 payment of the interest and principal of this bond. Additional bonds may be issued  
13 and made payable from the Net Revenues upon satisfaction of the conditions set  
14 forth in the Bond Legislation, having a lien thereon either on a parity with or junior to  
15 the lien of the Bonds on the Net Revenues.

16 The Bonds are issued to provide funds for (i) acquiring additional System  
17 assets, and extending, repairing, replacing and improving the Water Authority's  
18 System, (ii) refunding, redeeming and defeasing certain outstanding obligations of  
19 the Water Authority and (iii) the payment of Expenses relating to the issuance of the  
20 Bonds.

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

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

29 It is hereby certified that all acts and conditions necessary to be done or  
30 performed by the Water Authority or to have happened precedent to and in the  
31 issuance of the Bonds to make them legal, valid and binding special obligations of



1 the Water Authority, have been performed and have happened as required by law,  
2 and that the Bonds do not exceed or violate any constitutional or statutory limitation  
3 of or pertaining to the Water Authority.

4 This bond shall not be valid or obligatory for any purpose until the  
5 Authenticating Agent shall have manually signed the Certificate of Authentication of  
6 this bond.

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

11 **ALBUQUERQUE BERNALILLO COUNTY**  
12 **WATER UTILITY AUTHORITY**

13  
14 **By:** \_\_\_\_\_  
15 **Chair**

16  
17 **ATTEST:**

18 **By:** \_\_\_\_\_  
19 **Secretary**

20  
21 **[FORM OF CERTIFICATE OF AUTHENTICATION]**  
22

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

26 **CHIEF FINANCIAL OFFICER**  
27 **ALBUQUERQUE BERNALILLO COUNTY**  
28 **WATER UTILITY AUTHORITY,**  
29 **AS REGISTRAR**

30  
31 **Dated:** \_\_\_\_\_

**By:** \_\_\_\_\_

1 **Authorized Signature**

2  
3 **[FORM OF ASSIGNMENT]**

4  
5 FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers  
6 unto

7 \_\_\_\_\_  
8 (Social Security or Federal Taxpayer Identification Number)  
9

10 \_\_\_\_\_  
11 (Please print or typewrite Name and Address, including Zip Code, of Assignee)  
12

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

17 Dated: \_\_\_\_\_

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

25 Signature guaranteed by:

26 \_\_\_\_\_  
27 NOTICE: Signature guarantee  
28 should be made by a guarantor  
29 institution participating in the  
30 Securities Transfer Agents Medallion

1 Program or in such other guarantee  
2 program acceptable to the Registrar.

3 **[END OF FORM OF BOND]**  
4

5 Section 17. PERIOD OF PROJECT'S USEFULNESS. The useful life of the  
6 Improvement Project exceeds the final maturity date of the Bonds and the remaining  
7 useful life of the projects financed with the proceeds of the Refunded Obligations  
8 exceeds the final maturity date of the Bonds.

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

13 (a) Proceeds of the Bonds in an amount set forth in the Sale  
14 Certificate will be used to pay Expenses at the time of initial delivery of the Bonds or  
15 will be deposited into the Expense Account or such other account as may be  
16 established to pay Expenses associated with the Bonds, with any amounts not  
17 expended within ninety (90) days to be deposited into the Series 2025 Bonds Debt  
18 Service Account.

19 (b) Proceeds of the Bonds designated in the Sale Certificate for the  
20 payment of interest will be deposited into the Series 2025 Bonds Debt Service  
21 Account.

22 (c) Proceeds of the Bonds in an amount set forth in the Sale  
23 Certificate will be deposited to the Series 2025 Bonds Acquisition Account and shall  
24 be applied to the Improvement Project. Any amounts remaining in the Series 2025  
25 Bonds Acquisition Account after the Completion Date shall be transferred to the  
26 Series 2025 Bonds Debt Service Account and used by the Water Authority for the  
27 payment of the principal of or interest next coming due on the Bonds.

28 (d) Proceeds of the Bonds in an amount set forth in the Sale  
29 Certificate will be deposited to the Escrow Fund and shall be applied to the  
30 Refunding Project as further set forth in the Sale Certificate and the Escrow  
31 Agreement. Any amounts remaining in the Escrow Fund after the completion of the

1 Refunding Project shall be transferred by the Escrow Agent to the Water Authority  
2 for deposit to the Series 2025 Bonds Debt Service Account and used by the Water  
3 Authority for the payment of the principal of or interest next coming due on the  
4 Bonds.

5 (e) Proceeds of the Bonds in an amount set forth in the Sale  
6 Certificate shall be used to pay and is appropriated for the payment of Underwriters'  
7 discount, if any.

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

12 Section 19. APPROVAL OF DOCUMENTS AND USE OF DISCLOSURE  
13 DOCUMENTS.

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

28 (B) DISCLOSURE DOCUMENT. The use and distribution of any  
29 Preliminary Official Statement and the Official Statement (with terms which are not  
30 inconsistent with the Bond Legislation) by the Underwriters in connection with the  
31 sale and issuance of the Bonds are hereby authorized and ratified.

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

6 Section 20. FUNDS AND ACCOUNTS.

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

11 (B) DEBT SERVICE FUND AND ACCOUNTS. The Water Authority  
12 shall continue the Debt Service Fund as a separate, distinct and segregated fund for  
13 the deposit of Net Revenues for the payment of System Obligations. The Water  
14 Authority shall continue the Expense Account as part of the Debt Service Fund.  
15 Money on deposit or credited to the Expense Account shall be used for the purpose  
16 of payment of Expenses. The Water Authority shall establish the Series 2025 Bonds  
17 Debt Service Account as a separate account of the Debt Service Fund.

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

21 (D) ACQUISITION FUND. The Water Authority shall continue the  
22 Acquisition Fund as a separate, distinct and segregated fund. The Water Authority  
23 shall establish the Series 2025 Bonds Acquisition Account as a separate account in  
24 the Acquisition Fund for the deposit of a portion of the proceeds of the Bonds to  
25 finance the Project. The Water Authority may establish separate subaccounts in the  
26 Acquisition Fund for the payment of Project costs and capitalized interest, if any, and  
27 for other purposes permitted by the Bond Legislation.

28 (E) ESCROW FUND. The Water Authority hereby creates an  
29 escrow fund with subaccounts for each of the Refunded Obligations for the  
30 refunding, redemption and defeasance of the Refunded Obligations to be  
31 administered and maintained by the Escrow Agent pursuant to the Escrow

1 Agreement or as may otherwise be set forth in the Sale Certificate.

2 (F) OTHER FUNDS. The Water Authority may create any  
3 additional funds as may be necessary in connection with financing of the Project and  
4 the issuance of the Bonds with any such additional funds being set forth in the Sale  
5 Certificate.

