



Meeting Date: May 20, 2020
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: O-20-2 - Authorizing the Issuance and Sale of Albuquerque Bernalillo County Water Utility Authority (the “Water Authority”) Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2020A in the Aggregate Principal Amount not to exceed \$55,000,000 (the “SERIES 2020A BONDS or THE BONDS”) to be Issued in One Series for the Purpose of 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 Water Authority’s Joint Water and Sewer System (“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 Ordinance is for the proposed Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2020A. It was prepared by the Modrall Law Firm as Bond Counsel for this transaction. The Bond Ordinance establishes certain bond details; provides for the payment of the cost of issuing the bonds; approves disclosure and other documents relating to the bonds.

The purpose of the Bond Ordinance is to provide up to \$55 million in Refunding Revenue Bonds for the purpose of advance refunding the Authority’s Series 2011 and 2013 Bonds. Total PV savings is estimated to be at 5.62% or \$2.7 million. The refunding will not extend the final maturity of the bonds being refunded. The Water Authority’s current Senior Lien Bonds are rated Aa2/AAA/AA by Moody’s, Standard and Poor’s and Fitch Ratings respectively. The Water Authority’s subordinate lien is rated Aa3/AA+/AA by Moody’s, Standard and Poor’s and Fitch Ratings respectively. Rating presentations to Standard and Poor’s are planned for 1st week of May 2020. A Confirming Resolution and final approval of the Bond Ordinance and other matters with respect to the Bonds will be considered for final adoption at the Water Authority’s May 20, 2020 meeting. The Bond

Ordinance delegates' final approval of the pricing terms to the Chief Financial Officer subject to parameters set out in the Ordinance. The proposed financing is set to price near the end of May, subject to market conditions at the time, with closing on or near June 30, 2020. A report and summary of the final pricing terms and financing is expected to be delivered to the Board at its regularly scheduled meeting in June 2020.

COMMENTS:

Approval of the Bond Ordinance is required for the issuance of the proposed refunding bonds. Final action is expected at the Water Authority's May Board meeting. Subject to market conditions, a report and summary of the pricing terms and financing will be delivered to the Board at its regularly scheduled meeting June 2020. This Ordinance authorizes the refunding of outstanding Water Authority debt for interest savings. In the event market conditions do not provide sufficient interest rate savings to the Water Authority the Refunding Bonds will not be issued. It is anticipated that the financing would be completed by June 30, 2020.

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

FISCAL IMPACT:

Based upon current market conditions refunding the Water Authority's Series 2011 and 2013 Bonds will generate approximately \$2.7 million or 5.62% on a present value basis or approximately \$180,000 in annual interest savings. If the Authority cannot achieve at least 3% savings at a minimum the Refunding Bonds will not be issued. The refunding does not extend the final maturity of the debt being refunded. Gross Revenues, all income and revenues directly or indirectly derived by the Water Authority from the operation and use of the System less operation and maintenance expenses, are pledged as security for these bonds, similar to the Water Authority's prior debt issuances.

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 following Senior
4 Obligations, payable from Net Revenues, Outstanding on the date of the adoption of
5 this Bond Ordinance in the following principal amounts:

	Amount
<u>Senior Obligations</u>	<u>Outstanding</u>
6	
7	
8 Series 2013A&B Bonds	\$ 65,245,000
9 Series 2014A Bonds	\$ 71,355,000
10 Series 2015 Bonds	\$184,095,000
11 Series 2017 Bonds	\$ 80,050,000
12 Series 2018 Bonds	\$ 75,085,000
13 Series 2020 Bonds	\$ 69,440,000
14 Drinking Water State Revolving Fund Loan Agreement (2009)	\$ 623,706
15 Public Project Revolving Fund Loan Agreement (2011)	\$ 28,200,000
16 Drinking Water State Revolving Fund Loan Agreement (2018-4202)	\$ 1,000,000
17 Drinking Water State Revolving Fund Loan Agreement (2019-4877)	\$ 3,430,081

18 and

19 WHEREAS, the Water Authority is obligated on the following Subordinate
20 Obligations, payable from Net Revenues with a lien on the Net Revenues
21 subordinated to the Senior Obligations, and superior to the lien of the Super
22 Subordinated Obligations, Outstanding on the date of the adoption of this Bond
23 Ordinance in the following principal amounts:

	Amount
<u>Subordinate Obligations</u>	<u>Outstanding</u>
24	
25	
26 Series 2014B Bonds	\$ 50,660,000
27 Drinking Water State Revolving Fund Loan Agreement (2008)	\$ 6,372,743

28 and

29 WHEREAS, the Water Authority does not have any Super Subordinated
30 Obligations, payable from Net Revenues with a lien on the Net Revenues

1 subordinated to the Senior Obligations and the Subordinate Obligations,
2 Outstanding on the date of the adoption of this Bond Ordinance; and

3 WHEREAS, except as stated in these preambles, the Net Revenues have not
4 been pledged or hypothecated to the payment of any Outstanding obligations and no
5 other obligations are payable from the Net Revenues on the date of this Bond
6 Ordinance; and

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

9 WHEREAS, the Board desires to refund and refinance the Refunded
10 Obligations to achieve debt service savings and to restructure its outstanding
11 obligations; and

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

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

18 WHEREAS, the Water Authority intends to use a portion of the proceeds of
19 the Bonds for the purpose of refunding the Refunded Obligations; and

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

22 WHEREAS, it is in the best interests of the Water Authority to sell the Bonds
23 to the Underwriters in a negotiated sale upon the terms as set forth in the Bond
24 Purchase Agreement and the Sale Certificate; and

25 WHEREAS, there have been presented to the Board for approval the
26 Preliminary Official Statement, the form of Continuing Disclosure Undertaking, the
27 form of the Bond Purchase Agreement and the form of Escrow Agreement; and

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

1 WHEREAS, all required authorizations, consents or approvals of any
2 governmental body, agency or authority in connection with charging the current rates
3 for services of the System and for the authorization, execution and delivery of the
4 Bonds which are required to have been obtained by the date of this Bond Ordinance
5 or which will be required to be obtained prior to the date of issuance of the Bonds
6 have been or will have been obtained by such dates.

7 BE IT ORDAINED BY THE BOARD OF THE WATER AUTHORITY:

8 Section 1. DEFINITIONS AND RULES OF CONSTRUCTION.

9 (A) DEFINITIONS. As used in this Bond Ordinance, the
10 following terms have the meanings specified, unless the context clearly
11 requires otherwise:

12 ACT. Section 72-1-10 NMSA 1978, Sections 3-31-1 through 3-31-12
13 NMSA 1978, Sections 4-62-1 to 4-62-10 NMSA 1978, Sections 6-14-8 through 6-14-
14 11 NMSA 1978, Sections 6-18-1 through 6-18-16 NMSA 1978, and enactments of
15 the Board relating to the Bond Legislation.