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

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

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

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

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

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

1 reimburse that Credit Source for the payments of Debt Service Requirements on  
2 Subordinate Obligations.

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

12 (6) Super Subordinate Obligations. Net Revenues shall be  
13 used to pay Debt Service Requirements on Super Subordinate Obligations, and to  
14 fund any Reserve Requirement for Super Subordinate Obligations.

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

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

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

28 (B) SERIES 2025 BONDS DEBT SERVICE ACCOUNT. Net  
29 Revenues shall be transferred to the Series 2025 Bonds Debt Service Account  
30 sufficient to pay when due the Debt Service Requirements on the Bonds.

31 (1) Except as stated in this Section 21(B)(1) and in Section

1 21(D), substantially equal monthly deposits of Net Revenues shall be made to the  
2 Series 2025 Bonds Debt Service Account beginning six (6) months before each  
3 Interest Payment Date in order to make the next payment of interest on the Bonds  
4 when due. However, if the first Interest Payment Date for the Bonds is less than six  
5 (6) months after the date of the original issuance of the Bonds, substantially equal  
6 monthly deposits of Net Revenues before the first Interest Payment Date shall begin  
7 in the first full month following the date of issuance of the Bonds in order to make the  
8 first payment of interest on the Bonds when due.

9 (2) Except as stated in this Section 21(B)(2) and in Section  
10 21(D), substantially equal monthly deposits of Net Revenues shall be made to the  
11 Series 2025 Bonds Debt Service Account beginning twelve (12) months before each  
12 Principal Payment Date for the Bonds payable from such account in order to make  
13 the next scheduled payment of principal on the Bonds when due at maturity.  
14 However, if the first principal payment date for the Bonds is less than thirteen (13)  
15 months after the date of the original issuance of the Bonds, substantially equal  
16 monthly deposits of Net Revenues before the first principal payment date shall begin  
17 in the first full month following the date of issuance of the Bonds in order to make the  
18 first payment of principal on the Bonds when due at maturity.

19 If in the month immediately preceding any payment date for the Bonds, the  
20 Water Authority determines that there are not sufficient funds accumulated in the  
21 Series 2025 Bonds Debt Service Account to pay the amount becoming due on that  
22 payment date, the Water Authority shall promptly deposit any available Net  
23 Revenues in the Series 2025 Bonds Debt Service Account in an amount equal to the  
24 deficiency. If, prior to any payment date for the Bonds, there has accumulated in the  
25 Series 2025 Bonds Debt Service Account the entire amount necessary to pay the  
26 amount becoming due on the Bonds payable from such account on that payment  
27 date, no additional Net Revenues need be deposited in the Series 2025 Bonds Debt  
28 Service Account prior to that payment date. In making the determinations permitted  
29 by this paragraph, the Water Authority may take into account the amount on deposit  
30 in any other fund or account or escrow relating to the Bonds irrevocably set aside for  
31 the next payment of the Bonds.



1           Amounts on deposit in the Series 2025 Bonds Debt Service Account shall be  
2 applied first to the payment of interest and then to pay or satisfy any payment of  
3 principal on the respective Bonds. Except as provided in Section 21(D), money in  
4 the Series 2025 Bonds Debt Service Account shall be used only to pay the Debt  
5 Service Requirements on the Bonds. Transfers of amounts equal to the periodic  
6 Debt Service Requirements on the Bonds shall be made by the Water Authority on a  
7 timely basis to the Paying Agent.

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

11           (D)   TERMINATION UPON DEPOSITS RELATING TO THE BONDS  
12 TO MATURITY. No payments need be made into the Series 2025 Bonds Debt  
13 Service Account if the amount in the Series 2025 Bonds Debt Service Account is not  
14 less than the Debt Service Requirements due and to become due on and before the  
15 final maturity date of the Bonds, both accrued and not accrued, and all proceeds  
16 paid under any Credit Facility for the Bonds have been reimbursed. The money  
17 retained in that account shall be used only to pay the Debt Service Requirements on  
18 the Bonds when due except that any money on deposit in the Series 2025 Bonds  
19 Debt Service Account which is not necessary to pay such Debt Service  
20 Requirements shall be used as surplus Net Revenues in accordance with Section  
21 21(A)(8) of this Bond Resolution.

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

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

1 With respect to each applicable series of System Obligations,  
2 reimbursements owed to a Credit Source for amounts used to pay Debt Service  
3 Requirements on those System Obligations shall be paid on the same pro rata basis  
4 and with the same priority as are amounts to be deposited in the Debt Service  
5 Account or Reserve Account, as applicable, for those System Obligations; provided  
6 that such reimbursements for payments of Debt Service Requirements made  
7 pursuant to a Credit Facility shall be made with the priorities established in Section  
8 21(A).

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

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

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

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

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

28 (A) INVESTMENT OF MONEY. To the extent practicable, any  
29 money in any such fund or account shall be invested in Permitted Investments.  
30 Obligations purchased as an investment of money in any fund or account shall be  
31 deemed at all times to be part of that fund or account, and the interest accruing and

1 any profit realized on those investments shall be credited to that fund or account,  
2 unless otherwise stated in the Bond Legislation or related document (subject to  
3 withdrawal at any time for the uses directed and permitted for such money by the  
4 Bond Legislation and related documents), and any loss resulting from such  
5 investment shall be charged to that fund or account. The custodian for any such  
6 fund or account shall present for redemption or sale on the prevailing market any  
7 Permitted Investment in a fund or account when necessary to provide money to  
8 meet a required payment or when required to be transferred from that fund or  
9 account.

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

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

28 Section 24. CREDIT FACILITY.

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

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

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

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

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

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

29 Section 26. ESTABLISHMENT OF PRIORITIES OF THE BONDS. Except  
30 as set forth in the Bond Legislation, the Bonds from time to time Outstanding shall  
31 not be entitled to any priority one over the other in the application of the Net

1 Revenues, regardless of the time or times of their issuance.

2 Section 27. ADDITIONAL SYSTEM OBLIGATIONS.

3 (A) LIMITATIONS UPON ISSUANCE OF SYSTEM OBLIGATIONS.

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

7 (B) ADDITIONAL SENIOR OBLIGATIONS. The tests required in  
8 this Section 27(B) shall be performed without adjustment for payments to or  
9 withdrawals from the Rate Stabilization Fund or interest accrued in an acquisition  
10 account for any Outstanding System Obligations. Except as permitted by Section  
11 28, prior to the issuance of additional Senior Obligations, the Water Authority shall  
12 be current in making all deposits required by Section 21 and the following test shall  
13 be satisfied:

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

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

27 (b) The projected Net Revenues for the Prospective  
28 Test Period shall be sufficient to pay an amount representing at least 133% of the  
29 maximum combined annual Debt Service Requirements on the Outstanding Senior  
30 Obligations and the Senior Obligations proposed to be issued. To determine if the  
31 annual Net Revenues are sufficient for the purposes of the preceding sentence, the

1 Net Revenues projected for the applicable Prospective Test Period shall be  
2 determined by applying the rates for use of the System approved by the Board at the  
3 time of computation to be in effect during the Prospective Test Period to the  
4 proposed number of connections to the System after giving effect to the purchase,  
5 expansion or improvement of the System or the acquisition of an existing water and  
6 sanitary sewer system.

7 (C) ADDITIONAL SUBORDINATE OBLIGATIONS. The tests  
8 required in this Section 27(C) shall be performed without adjustment for payments to  
9 or withdrawals from the Rate Stabilization Fund or interest accrued in an acquisition  
10 account for Outstanding System Obligations. . Except as permitted by Section 28,  
11 prior to the issuance of additional Subordinate Obligations, the Water Authority (i)  
12 shall be current in making all deposits required by Section 21, and (ii) shall satisfy  
13 the following test:

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

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

27 (b) The projected Net Revenues for the Prospective  
28 Test Period shall be sufficient to pay an amount representing at least 120% of the  
29 maximum combined annual Debt Service Requirements on the Outstanding Senior  
30 Obligations and the Outstanding Subordinate Obligations and the Subordinate  
31 Obligations proposed to be issued. To determine if the annual Net Revenues are

1 sufficient for the purposes of the preceding sentence, the Net Revenues projected  
2 for the applicable Prospective Test Period shall be determined by applying the rates  
3 for use of the System approved by the Board at the time of computation to be in  
4 effect during the Prospective Test Period to the proposed number of connections to  
5 the System after giving effect to the purchase, expansion or improvement of the  
6 System or the acquisition of an existing water and sanitary sewer system.

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

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

26 (F) VARIABLE RATE OBLIGATIONS. In making the computations  
27 required by this Section to determine if additional System Obligations may be  
28 issued, Variable Rate Obligations shall be deemed to bear a rate of interest as  
29 required in the definition of Debt Service Requirements.

30 (G) SUPERIOR OBLIGATIONS PROHIBITED. As long as Senior  
31 Obligations are outstanding, the Water Authority shall not issue additional System

1 Obligations having a lien on the Net Revenues prior and superior to the lien of the  
2 Senior Obligations on Net Revenues.

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

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

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

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

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

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

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

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

26 (D) LIMITATIONS UPON ISSUANCE OF ANY REFUNDING  
27 SYSTEM OBLIGATIONS. Any refunding System Obligations shall be issued with  
28 such details as the Board may provide by appropriate proceedings but without  
29 impairment of any contractual obligation imposed upon the Water Authority by any  
30 proceedings authorizing the issuance of any unrefunded portion of the series of  
31 System Obligations to which the refunding was applicable.



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

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

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

9           (C) RATE COVENANTS.

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

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

22           (3) Quarterly, the Water Authority shall determine that the  
23 Net Revenues are sufficient to satisfy the Rate Covenants. If the Net Revenues are  
24 not sufficient to satisfy the Rate Covenant upon the approval of the annual audit for  
25 a Fiscal Year, the Water Authority will either: (i) promptly increase the rates for use  
26 of the services of the System in order to generate sufficient Net Revenues to satisfy  
27 the Rate Covenants or (ii) employ a consultant or manager for the System who shall  
28 have a favorable national reputation for skill and experience in the management,  
29 operation and financial affairs of water and sanitary sewer systems and who is not  
30 an employee or officer of the Water Authority. The Water Authority will request that  
31 consultant or manager to make its recommendations, if any, as to revisions of the

1 Water Authority's rate structure and other charges for use of the System, its  
2 Operation and Maintenance Expenses and the method of operation of the System in  
3 order to satisfy the Rate Covenants as soon as practicable. Copies of any such  
4 requests and recommendations of the consultant or manager shall be filed with the  
5 Board. So long as the Water Authority substantially complies with the  
6 recommendations of the consultant or manager on a timely basis, the Water  
7 Authority will not be deemed to have defaulted in satisfying the Rate Covenants  
8 even if the resulting Net Revenues are not sufficient to be in compliance with the  
9 Rate Covenants, if there is no other default under the Bond Legislation.

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

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

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

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

30 (1) the Water Authority has fully complied with the provisions  
31 of Section 21 of this Bond Resolution for any twelve (12) consecutive months out of

1 the sixteen (16) calendar months immediately preceding the reduction of the rate  
2 schedule, and

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

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

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

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

24 (I) AUDITS. So long as the Bonds are Outstanding, within nine (9)  
25 months following the close of each Fiscal Year, the Water Authority will cause an  
26 audit of the books and accounts of the System to be made by an Independent  
27 Accountant. Each audit of the System shall include those matters determined to be  
28 proper by the Independent Accountant.

29 (J) BILLING PROCEDURE. Bills for water, water services or  
30 facilities, sanitary sewer service or facilities, or any combination thereof, furnished by  
31 or through the System shall be provided to customers on a regular basis each month

1 following the month in which the service was rendered and shall be due as required  
2 by Water Authority ordinance. If permitted by law, if a bill is not paid within the  
3 period of time required by Water Authority ordinance, water and sanitary sewer  
4 services shall be discontinued as required by Water Authority ordinance, and the  
5 rates and charges due shall be collected in a lawful manner, including but not limited  
6 to the cost of disconnection and reconnection.

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

22 (L) INSURANCE. In its operation of the System, the Water  
23 Authority will carry fire and extended coverage insurance. As required by law, the  
24 Water Authority will acquire insurance or maintain a self-insurance fund to cover  
25 workmen's compensation insurance and public liability insurance. In the event of  
26 property loss or damage to the System, insurance proceeds shall be used first for  
27 the purpose of restoring or replacing the property lost or damaged and any  
28 remainder shall be treated as Gross Revenues.