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

20 AUTHORIZED DENOMINATIONS. Denominations of \$5,000 or
21 integral multiples of \$5,000.

22 AUTHORIZED OFFICER. The Chair, the Executive Director of the
23 Water Authority, or other officer or employee of the Water Authority when designated
24 by a certificate signed by the Chair from time to time.

25 BASIC CAPITAL PROGRAM. The Water Authority's basic capital
26 program for funding annual capital needs for regular System improvements,
27 expansion, maintenance and upgrades to operate a water and wastewater utility.

28 BENEFICIAL OWNERS. Beneficial Owners as defined in Section
29 7.(C).

30 BOARD. The governing body in which is vested the legislative power
31 of the Water Authority.

1 BOND, BONDS OR SERIES 2020A BONDS. The Albuquerque
2 Bernalillo County Water Utility Authority Senior Lien Joint Water and Sewer System
3 Refunding Revenue Bonds, Series 2020A issued pursuant to the Bond Legislation.

4 BOND COUNSEL. An attorney at law or a firm of attorneys,
5 designated by the Water Authority, of nationally recognized standing in matters
6 pertaining to the issuance of bonds issued by states and their political subdivisions.

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

10 BOND LEGISLATION. Collectively, the Bond Ordinance, the
11 Confirming Resolution and the Sale Certificate.

12 BOND ORDINANCE. This Ordinance, as amended or supplemented
13 from time to time.

14 BOND PURCHASE AGREEMENT. The Bond Purchase Agreement
15 among the Water Authority and the Underwriters of the Bonds.

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

19 CHAIR. The duly elected Chair of the Board or the Vice Chair of the
20 Board acting in the absence of the Chair.

21 CITY. The City of Albuquerque, in the County of Bernalillo and State
22 of New Mexico.

23 CLOSING DATE. The date of delivery of the Bonds to the
24 Underwriters or their designee.

25 CODE. The Internal Revenue Code of 1986, as amended, the federal
26 income tax regulations of the Treasury Department (whether proposed, temporary or
27 final) and any amendments of, or successor provisions to, the foregoing and any
28 official rulings, announcements, notices, procedures and judicial determinations
29 regarding any of the foregoing, all as and to the extent applicable. Unless otherwise
30 indicated, reference to a section of the Code in this Bond Ordinance means that

1 section of the Code and such applicable regulations, rulings, announcements,
2 notices, procedures and determinations pertinent to that section.

3 COMPLETION DATE. The date of completion of the project, or, for
4 purposes of the Prospective Test Period, the date of completion of the project for
5 which the additional System Obligations are to be issued.

6 CONFIRMING RESOLUTION. A resolution adopted on the date of
7 adoption of this Bond Ordinance declaring the necessity of the issuance of the
8 Bonds and confirming the terms hereof for purposes of Section 72-1-10(M) NMSA
9 1978, as amended.

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

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

24 COUNSEL. An attorney at law (who may be counsel to the Water
25 Authority).

26 COUNTY. Bernalillo County, New Mexico.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 DEFEASANCE OBLIGATIONS.

11 (1) Government Obligations; or

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

16 DELEGATE means the Chief Financial Officer or other Authorized
17 Officer of the Water Authority delegated the authority to approve the final terms of
18 the bonds pursuant to Section 6-14-10.2 NMSA 1978.

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

25 DRINKING WATER STATE REVOLVING FUND LOAN AGREEMENT
26 (2008). The loan agreement dated November 7, 2008 between the NMFA and the
27 Water Authority in the original principal amount of \$9,627,877, authorized and
28 approved by Water Authority Ordinance Enactment No. F/S O-08-4 and Resolution
29 Enactment No. F/S R-08-13 as amended by Ordinance No. F/S O-14-2 and the
30 Amendment to the Loan Agreement dated July 24, 2014 constituting a subordinate
31 lien on the Net Revenues.

1 DRINKING WATER STATE REVOLVING FUND LOAN AGREEMENT
2 (2009). The loan agreement between the NMFA and the Water Authority in the
3 original principal amount of \$1,010,000, authorized and approved by Water Authority
4 Ordinance Enactment No. O-09-9 and Resolution Enactment No. R-09-24
5 constituting a senior lien on the Net Revenues.

6 DRINKING WATER STATE REVOLVING FUND LOAN AGREEMENT
7 (2018-4202). The loan agreement between the NMFA and the Water Authority in
8 the original principal amount of \$1,000,000, authorized and approved by Water
9 Authority Ordinance Enactment No. O-18-5 and Resolution Enactment No. R-18-11
10 constituting a senior lien on the Net Revenues.

11 DRINKING WATER STATE REVOLVING FUND LOAN AGREEMENT
12 (2019-4877). The loan agreement between the NMFA and the Water Authority in
13 the original principal amount of \$3,430,081, authorized and approved by Water
14 Authority Ordinance Enactment No. O-19-1 and Resolution Enactment No. R-19-4
15 constituting a senior lien on the Net Revenues.

16 ELECTRONIC MEANS. Telephone, telecopy, telegraph, email,
17 facsimile transmission or any other similar means of electronic communication. Any
18 communication by telephone as an Electronic Means shall promptly be confirmed in
19 writing, which may be by one of the other means of electronic communication listed
20 in this definition.

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

23 ESCROW AGENT. BOKF, NA dba Bank of Albuquerque, a
24 commercial bank and a member of the Federal Deposit Insurance Corporation
25 having full and complete trust powers, or its duly authorized successor.

26 ESCROW AGREEMENT. The escrow agreement relating to the
27 refunding of the Refunded Obligations between the Water Authority and the Escrow
28 Agent.

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

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

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

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

19 GOVERNMENT OBLIGATIONS. Direct obligations of, or obligations
20 the principal of and interest on which are unconditionally guaranteed by, the United
21 States of America, or certificates or receipts established by the United States
22 Government or its agencies or instrumentalities representing direct ownership of
23 future interests or principal payments on direct obligations of, or obligations fully
24 guaranteed by, the United States of America or any of its agencies or
25 instrumentalities the obligations of which are backed by the full faith and credit of the
26 United States, which obligations are held by a custodian in safekeeping on behalf of
27 the holders of such receipts, and rated or assessed in its highest Rating Category by
28 S&P, if then rating the Bonds, and by Moody's, if then rating the Bonds.

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

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

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

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

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

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

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

25 Gross Revenues do not include:

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

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

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

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

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

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

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

19 INTEREST PAYMENT DATE. January 1 and July 1 of each year (or if
20 such day is not a Business Day, then the next succeeding Business Day) beginning
21 on January 1, 2021 or such other date specified in the Sale Certificate.