29 (M) ALIENATING SYSTEM. Except as permitted in this Bond  
30 Resolution, while any Bonds are Outstanding, the Water Authority will not sell, lease,  
31 mortgage, pledge or otherwise encumber, or in any manner dispose of, or otherwise

1 alienate, any part of the System, except that the Water Authority may sell any  
2 portion of the property of the System which is replaced by other property of at least  
3 equal value, or which ceases to be necessary for the efficient operation of the  
4 System. In the event of any sale of System property, the proceeds of such sale  
5 which are not used to purchase other System property shall be distributed as Gross  
6 Revenues.

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

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

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

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

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

30 (S) COVENANTS REGARDING TAX EXEMPTION OF INTEREST  
31 ON THE BONDS. The Bonds may be issued as federally tax-exempt or on a

1 taxable basis as determined and further set forth in the Sale Certificate. If Bonds are  
2 issued as federally tax-exempt bonds, the following covenants shall apply to such  
3 Bonds.

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

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

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

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

30 (d) to refrain from taking any action which would  
31 otherwise result in the Bonds being treated as "private activity bonds" within the

1 meaning of section 141(b) of the Code;

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

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

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

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

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

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

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

27 (i) to pay to the United States of America at least  
28 once during each five-year period (beginning on the date of delivery of the Bonds)  
29 an amount that is at least equal to 90 percent (90%) of the “Excess Earnings,” within  
30 the meaning of section 148(f) of the Code and to pay to the United States of  
31 America, not later than sixty (60) days after the Bonds have been paid in full, 100

1 percent (100%) of the amount then required to be paid as a result of Excess  
2 Earnings under section 148(f) of the Code.

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

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

31 (4) Allocation Of, and Limitation On, Expenditures for the



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

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

1 of the interest.

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

5 Section 30. EVENTS OF DEFAULT. Each of the following events is  
6 declared an "event of default" under the Bond Legislation:

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

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

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

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

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

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

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

30 (a) protect and enforce the rights of the Owners by  
31 mandamus or other suit, action or special proceedings in equity or at law, in any

1 court of competent jurisdiction, either for the appointment of a receiver or for the  
2 specific performance of any covenant or agreement contained in the Bond  
3 Legislation or for the enforcement of any proper legal or equitable remedy as those  
4 Owners may deem necessary or desirable to protect and enforce their rights,

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

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

9 (d) any combination of those remedies.

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

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

30 Upon the occurrence and continuance of an Event of Default, so long as the  
31 Credit Source, if any, is not in default in its payment obligations under the Bond

1 Insurance Policy, the Credit Source shall be entitled to control and direct the  
2 enforcement of all rights and remedies granted to the Owners with respect to  
3 Insured Obligations and such Credit Source shall also be entitled to direct and  
4 approve all waivers of Events of Default with respect to Insured Obligations.

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

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

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

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

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

26       Notwithstanding the foregoing, any provisions of the Bond Legislation  
27 which relate to indemnification and the payment of fees and expenses, the payment  
28 of the principal of and premium of Bonds at maturity or on a prior redemption date,  
29 interest payments and dates thereof, exchange, registration of transfer and  
30 registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the  
31 safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of

1 money in trust, the obligations set forth in the Bond Legislation regarding rebate, and  
2 the duties of the Registrar, Authenticating Agent and Paying Agent in connection  
3 with all of the foregoing shall remain in effect and be binding upon the Owners, the  
4 Registrar, Authenticating Agent and Paying Agent notwithstanding the release and  
5 discharge of the Bond Legislation. The provisions of this Section shall survive the  
6 release, discharge and satisfaction of the Bond Legislation.

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

16       Section 35. DELEGATED POWERS. The officers of the Water Authority,  
17 the Authorized Officers and any other employee of the Water Authority are  
18 authorized and directed to take all action from time to time which is necessary or  
19 appropriate to effectuate the provisions of the Bond Legislation, the Bonds and the  
20 sale, issuance and delivery of the Bonds, including, without limitation, the execution  
21 of any credit facility, any liquidity agreement, any remarketing agreement, escrow  
22 agreement, any qualified exchange agreement, the delivery of a “deemed final”  
23 certificate relating to the disclosure document for the Bonds, the publication of a  
24 summary of this Bond Resolution substantially in the form set out in Section 44, the  
25 distribution of material related to the Bonds, the printing of the Bonds and the  
26 execution of related agreements, documents and certificates pertaining to the  
27 System, the Bonds, the Project, and the delivery of and security for the Bonds, as  
28 may be reasonably required to consummate the sale and delivery of the Bonds. All  
29 such persons are further authorized and directed to take all action from time to time  
30 which is desirable or necessary for the Water Authority with respect to arbitrage  
31 rebate requirements under Section 148(f) of the Code. Pursuant to Section 6-14–

1 10.2 NMSA 1978 and the provisions of this Bond Resolution, the Delegate is  
2 delegated the authority to approve the final terms of the Bonds and to execute the  
3 Sale Certificate and Bond Purchase Agreement all within the parameters set forth in  
4 this Bond Resolution.

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

14 Section 36. AMENDMENT OF BOND RESOLUTION.

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

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

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

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

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

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

31 (B) ADDITIONAL AMENDMENTS. Except as provided above or in

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

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

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

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



1 benefit of the Water Authority, the Paying Agent, the Registrar and the Owners.

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

10 (A) If to the Water Authority:

11 Albuquerque Bernalillo County Water Utility Authority

12 1441 Mission Ave. NE

13 Albuquerque, NM 87107

14 Attention: Executive Director

15 (505) 289-3101

16 (505) 289-3060 (Fax)

17  
18 (B) If to the Initial Paying Agent (unless modified by the Sale  
19 Certificate):

20 Albuquerque Bernalillo County Water Utility Authority

21 1441 Mission Ave. NE

22 Albuquerque, NM 87107

23 Attention: Chief Financial Officer

24 (505) 289-3080

25  
26 Any such party may, by notice as set forth above to other parties, designate  
27 any further or different address to which subsequent notices, certificates or other  
28 communication shall be sent. All notices sent pursuant to the Bond Legislation to  
29 any Owner shall also be sent to the Credit Source, if any, of the Bonds.

30 When the Bond Legislation provides for notice to the Owners of Bonds of any  
31 event, such notice shall be sufficiently given (unless otherwise expressly provided in

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

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

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

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

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

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

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

30 **(Form of Summary of Resolution for Publication)**

31 **Albuquerque Bernalillo County Water Utility Authority**



- 1           The title contains a general summary of the subject matter contained in the
- 2   Bond Resolution.
- 3           This notice constitutes compliance with § 6-14-6 NMSA 1978.

1  
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PASSED AND ADOPTED THIS AUGUST 20, 2025.  
BY A VOTE OF \_\_\_\_ FOR AND \_\_\_\_ AGAINST.

\_\_\_\_\_

Chair

ATTEST:

\_\_\_\_\_

Secretary

**Exhibit A**

**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

**OUTSTANDING SYSTEM OBLIGATIONS**

**(As of August 1, 2025)**

<u>Senior Obligations</u>	Senior Obligations Authorizing Legislation	Original Principal Amount (\$)	Principal Amount Outstanding (\$)
Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2014A	O-14-2 and R-14-10	97,270,000	10,255,000
Senior Lien Joint Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2015	O-15-2 & R-15-6	211,940,000	89,335,000
Senior Lien Joint Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2017	O-16-2 & R-16-13	87,970,000	51,185,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2018	O-18-7 & R-18-20	75,085,000	39,135,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2020	O-19-3 & R-19-26	69,440,000	44,670,000
Drinking Water State Revolving Fund Loan Agreement DW-5028 (2020)	O-20-1 & R-20-3	1,515,000	1,383,029
Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Taxable Series 2020A	O-20-2 & R-19-26	47,800,000	21,925,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2021	R-21-21	73,255,000	65,650,000
Senior Lien Joint Water and Sewer System Improvement Revenue Bonds, Series 2023	R-23-18	113,425,000	113,425,000
Drinking Water State Revolving Fund Loan and Subsidy Agreement DW-6343 (2024)	R-24-7	770,000	770,000
	<b>Total</b>		<b>323,538,029</b>
<u>Subordinate Obligations</u>	Subordinate Obligations Authorizing Legislation	Original Principal Amount (\$)	Principal Amount Outstanding (\$)
2008 NMFA Drinking Water Loan	O-08-4 & R-08-13 as amended by F/S O-14-2	12,000,000	2,894,616
Water Project Fund Loan/Grant Agreement No. WPF-5103 (2021)	R-20-26	800,000	682,887
Water Project Fund Loan/Grant Agreement No. WPF-5401 (2021)	R-21-31	800,000	725,325
Water Project Fund Loan/Grant Agreement No. WPF-5402 (2022)	R-22-7	770,827	697,354
Water Project Fund Loan/Grant Agreement No. WPF-5659 (2023)	R-22-31	200,000	182,461
Water Project Fund Loan/Grant Agreement No. WPF-5660 (2023)	R-22-32	710,000	677,665
	<b>Total</b>		<b>5,860,308</b>
<u>Super Subordinate Obligations</u>	Super Subordinate Obligations <u>Authorizing Legislation</u>	Original Principal <u>Amount(\$)</u>	Principal <u>Amount Outstanding (\$)</u>
Water Project Fund Loan/Grant Agreement No. WPF-5935 (2024)	R-23-48	370,000	370,000
NMED Loan CWSRF EQ 147 (2024)	R-23-19	4,000,000	4,000,000
Water Project Fund Loan/Grant Agreement No. WPF-6261 (2024)	R-24-36	200,000	200,000
Water Project Fund Loan/Grant Agreement No. WPF-6262 (2024)	R-24-37	20,000	20,000
Water Project Fund Loan/Grant Agreement No. WPF-6263 (2025)	R-25-7	90,250	90,250
NMED Loan CWSRF EQ 151 (2025)	R-25-13	9,000,000	9,000,000
	<b>Total</b>		<b>13,680,250</b>

## **Schedule I**

### **Schedule of Available Refunded Obligations\***

#### **Senior Lien Joint Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2015**

MATURITY YEAR(7/1)	INTEREST RATE(%)	AMOUNT OUTSTANDING(\$)
2026	5.000	17,875,000
2027	2.850	18,765,000
2028	3.050	11,150,000
2029	3.200	11,495,000
2030	3.300	7,060,000
2031	5.000	7,295,000
2032	5.000	7,660,000
2033	4.000	8,035,000

\*The final Refunded Obligations to be refunded will be selected by the Delegate and set forth in the Sale Certificate. The final date of redemption of the refunded obligations will be set forth in the Sale Certificate.

# Albuquerque Bernalillo County Water Utility Authority

## Financing Discussion

June 18, 2025



Capital  
Markets



# Outstanding Debt Summary

Issue	Bond Type	Lien	Original Amount	Amount Outstanding	Callable Amount Outstanding	Call Date	Coupons	Final Maturity
Series 2014A	Fixed Rate	Senior	\$ 97,270,000	\$ 21,640,000	\$ 21,640,000	7/1/2024 @ 100%	4.025% - 5.000%	2026
Series 2015	Fixed Rate	Senior	211,940,000	104,845,000	89,335,000	7/1/2025 @ 100%	2.850% to 5.000%	2033
Series 2017	Fixed Rate	Senior	87,970,000	56,600,000	39,530,000	7/1/2027 @100%	3.375% to 5.000%	2034
Series 2018	Fixed Rate	Senior	75,085,000	45,880,000	32,055,000	7/1/2026 @100%	5.000%	2030
2019 DWRFL - 4877	Fixed Rate	Senior	3,430,081	2,509,250	2,509,250	Callable Anytime	0.250%	2042
2020 DWRFL - 5028	Fixed Rate	Senior	1,515,000	1,427,458	1,427,458	Callable Anytime	0.250%	2052
Series 2020	Fixed Rate	Senior	69,440,000	51,055,000	25,520,000	7/1/2028 @ 100%	5.000%	2032
Series 2020A	Fixed Rate	Senior	47,800,000	28,585,000	3,500,000	7/1/2029 @ 100%	5.000%	2038
Series 2021	Fixed Rate	Senior	73,255,000	69,905,000	43,855,000	7/1/2029 @ 100%	5.000%	2046
Series 2023	Fixed Rate	Senior	113,425,000	113,425,000	62,065,000	7/1/2033 @ 100%	5.000% - 5.250%	2048
2024 DW-6343	Fixed Rate	Senior	770,000	770,000	155,542	5/1/2034 @ 100%	0.250%	2036
<b>TOTAL SENIOR LIEN DEBT</b>			<b>\$ 781,900,081</b>	<b>\$ 496,641,708</b>	<b>\$ 321,592,250</b>			
Series 2008	Fixed Rate	Subordinate	\$ 12,000,000	\$ 3,472,816	\$ 3,472,816	7/1/2024 @ 100%	2.000%	2030
Series 2014B	Fixed Rate	Subordinate	87,005,000	8,635,000	8,635,000	7/1/2024 @ 100%	5.000%	2025
WPF Loans	Fixed Rate	Subordinate	3,341,654	3,123,154	3,123,154	Callable Anytime	0.250%	2042 - 2044
<b>TOTAL SUBORDINATE LIEN DEBT</b>			<b>\$ 102,346,654</b>	<b>\$ 15,230,970</b>	<b>\$ 15,230,970</b>			
NMED Loan CWSRF EQ 147	Fixed Rate	Super Sub.	4,000,000	4,000,000	4,000,000	N/A	0.010%	2044
WPF Loans	Fixed Rate	Super Sub.	590,000	590,000	590,000	Callable Anytime	0.250%	2045 - 2046
<b>TOTAL SUPER SUBORDINATE LIEN DEBT</b>			<b>\$ 4,590,000</b>	<b>\$ 4,590,000</b>	<b>\$ 4,590,000</b>			
<b>TOTAL DEBT</b>			<b>\$ 888,836,735</b>	<b>\$ 516,462,679</b>	<b>\$ 341,413,220</b>			