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

26 MOODY'S. Moody's Investors Service, Inc., a corporation organized
27 and existing under the laws of the State of Delaware, its successors and their
28 assigns, and, if such corporation does not provide a rating for the Bonds, "Moody's"
29 shall be deemed to refer to any other nationally recognized securities rating agency
30 rating the Bonds.

31 NMFA. The New Mexico Finance Authority.

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

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

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

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

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

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

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

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

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

25 (15) amounts required to be deposited in the Rebate Fund or
26 otherwise required to make rebate payments to the United States Government;

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

30 (17) franchise tax payments to the City, County or any other
31 local government.

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

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

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

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

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

20 (21) those Bonds which have been refunded in accordance
21 with this Bond Ordinance or other ordinances of the Water Authority authorizing the
22 defeasance of such designated System Obligations; and

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

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

30 PAYING AGENT. The Chief Financial Officer or successor in function
31 of the Water Authority or any trust company, national or state banking association or

1 financial institution qualified to act, appointed as the paying agent for the Bonds by
2 an Authorized Officer from time to time.

3 PERMITTED INVESTMENTS. Any of the following which at the time
4 of the investment are legal investments for the Water Authority for the money to be
5 invested and any other investments, subject to approval by S&P and Moody's, if
6 then rating the Bonds, which at the time of investment are legal investments of the
7 Water Authority for the money to be invested:

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

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

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

31 (26) Municipal Securities: Obligations, the interest on which is

1 excluded from gross income of the recipient for federal income tax purposes, which
2 comply with State law and the policies of the Board;

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

13 (28) The "local government investment pool" described in
14 Section 6-10-10.1 NMSA. 1978 or other similar pooled fund maintained by the State
15 for the investment of public funds of local public bodies of the State; and

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

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

1 PRINCIPAL PAYMENT DATE. July 1st of each year beginning on
2 the date set forth in the Bond Purchase Agreement and Sale Certificate, so long as
3 the Bonds are Outstanding.

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

10 PUBLIC PROJECT REVOLVING FUND LOAN AGREEMENT (2011).
11 The loan agreement dated December 15, 2011 between the NMFA and the Water
12 Authority in the principal amount of \$53,400,000 and approved by Ordinance No. O-
13 11-5 and Resolution No. R-11-17 constituting a senior lien on the Net Revenues.

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

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

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

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

25 REBATE FUND. The Rebate Fund for System Obligations previously
26 established by the Water Authority and continued in Section 20 of this Bond
27 Ordinance if the Bonds are issued as federally tax exempt.

28 RECORD DATE. The fifteenth day of the calendar month preceding
29 each Interest Payment Date.

30 REFUNDED OBLIGATIONS. Collectively, (a) a portion of the Public
31 Project Revolving Fund Loan Agreement (2011) maturing in years 2022 through

1 2036, inclusive, in the aggregate principal amount of \$19,775,000; (b) a portion of
2 the Series 2013A Bonds maturing in years 2024 through 2038, inclusive, in the
3 aggregate principal amount of \$23,450,000; and (c) the Series 2013B Bonds
4 maturing in year 2024 in the aggregate principal amount of \$2,420,000 or such
5 combination of these obligations as set forth in the Sale Certificate.

6 REFUNDING PROJECT. The refunding, refinancing and defeasing of
7 the Refunded Obligations.

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

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

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

27 S&P. S&P Global Ratings, a division of S&P Global Inc., its
28 successors and their assigns, and, if such corporation does not provide a rating for
29 the Bonds, "S&P" shall be deemed to refer to any other nationally recognized
30 securities agency rating the Bonds.

31 SALE CERTIFICATE. One or more certificates executed by the Chief

1 Financial Officer or other Authorized Officer dated on or before the date of delivery
2 of the Bonds, setting forth the following final terms of the Bonds: (i) the interest and
3 principal payment dates; (ii) the principal amounts, denominations and maturity
4 amortization; (iii) the sale prices; (iv) the interest rate or rates; (v) the interest
5 payment periods; (vi) the redemption and tender provisions; (vii) the creation of any
6 capitalized interest fund, including the size and funding of such fund(s); (viii) the
7 amount of underwriting discount, if any; (ix) the final terms of agreements, if any,
8 with agents or service providers required for the purchase, sale, issuance and
9 delivery of the Bonds; and (x) the federal tax status of the Bonds, all subject to the
10 parameters and conditions contained in this Bond Ordinance.

11 SENIOR OBLIGATIONS. The Drinking Water State Revolving Fund
12 Loan Agreement (2009), the Public Project Revolving Fund Loan Agreement (2011),
13 the Series 2013A&B Bonds, the Series 2014A Bonds, the Series 2015 Bonds, the
14 Series 2017 Bonds, the Series 2018 Bonds, the Drinking Water State Revolving
15 Fund Loan Agreement (2018–4202), the Drinking Water State Revolving Fund Loan
16 Agreement (2019-4877), the Series 2020 Bonds, and obligations related thereto
17 designated as Senior Obligations, in any ordinance or resolution of the Water
18 Authority relating to those bonds, and any other System Obligations issued with a
19 lien on the Net Revenues on a parity with the lien of the Outstanding Senior
20 Obligations on Net Revenues.

21 SERIES 2013A&B BONDS. The Senior Obligations designated as the
22 “Albuquerque Bernalillo County Water Utility Authority Joint Water and Sewer
23 System Improvement Revenue Bonds, Series 2013A” and the “Albuquerque
24 Bernalillo County Water Utility Authority Joint Water and Sewer System Refunding
25 Revenue Bonds, Series 2013B” in the combined original principal amount of
26 \$118,215,000, authorized and issued pursuant to Ordinance No. O-13-2 and
27 Resolution R-13-13 constituting a senior lien on the Net Revenues.

28 SERIES 2014A BONDS. The Senior Obligations designated as the
29 “Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and
30 Sewer System Refunding Revenue Bonds, Series 2014A” in the original principal

1 amount of \$97,270,000, authorized and issued pursuant to Ordinance No. F/S O-14-
2 2 and Resolution F/S R-14-10 constituting a senior lien on the Net Revenues.

3 SERIES 2014B BONDS. The Subordinate Obligations designated as
4 the “Albuquerque Bernalillo County Water Utility Authority Subordinate Lien Joint
5 Water and Sewer System Refunding Revenue Bonds, Series 2014B” in the original
6 principal amount of \$87,005,000, authorized and issued pursuant to Ordinance No.
7 F/S O-14-2 and Resolution F/S R-14-10 constituting a subordinate lien on the Net
8 Revenues.

9 SERIES 2015 BONDS. The Senior Obligations designated as the
10 “Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and
11 Sewer System Refunding and Improvement Revenue Bonds, Series 2015” in the
12 original principal amount of \$211,940,000, authorized and issued pursuant to
13 Ordinance No. O-15-2 and Resolution F/S R-15-6 constituting a senior lien on the
14 Net Revenues.

15 SERIES 2017 BONDS. The Senior Obligations designated as the
16 “Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and
17 Sewer System Refunding and Improvement Revenue Bonds, Series 2017” in the
18 original principal amount of \$87,970,000, authorized and issued pursuant to
19 Ordinance No. O-16-2 and Resolution F/S R-16-13 constituting a senior lien on the
20 Net Revenues.

21 SERIES 2018 BONDS. The Senior Obligations designated as the
22 “Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and
23 Sewer System Improvement Revenue Bonds, Series 2018” in the original principal
24 amount of \$75,085,000, authorized and issued pursuant to Ordinance No. O-18-7
25 and Resolution R-18-20 constituting a senior lien on the Net Revenues.

26 SERIES 2020 BONDS. The Senior Obligations designated as the
27 “Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and
28 Sewer System Improvement Revenue Bonds, Series 2020” in the original principal
29 amount of \$69,440,000, authorized and issued pursuant to Ordinance No. F/S O-19-
30 3 and Resolution F/S R-1-26 constituting a senior lien on the Net Revenues.

1 SERIES 2020A BONDS DEBT SERVICE ACCOUNT. An account of
2 the Debt Service Fund established for the deposit of amounts necessary to pay the
3 Debt Service Requirements on the Bonds.

4 SERIES 2020A BONDS ESCROW FUND. An account established for
5 the deposit of the portion of the proceeds of the Series 2020A Bonds to finance the
6 Refunding Project. The Water Authority may establish subaccounts in the Series
7 2020A Bonds Escrow Fund as provided in the Escrow Agreement.

8 STATE. The State of New Mexico.

9 SUBORDINATE OBLIGATIONS. The Drinking Water State Revolving
10 Fund Loan Agreement (2008), the Series 2014B Bonds, and all other bonds and
11 other obligations of the Water Authority now or hereafter issued with a lien on the
12 Net Revenues subordinate to the lien of Senior Obligations and superior to the lien
13 of the Super Subordinated Obligations on the Net Revenues.

14 SUPER SUBORDINATED OBLIGATIONS. All other bonds and other
15 obligations of the Water Authority hereafter issued with a lien on the Net Revenues
16 subordinate to the liens of the Senior Obligations and the Subordinate Obligations
17 on the Net Revenues.

18 SYSTEM. The public utility owned by the Water Authority and
19 designated as the Water Authority's water system and sanitary sewer system
20 (continued as a joint utility system in Section 4 of this Bond Ordinance) consisting of
21 all properties, real, personal, mixed or otherwise, now owned or hereafter acquired
22 by the Water Authority, through purchase, construction or otherwise, including all
23 extensions, enlargements and improvements of or to the water and sanitary sewer
24 system and used in connection therewith or relating thereto, and any other related
25 activity or enterprise of the Water Authority designated by the Board as part of the
26 water and sanitary sewer system, whether situated within or without the
27 geographical limits of the Water Authority.

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

1 UNDERWRITERS. Collectively, J.P. Morgan Securities LLC and Wells
2 Fargo Securities, as the original purchasers of the Bonds.

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

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

9 RULES OF CONSTRUCTION. For purposes of this Bond Ordinance,
10 unless otherwise expressly provided or unless the context requires otherwise:

11 (30) All references in this Bond Ordinance to designated
12 Sections and other subdivisions are to the designated Section and other
13 subdivisions of this Bond Ordinance.

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

17 (32) All accounting terms not otherwise defined in this Bond
18 Ordinance have the meanings assigned to them in accordance with generally
19 accepted accounting principles.

20 (33) Words of the masculine gender shall be deemed and
21 construed to include correlative words of the feminine and neuter genders.

22 (34) The headings used in this Bond Ordinance are for
23 convenience of reference only and shall not define or limit the provisions of this
24 Bond Ordinance.

25 (35) Terms in the singular include the plural and vice versa.

26 Section 2. RATIFICATION. All actions previously taken (not inconsistent
27 with the provisions of this Bond Ordinance) by the Board and the officers of the
28 Water Authority, directed toward the authorization, pledge, collection and distribution
29 of the Net Revenues, the Refunding Project, and the authorization, issuance and
30 sale of the Bonds are ratified, approved and confirmed.

31 Section 3. FINDINGS.

1 (A) The Water Authority declares that it has considered all relevant
2 information and data and finds that the issuance of the Bonds in one or more series
3 under the Act in an aggregate principal amount not to exceed \$55,000,000 to
4 finance the Refunding Project is necessary and in the interest of the public health,
5 safety and welfare of the residents of the geographic area served by the Water
6 Authority.

7 (B) The Water Authority will finance the Refunding Project with the
8 proceeds of the Bonds, together with other funds of the Water Authority, if
9 necessary.

10 (C) It is economically feasible to accomplish the Refunding Project
11 by the issuance of the Bonds which shall result in debt service savings for the Water
12 Authority.

13 (D) The forms of the Bond Purchase Agreement, Escrow
14 Agreement, Continuing Disclosure Undertaking and Preliminary Official Statement
15 as presented to the Board, and the sale of the Bonds to the Underwriters within the
16 parameters set forth in this Bond Ordinance are hereby approved by the Board with
17 the approval of the final terms of the Bonds to be accepted in the Sale Certificate
18 and final forms of the Bond Purchase Agreement, Preliminary Official Statement,
19 Continuing Disclosure Undertaking delegated to the Delegate or her designee as
20 permitted by Section 6-14-10.2 NMSA 1978. The use and distribution of the
21 Preliminary Official Statement and Official Statement by the Underwriters in
22 connection with the sale of the bonds to the public are hereby ratified, authorized,
23 approved and acknowledged.

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

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

30 Section 6. AUTHORIZATION OF REFUNDING PROJECT; EXPENSES.

31 (A) REFUNDING PROJECT. The Refunding Project is hereby

1 authorized and approved.

2 (B) EXPENSES. The payment of Expenses is authorized and
3 approved.

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

6 (D) ADVANCE REFUNDINGS. The Refunded Obligations shall be
7 redeemed, refunded and defeased, all as provided in the Sale Certificate and the
8 Escrow Agreement.