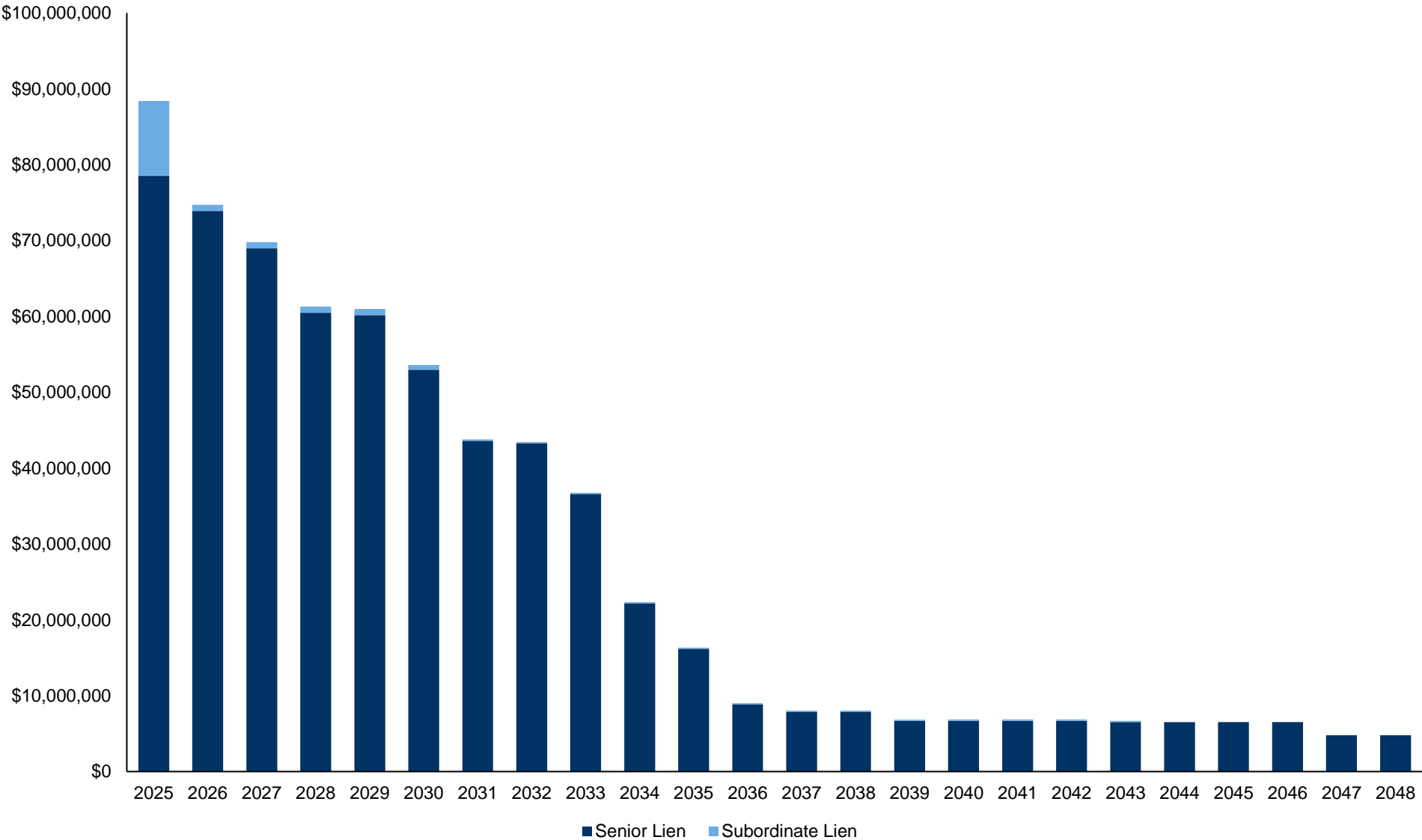
- Water Utility Authority has very attractive debt profile with rapidly declining debt service
  - Debt profile provides the Authority with significant flexibility to issue debt beyond 2025 with little to no impact to existing debt service.
  - Additionally, the Authority pays off it's debt much faster than most Utilities
    - Over 52% of the Authority's debt will mature within in the next 5 years
    - Over 84% 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)<sup>(1)</sup>