9 Section 7. THE BONDS.

10 (A) AUTHORIZATIONS. This Bond Ordinance has been adopted by
11 the affirmative vote of at least a majority of all of the members of the Board. For the
12 purpose of protecting the public health, conserving the property, protecting the
13 general welfare and prosperity of the citizens of the geographic area served by the
14 Water Authority, and completing the Refunding Project, it is necessary that the
15 Water Authority issue, and the Water Authority is hereby authorized to issue,
16 pursuant to the Act, its negotiable, fully registered bonds designated as the
17 "Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and
18 Sewer System Refunding Revenue Bonds, Series 2020A."

19 The Bonds shall be issued in one or more series in the aggregate principal
20 amount not to exceed \$55,000,000, to be used, with other available moneys of the
21 Water Authority, if any, to finance the Refunding Project, including the payment of
22 Expenses.

23 (B) DETAILS OF THE BONDS.

24 (1) General. The Bonds shall be issued as fully registered
25 bonds in one or more series and shall be issued to provide funds, together with other
26 available funds of the Water Authority, if any, to finance the Refunding Project and to
27 pay Expenses. The Bonds shall be dated the date of issuance of the Bonds (the
28 "Series Date"), and shall be issued in fully registered form only, without coupons,
29 and when issued will be registered in the name of Cede & Co., as nominee of The
30 Depository Trust Company ("DTC"), New York, New York, as registered owner of the
31 Bonds, all as provided in the Bond Ordinance.

1 (2) Interest Payment Date; Interest Rates; Maturities. The
2 Bonds shall bear interest from the most recent date to which interest has been paid
3 or provided for or if no interest has been paid or provided for from the date of the
4 Bonds until maturity or until redeemed if called for redemption prior to maturity. The
5 Bonds shall bear interest payable on each Interest Payment Date, beginning
6 January 1, 2021 or such other date specified in the Sale Certificate, at the rates per
7 annum, maturing in the years and amounts, set forth in the Bond Purchase
8 Agreement and the Sale Certificate.

9 (3) Computation of Interest. Interest on Bonds will be
10 computed on the basis of a 360-day year consisting of twelve 30-day months. If,
11 upon presentation at maturity or for prior redemption, payment of the principal
12 amount of any Bond is not made as required by this Bond Ordinance, interest on the
13 unpaid principal amount of such Bond shall continue to accrue at the interest rate
14 stated or described in that Bond until the principal amount of that Bond is paid in full.

15 (4) Priority of Lien on the Net Revenues. The Bonds shall be
16 issued with a lien on the Net Revenues on a parity with the lien of the Senior
17 Obligations on the Net Revenues and a lien superior to the liens of the Subordinate
18 Obligations and the Super Subordinated Obligations on the Net Revenues.

19 (C) BOOK-ENTRY. The Bonds shall be issued or registered in book
20 entry form with no physical distribution of bond certificates made to the public, with
21 a Depository acting as securities depository for the Bonds. A single certificate for
22 each maturity of the Bonds will be delivered to the Depository and immobilized in its
23 custody. The book-entry system will evidence ownership of the Bonds in
24 Authorized Denominations, with transfer of ownership effected on the books of the
25 Depository and its participants ("Participants"). As a condition to delivery of the
26 Bonds, the Underwriters will, immediately after acceptance of delivery thereof,
27 deposit, or cause to be deposited, Bond certificates with the Depository, registered
28 in the name of the Depository or its nominee. Principal of, premium, if any, and
29 interest on the Bonds will be paid to the Depository or its nominee as the registered
30 Owner of the Bonds. The transfer of principal and interest payments to Participants
31 will be the responsibility of the Depository; the transfer of principal and interest

1 payments to the beneficial owners of the Bonds (the “Beneficial Owners”) will be the
2 responsibility of such Participants and other nominees of Beneficial Owners
3 maintaining a relationship with Participants (the “Indirect Participants”). The Water
4 Authority will not be responsible or liable for maintaining, supervising or reviewing
5 the records maintained by the Depository, Participants or Indirect Participants.

6 If (i) the Bonds are not eligible for the services of the Depository, (ii) the
7 Depository determines to discontinue providing its services or (iii) the Water
8 Authority determines that a continuation of the system of book-entry transfers
9 through the Depository ceases to be beneficial to the Water Authority or the
10 Beneficial Owners, the Water Authority will either identify another Depository or
11 certificates will be delivered to Beneficial Owners or their nominees and the
12 Beneficial Owners or their nominees, upon authentication of Bonds and registration
13 of the Bonds in the Beneficial Owners’ or nominees’ names, will become the Owners
14 for all purposes. In either such event, the Water Authority shall mail an appropriate
15 notice to the Depository for notification to Participants, Indirect Participants and
16 Beneficial Owners of the substitute Depository or the issuance of bond certificates to
17 Beneficial Owners or their nominees, as applicable.

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

20 Notwithstanding any other provision of the Bond Legislation to the contrary,
21 so long as all the Bonds are registered in the name of the Depository or its nominee,
22 all payments with respect to principal of, redemption premium, if any, and interest on
23 the Bonds, and all notices, shall be made and given by the Paying Agent or the
24 Water Authority to the Depository as provided in the Bond Legislation and by the
25 Depository to its Participants and by the Participants or Indirect Participants to the
26 Beneficial Owners.

27 (D) PAYMENT OF THE BONDS. The principal of and premium, if
28 any, on the Bonds shall be payable upon presentation and surrender of the Bonds at
29 the principal office of the Paying Agent at or after their maturity or prior redemption
30 dates. Interest on the Bonds shall be payable by check or draft mailed to the owners
31 (or by such other arrangement as may be mutually agreed to by the Paying Agent

1 and an Owner). The Owner shall be deemed to be that person or entity shown on
2 the registration books for the Bonds maintained by the Registrar at the address
3 appearing in the registration books at the close of business on the applicable Record
4 Date. Interest which is not timely paid or provided for shall cease to be payable to
5 the Owner of the applicable Bonds (or of one or more predecessor Bonds) as of the
6 Record Date, but shall be payable to the Owners of those Bonds (or of one or more
7 predecessor Bonds) at the close of business on a special record date for the
8 payment of the overdue interest. The special record date shall be fixed by the
9 Paying Agent and Registrar whenever money becomes available for payment of the
10 overdue interest and notice of the special record date shall be given to the Owners
11 of the Bonds not less than ten days prior to that date. Payment shall be made in the
12 coin or currency of the United States of America that is at the time of payment legal
13 tender for the payment of public and private debts. If the principal amount of any
14 Bond presented for payment remains unpaid at maturity, the unpaid principal shall
15 bear interest at the rate designated in that Bond. Payments of Bonds shall be made
16 without deduction for exchange or collection charges.

17 The Water Authority shall transfer, or cause to be transferred, funds to the
18 Paying Agent on a timely basis so that the Paying Agent may make payments of the
19 principal of, premium, if any, and interest on the Bonds, when due, to the Owners
20 and comply with the requirements of any Credit Source. The Water Authority shall
21 notify the Paying Agent if there is or will be an insufficient amount of money of the
22 Water Authority legally available to pay principal and interest on the Bonds when
23 due.

24 Section 8. APPOINTMENT OF PAYING AGENT AND REGISTRAR. The
25 Chief Financial Officer of the Water Authority is appointed as the initial Paying Agent
26 and Registrar. The Paying Agent, Authenticating Agent and Registrar shall be the
27 same person.

28 Section 9. REDEMPTION OF BONDS.

29 (A) GENERAL. The Bonds may be subject to optional redemption
30 prior to their respective maturities on and after the date specified in the Sale
31 Certificate, at the option of the Water Authority in any order of maturity as

1 determined by the Water Authority, at a redemption price equal to 100% of the
2 principal amount of the Bonds to be redeemed, plus accrued interest to the date of
3 redemption. The Bonds may be subject to mandatory sinking fund redemption as
4 set forth in the Sale Certificate.

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

21 (C) CANCELLATION AND CREDIT. At its option, to be exercised on
22 or before the 45th day next preceding any mandatory sinking fund redemption date,
23 the Water Authority may irrevocably elect to (a) deliver to the Paying Agent for
24 cancellation Bonds of the same series, interest rate and maturity in any aggregate
25 principal amount and/or (b) receive a credit in respect of its sinking fund redemption
26 obligation for any Bonds of the same series, interest rate and maturity which, prior to
27 said date, have been redeemed (other than through the operation of the sinking
28 fund) and canceled by the Paying Agent and not theretofore applied as a credit
29 against any sinking fund redemption obligation. Each Bond delivered or previously
30 redeemed shall be credited by the Paying Agent as directed by the Water Authority
31 at the principal amount thereof in Authorized Denominations against the amounts

1 required to be paid by the Water Authority on the designated mandatory sinking fund
2 redemption date, and the principal amount of Bonds to be redeemed by operation of
3 such sinking fund on such date shall be reduced by that principal amount.

4 (D) PARTIAL REDEMPTION. If less than all of the Bonds subject to
5 redemption are to be redeemed at any one time, the Bonds to be redeemed shall be
6 selected by the Registrar in the manner and from the maturities designated by the
7 Water Authority. If less than all of the Bonds of a given maturity are redeemed, the
8 Bonds to be redeemed within that maturity shall be selected by lot in such manner
9 as determined by the Registrar. Part of a Bond may be redeemed in an Authorized
10 Denomination if the amount of that Bond which remains outstanding is also in an
11 Authorized Denomination.

12 (E) NOTICE OF REDEMPTION. Notice of redemption of Bonds shall
13 be given by the Registrar by sending a copy of such notice by Electronic Means or
14 by first-class, postage prepaid mail not less than 30 days prior to the redemption
15 date to the Owner of each Bond, or portion thereof, to be redeemed at the address
16 shown as of the fifth day prior to the mailing of notice on the registration books kept
17 by the Registrar and to the Credit Source for the Bonds, if any. The Water Authority
18 shall give the Registrar notice of Bonds to be called for optional redemption at least
19 fifteen (15) days prior to the date that the Registrar is required to give Owners notice
20 of redemption specifying the Bonds or the principal amount thereof to be called for
21 redemption and the applicable redemption date. If the Water Authority has not
22 designated the Bonds to be called for redemption on the dates specified above, the
23 Registrar shall select the Bonds to be redeemed by lot. Neither the Water
24 Authority's failure to give such notice, the Registrar's failure to give such notice to
25 the registered Owner of any Bonds or to any Credit Source, or any defect thereon,
26 nor the failure of the Depository to notify a Participant or any Participant or Indirect
27 Participant to notify a Beneficial Owner of any such redemption, shall affect the
28 validity of the proceedings for the redemption of any Bonds for which proper notice
29 was given.

30 Notices shall specify the CUSIP numbers and maturity date or dates of the
31 Bonds to be redeemed (if less than all Bonds are to be redeemed), the date of or

1 principal amounts of any Bonds to be redeemed in part, the date fixed for
2 redemption, and shall further state that, subject to the terms of Section 9.(B), if
3 applicable, on such redemption date there will become and be due and payable
4 upon each Bond or part thereof to be redeemed at the office of the Paying Agent the
5 principal amount thereof to be redeemed plus accrued interest, if any, to the
6 redemption date and the stipulated premium, if any, and that from and after such
7 date, interest will cease to accrue on those Bonds. In addition to the foregoing
8 notice, the notice of redemption given by the Registrar shall include such additional
9 information, and the Registrar shall comply with any other terms regarding
10 redemption, as are required by any applicable agreement with a Depository.

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

22 The Registrar shall also send a copy of the notice of redemption by Electronic
23 Means, first class mail or overnight delivery to each Depository. Failure to provide
24 notice to any Depository shall not affect the validity of proceedings for the
25 redemption of Bonds.

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

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

1 Section 10. REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP
2 OF BONDS.

3 (A) REGISTRATION AND EXCHANGE. The Water Authority shall
4 cause books for registration, transfer and exchange of the Bonds to be kept at the
5 principal office of the Registrar. Upon surrender for transfer or exchange of any
6 Bonds at the principal office of the Registrar duly endorsed by the Owner or his
7 attorney duly authorized in writing, or accompanied by a written instrument or
8 instruments of transfer or exchange in form satisfactory to the Registrar and properly
9 executed, the Water Authority shall execute and the Registrar shall authenticate and
10 deliver in the name of the transferee or Owner replacement Bonds of the same
11 maturity, interest rate and aggregate principal amount in Authorized Denominations.

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

19 (C) LOST BONDS. If any Bond is lost, stolen, destroyed or mutilated,
20 the Registrar shall, upon receipt of such Bond, if mutilated, and the evidence,
21 information or indemnity which the Registrar may reasonably require, if lost, stolen,
22 or destroyed, authenticate and deliver a replacement Bond of the same aggregate
23 principal amount, maturity and interest rate, bearing a number or numbers not then
24 outstanding. If any lost, stolen, destroyed or mutilated Bond has matured or been
25 called for redemption, the Registrar may direct the Paying Agent to pay that Bond in
26 lieu of replacement.