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

# Outstanding Debt Graph

Existing Debt Service Requirements



## Series 2025 Bond Overview

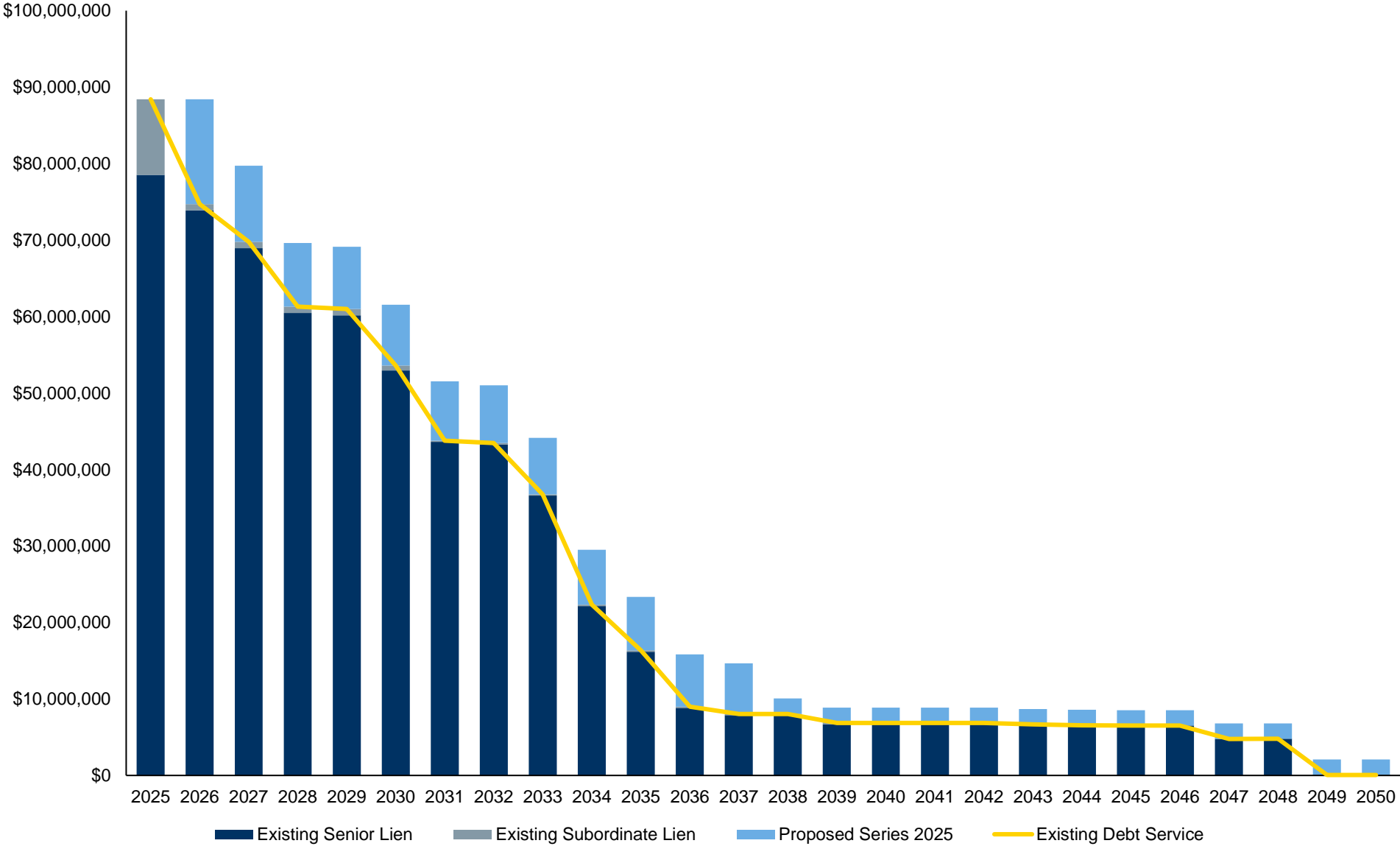
- The Water Authority has the following needs:
  - \$60 million for basic rehab projects
  - \$10 million for reservoir improvements
  - \$20 million for new buildings at the Southside Water Reclamation Plant
- Series 2025 Bonds will be structured to take advantage of Authority's declining debt payment to limit impact on annual debt service while preserving the Authority's future capacity.
- Up to \$90.615 million can be issued to refund existing Series 2015 bonds to take advantage of current interest rate savings
  - Ultimately, only maturities generating over 3% savings will be refunded
- Series 2025 Bonds plan of finance meets the Authority's Debt Policy requirements
- The Bonds will be placed and sold through the New Mexico Finance Authority at a simultaneous pricing process.
  - Issuance through the New Mexico Finance Authority reduces Authority's issuance and all-in-interest costs.

### Projects to be Financed by the Series 2025 Bond Issuance

\$MM	Project	\$MM	Project
\$60.00	Basic rehab projects	\$20.00	Southside Water Reclamation Plant Buildings
\$10.00	Reservoir improvements	Up to \$90.615	Current refunding of Series 2015 Bonds
<b>Up to \$180.615 Million in Total Projects to be Financed</b>			

# Outstanding Plus Proposed Series 2025 Bonds

Existing and Proposed Debt Service Requirements



## Refunding of Series 2015 Overview

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Refunded Maturity	Coupon	Refunded Par*	Call Date	Savings*	% Savings*
07/01/2026	5.000%	\$17,875,000	10/15/2025	\$250,917	1.404%
07/01/2027	2.850%	18,765,000	10/15/2025	(35,168)	-0.187%
07/01/2028	3.050%	11,150,000	10/15/2025	19,579	0.176%
07/01/2029	3.200%	11,495,000	10/15/2025	75,500	0.657%
07/01/2030	3.300%	7,060,000	10/15/2025	70,303	0.996%
07/01/2031	5.000%	7,295,000	10/15/2025	699,806	9.593%
07/01/2032	5.000%	7,660,000	10/15/2025	806,687	10.531%
07/01/2033	4.000%	8,035,000	10/15/2025	368,435	4.585%
<b>Total</b>		<b>\$89,335,000</b>		<b>\$2,256,059</b>	

*\*Preliminary, subject to change. Based on market conditions as of June 6, 2025*

## Series 2025 Time Schedule

Date	Activity	Responsibility
Friday, June 06, 2025	Submit Draft NMFA Application to NMFA For Placement on July Agenda	WUA, MA
<b>Wednesday, June 18, 2025</b>	<b>ABCWUA Board Meeting - First Reading of Resolution and Approval of NMFA Application Resolution</b>	<b>WUA, MA, BC</b>
Thursday, June 19, 2025	Submit Signed Final Application and Signed Application Resolution to NMFA	WUA, FA, BC, DC
Thursday, July 24, 2025	NMFA Board Meeting to Approval Application	WUA, MA, BC
<b>Wednesday, August 20, 2025</b>	<b>ABCWUA Board Meeting - Approval of Bond Resolution</b>	<b>WUA, MA, BC</b>
Friday, August 22, 2025	Notice of Adoption of Bond Resolution Published	BC
Thursday, August 28, 2025	NMFA Board Meeting to Approve PPRF Simultaneous Financing	MA
Wednesday, September 17, 2025	NMFA Bonds - Post POS	
Sunday, September 21, 2025	30 Day Statute of Limitation Ends	
Wednesday, September 24, 2025	Simultaneous Pricing	WUA, MA, BC
Wednesday, September 24, 2025	Pricing Certificate Signed by Water Authority	WUA, BC
Wednesday, October 15, 2025	Closing	ALL
<b>Wednesday, October 22, 2025</b>	<b>ABCWUA Board Meeting - Update Board on Pricing Results</b>	<b>WUA, MA</b>
<b>Working Group Key</b>		
<b>Code</b>	<b>Participant</b>	<b>Role</b>
WUA	Albuquerque Bernalillo County Water Utility Authority	Issuer
MA	RBC Capital Markets, LLC	Municipal Advisor
BC	McCall, Parkhurst & Horton L.L.P.	Bond Counsel
NMFA	New Mexico Finance Authority	Purchaser