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

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

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

11 Section 12. EXECUTION AND CUSTODY OF BONDS.

12 (A) EXECUTION. The Bonds shall be signed with the facsimile or
13 manual signature of the Chair and the manual or facsimile signature of the Secretary
14 of the Water Authority. Bonds when authenticated and bearing the manual or
15 facsimile signatures of the officers in office at the time of their signing shall be valid
16 and binding obligations of the Water Authority, notwithstanding that before delivery
17 of those Bonds, any or all of the persons who executed those Bonds shall have
18 ceased to fill their respective offices. The Chair, Vice Chair, Executive Director and
19 Board Secretary, at the time of the execution of the Bonds and the signature
20 certificate, each may adopt as and for his or her own facsimile signature, the
21 facsimile signature of his or her predecessor in office if such facsimile signature
22 appears upon any of the Bonds or certificates pertaining to the Bonds. No manual
23 or facsimile signature of an officer of the Water Authority or an Authenticating Agent
24 shall be required if the Bonds are issued in book-entry form without the delivery of
25 any physical securities.

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

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

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

14 Section 14. SPECIAL LIMITED OBLIGATIONS. All of the Bonds and all
15 payments of principal of, premium, if any, and interest on Bonds, and the fees, costs,
16 expenses and other obligations of the Water Authority under the Bond Legislation,
17 the Continuing Disclosure Undertaking, the Escrow Agreement, the Bond Purchase
18 Agreement, or any Credit Facility, together with the interest accruing thereon, shall
19 be special limited obligations of the Water Authority and shall be payable, collectible
20 or reimbursable solely from the Net Revenues, Bond proceeds, the earnings thereon
21 and, if a Bond Insurance Policy is issued for the payment of the Bonds, from the
22 proceeds of the policy. The Owners, any Credit Source and obligees under the
23 Bond Legislation or any Credit Facility may not look to any general or other
24 municipal fund for the payment of the principal of, premium, if any, or interest on
25 such obligations or such fees, costs and expenses, except the designated special
26 funds specifically pledged for the Bonds as set forth in or permitted by this Section.
27 None of the Bonds, the Bond Legislation, the Continuing Disclosure Undertaking, the
28 Escrow Agreement, or any Credit Facility or such costs, fees and expenses of the
29 Water Authority shall constitute an indebtedness of the Water Authority within the
30 meaning of any constitutional, charter or statutory provision or limitation, nor shall
31 they be considered or held to be general obligations of the Water Authority, and

1 each Bond shall recite that it is payable and collectible solely from the Net
2 Revenues, the proceeds of the Bonds, and, if a Bond Insurance Policy is issued for
3 the payment of the Bonds, from the proceeds of that policy and that the Owners may
4 not look to any general funds of the Water Authority or any City or County fund for
5 the payment of the principal of, premium, if any, or interest on the Bonds.

6 Section 15. SALE OF BONDS; DELEGATION OF AUTHORITY TO
7 APPROVE FINAL TERMS WITHIN THE PARAMETERS SET FORTH HEREIN.

8 The sale of the Bonds in a negotiated sale to the Underwriters within the parameters
9 set forth below and as described in the Sale Certificate and Bond Purchase
10 Agreement is hereby approved. After the Bonds have been duly executed and
11 authenticated and upon receipt of the purchase price therefor, the Bonds shall be
12 delivered to the Underwriters by an Authorized Officer in accordance with the Bond
13 Purchase Agreement. The final terms of the Bonds shall be within the parameters
14 set forth below:

15 (a) The proceeds of the Bonds shall be used for the
16 Refunding Project.

17 (b) The maximum par amount of the Bonds shall not
18 be more than \$55,000,000.

19 (c) The final maturity of the Bonds shall be no later
20 than July 1, 2038.

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

23 (e) The Bonds shall be secured by a senior lien on
24 and shall be payable solely from the Net Revenues of the System.

25 (f) The Bonds shall be sold pursuant to a negotiated
26 sale with the Underwriters.

27 (g) The Underwriters' discount shall not exceed 1% of
28 the aggregate principal amount of the Bonds.

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

31 (i) The Bonds, the Escrow Agreement, and Bond

1 Purchase Agreement shall be in substantially the forms submitted to the Board with
2 the adoption of this Ordinance.

3 (j) The Bonds may be issued in one or more series.

4 (k) The net present value savings from the Refunding
5 Project shall be at least 3% of the Refunded Obligations.

6 (k) The Bonds may be issued as federally tax-exempt
7 or taxable. If changes to the Code are made subsequent to the adoption of this
8 Ordinance to permit advance refundings on a tax-exempt basis for federal income
9 tax purposes, the Bonds may be issued on a tax-exempt basis as set forth in the
10 Sale Certificate, and the officers of the Water Authority may execute a Tax
11 Certificate setting forth the Water Authority's expectations and obligations related to
12 maintaining the tax-exempt status of the Bonds.

13 The Delegate is hereby authorized pursuant to this Ordinance to determine
14 the final terms of the Bonds as permitted by Section 6-14-10.2 NMSA 1978 and to
15 execute a Sale Certificate and a Bond Purchase Agreement with the Underwriters in
16 conformance with these parameters.

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

20 [Form of Bond]

21 **UNITED STATES OF AMERICA**

STATE OF NEW MEXICO

22 AS PROVIDED IN THE BOND LEGISLATION REFERRED TO HEREIN, UNTIL
23 THE TERMINATION OF REGISTERED OWNERSHIP OF ALL OF THE BONDS
24 THROUGH THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY
25 SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE
26 RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF
27 THE BOND LEGISLATION TO THE CONTRARY, THE PRINCIPAL AMOUNT
28 OUTSTANDING UNDER THIS BOND MAY BE PAID OR REDEEMED WITHOUT
29 SURRENDER HEREOF TO THE REGISTRAR. DTC OR A TRANSFEREE OR
30 ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL
31 AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF

1 OUTSTANDING AND TO BE PAID. THE PRINCIPAL AMOUNT OUTSTANDING
 2 AND TO BE PAID ON THIS BOND SHALL FOR ALL PURPOSES BE THE
 3 AMOUNT INDICATED ON THE BOOKS OF THE REGISTRAR. UNLESS THIS
 4 BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO
 5 THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR
 6 PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE &
 7 CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED
 8 REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO.,
 9 ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR
 10 OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL SINCE THE
 11 REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

12

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY
SENIOR LIEN JOINT WATER AND SEWER SYSTEM
REFUNDING REVENUE BONDS
SERIES 2020A