# Macroeconomic Commentary

The market continues to focus on Fed Policy regarding the possibilities of the terminal Fed Funds rate

## Economic Commentary

- US shares rallied last week, propelling the DJIA, S&P500, and Nasdaq higher by 1.2%, 1.5%, and 2.2%, respectively
- ISM surveys showed a continued decline in manufacturing activity, along with the first contraction in the services sector since June '24
- Durable goods orders fell 6.3% in April, in line with the Bloomberg consensus
- Non-farm payrolls rose 139k in May, beating the consensus estimate of 126k, but the two-month net revision printed at -95k
- The unemployment rate held steady at 4.2%, as expected, and the headline number triggered a sharp selloff across the UST curve
- Inflation data are in focus this week, with May CPI on Wednesday and PPI on Thursday
  - Annualized CPI is expected to tick up from 2.3% to 2.5%, with core CPI forecast to rise from 2.8% to 2.9%
  - PPI is expected to rise from 2.4% to 2.6% on an annualized basis, with core holding steady at 3.1%
- Additional highlights include inventories, jobless claims, and Univ. of MI consumer sentiment

## Bloomberg

### Stocks Hold Steady as Investors Eye US-China Talks

(Bloomberg: June 9, 2025)

- US stock futures held firm on Monday as investors monitored talks between the US and China in London for signs that trade tensions between the US and China might be cooling
- The US stock benchmark is nearing all-time highs after shaking off the volatility that followed President Donald Trump's sweeping tariff announcements two months ago

## Stock Market Performance (S&P 500)



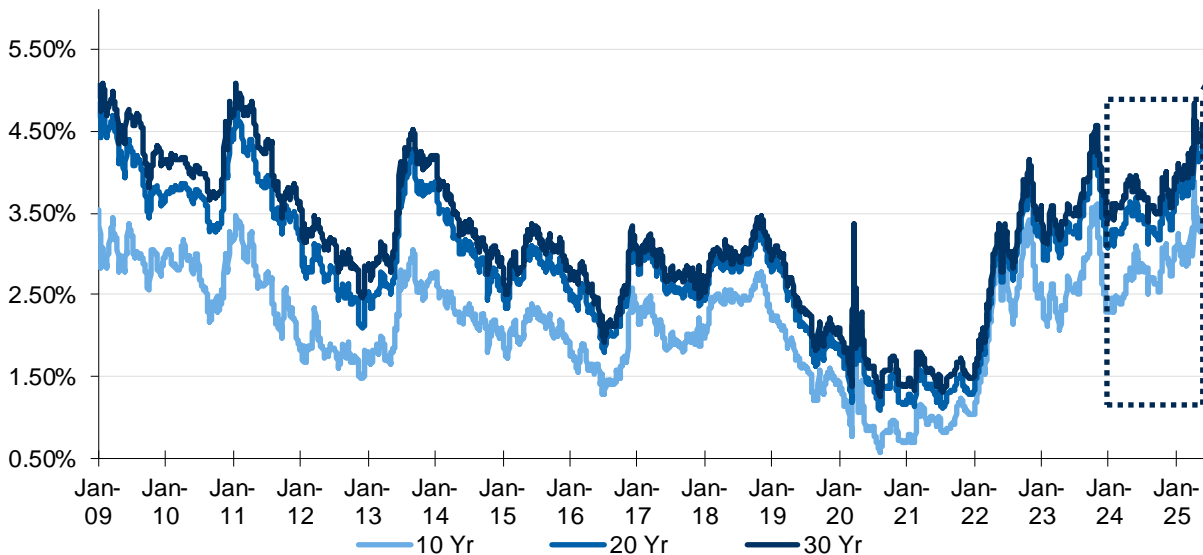
Sources: Bloomberg; Refinitiv; RBC Capital Markets as of June 6, 2025



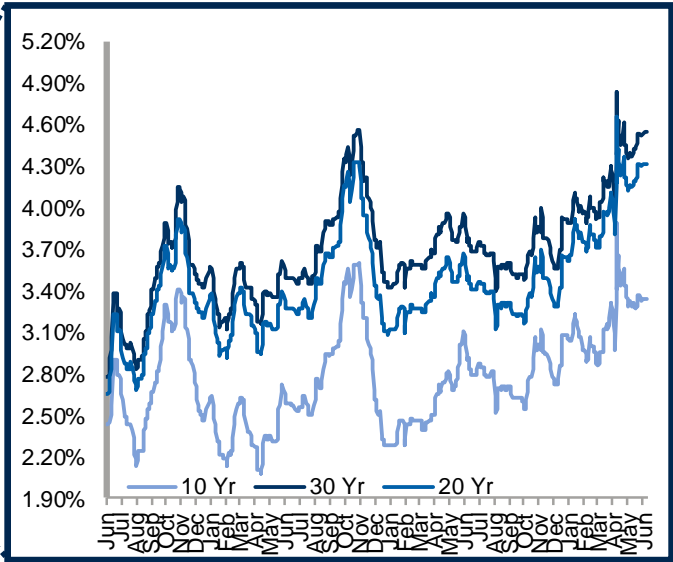
# Current Municipal Market Conditions: “AAA” MMD

After closing at 4.56% the previous week, 30-year “AAA” MMD has remained unchanged

“AAA” MMD January 1, 2009 to Present



Shift in “AAA” MMD Since June 2022



January 1, 2009 to Present

	10 Year	20 Year	30 Year
Maximum	3.89%	4.89%	5.08%
Minimum	0.58%	1.08%	1.27%
Current	3.34%	4.32%	4.56%

Shift in 30-year "AAA" MMD

2018	2019	2020	2021	2022	2023	2024
0.47%	-0.90%	-0.68%	0.09%	2.08%	-0.15%	0.47%

May 1, 2022 to Present

	10 Year	20 Year	30 Year
Maximum	3.89%	4.66%	4.84%
Minimum	2.08%	2.38%	2.51%
Average	2.77%	3.43%	3.66%

Source: Refinitiv  
10, 20, and 30 year “AAA” MMD shown to represent different average lives of municipal transactions  
Rates as of June 9, 2025.

## Disclaimer

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Sources include: [https://www.rbccm.com/assets/rbccm/docs/uploads/2017/RBCCM\\_Muni\\_Markets\\_Weekly\\_Newsletter.pdf](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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