17 **Bond No. R-**____ **\$**_____

INTEREST RATE	MATURITY DATE	DATE OF BOND	CUSIP
____% per annum	_____, 20____	_____, 20____	_____

20

21 The Albuquerque Bernalillo County Water Utility Authority (the "Water
 22 Authority"), a legally and regularly created, established, organized and existing
 23 municipal utility under the general laws of the State of New Mexico, for value
 24 received, hereby promises to pay, solely from the special funds available for the
 25 purpose as hereinafter set forth, to Cede & Co. or registered assigns, no later than
 26 the Maturity Date stated above (unless this bond is called for prior redemption, in
 27 which case on such redemption date), upon presentation and surrender hereof at
 28 the principal office of the Chief Financial Officer of the Water Authority as paying
 29 agent, or any successor paying agent (the "Paying Agent"), the sum of
 30 _____ DOLLARS (\$_____) and to pay from said sources interest on the
 31 unpaid principal amount at the Interest Rate stated above on _____, and

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

24 This bond is one of a duly authorized issue of fully registered bonds of the
25 Water Authority in the principal amount of \$55,000,000, issued in denominations of
26 \$5,000 or integral multiples thereof, designated as Albuquerque Bernalillo County
27 Water Utility Authority Senior Lien Joint Water and Sewer System Refunding
28 Revenue Bonds, Series 2020A (the “Bonds”), issued under and pursuant to
29 Ordinance No. F/S O-20-2 adopted May 20, 2020, Confirming Resolution No. F/S R-
30 20-9 adopted May 20, 2020, and the Sale Certificate dated _____, 2020
31 (collectively, the “Bond Legislation”).

1 The Bonds are subject to prior redemption as more particularly described
2 below:

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

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

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

1 transfer or exchange any Bond or part thereof called for redemption. The Registrar
2 will close books for change of registered owners' addresses on each Record Date;
3 transfers will be permitted within the period from each Record Date to each interest
4 payment date, but such transfers shall not include a transfer of accrued interest
5 payable.

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

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

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

1 The Bonds are issued to provide funds for (i) refunding, paying and
2 redeeming certain outstanding obligations of the Water Authority, and (ii) the
3 payment of Expenses relating to the issuance of the Bonds.

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

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

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

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

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

25 **ALBUQUERQUE BERNALILLO COUNTY**
26 **WATER UTILITY AUTHORITY**

27
28 **By:** _____

29 **Klarissa J. Peña, Chair**

30
31 **ATTEST:**

1 **By:** _____

2 **Mark Sanchez, Secretary**

3
4 **[FORM OF CERTIFICATE OF AUTHENTICATION]**

5
6 This is one of the Bonds described in the Bond Legislation, and this bond has
7 been registered on the registration books kept by the undersigned as Registrar for
8 the Bonds.

9 **CHIEF FINANCIAL OFFICER,**
10 **ALBUQUERQUE BERNALILLO COUNTY**
11 **WATER UTILITY AUTHORITY, AS**
12 **REGISTRAR**

13
14 **Dated:** _____

By: _____

15 **Stan Allred, CFO**

16
17 **[FORM OF ASSIGNMENT]**

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

20 _____
21 (Social Security or Federal Taxpayer Identification Number)

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

24
25 the within bond and all rights thereunder, and hereby irrevocably constitutes and
26 appoints the Registrar under the Bond Legislation as Attorney to register the transfer
27 of the within bond on the books kept for registration thereof, with full power of
28 substitution in the premises.

29 **Dated:** _____

30 NOTICE: The signature of the
31 registered owner to this assignment

1 must correspond with the name as it
2 appears on the face of the within
3 bond in every particular, without
4 alteration or enlargement or any
5 change whatsoever.

6 Signature guaranteed by:

7 _____
8 NOTICE: Signature guarantee
9 should be made by a guarantor
10 institution participating in the
11 Securities Transfer Agents Medallion
12 Program or in such other guarantee
13 program acceptable to the Registrar.

14 **[END OF FORM OF BOND]**

15 Section 17. PERIOD OF REFUNDED PROJECTS' USEFULNESS. The
16 remaining useful life of the projects financed with the proceeds of the Refunded
17 Bonds exceeds the final maturity date of the Bonds.

18 Section 18. USE OF PROCEEDS; UNDERWRITERS NOT RESPONSIBLE.

19 (A) USE OF PROCEEDS.

20 (1) The Board, having been informed of and having
21 considered all pertinent facts and circumstances, does hereby find and determine
22 and declare that proceeds from the sale of the Bonds shall be appropriated and
23 deposited as follows:

24 (a) Proceeds of the Bonds in an amount set forth in
25 the Sale Certificate will be deposited into the Expense Account to pay Expenses
26 associated with the Bonds, with any amounts not expended within ninety (90) days
27 to be deposited into the Series 2020A Bonds Debt Service Account.

28 (b) Proceeds of the Bonds designated in the Sale
29 Certificate for the payment of interest will be deposited into the Series 2020A Bonds
30 Debt Service Account.

31 (c) Proceeds of the Bonds in an amount set forth in

1 the Sale Certificate will be deposited to the Escrow Fund created herein and
2 administered under the Escrow Agreement for the advance refunding of the
3 Refunded Obligations. Any amounts remaining in the Escrow Fund for the
4 Refunded Obligations after the completion of the Refunding Project shall be
5 transferred by the Escrow Agent to the Water Authority for deposit in the Series
6 2020A Debt Service Account and used by the Water Authority for the payment of the
7 principal of or interest next coming due on the Bonds

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

11 **The Executive Director of the Water Authority is hereby authorized to**
12 **make any necessary adjustments in the amounts to be deposited in the funds**
13 **and accounts described in this Section on the date of delivery of the Bonds.**

14 (B) UNDERWRITERS NOT RESPONSIBLE. The Underwriters shall
15 not be responsible for the application or use by the Water Authority of the proceeds
16 of Bonds.

17 Section 19. APPROVAL OF DOCUMENTS AND USE OF
18 DISCLOSURE DOCUMENTS.

19 (A) APPROVAL OF DOCUMENTS. The Chair or other Authorized
20 Officer is authorized to execute, and the Board Secretary is authorized and directed
21 to attest, as applicable, the Sale Certificate, the Preliminary Official Statement, the
22 Official Statement, the Bond Purchase Agreement, the Escrow Agreement, and the
23 Continuing Disclosure Undertaking in substantially the forms presented or described
24 to the Board with this Bond Ordinance, with such changes as are not inconsistent
25 with the terms of the Bond Legislation and as are approved by the Chair or other
26 Authorized Officer, the execution or acceptance of delivery thereof to constitute
27 conclusive evidence of the approval of any and all changes or revisions from the
28 form of any document now or hereafter before the Board. Any changes in any such
29 documents inconsistent with the terms of the Bond Legislation shall be approved by
30 the Board by subsequent ordinance or resolution of the Board. The officers, agents
31 and employees of the Water Authority are authorized, empowered and directed to do

1 all such acts and things and to execute all such documents as may be necessary to
2 carry out and comply with the provisions of the Sale Certificate, the Preliminary
3 Official Statement, the Official Statement, the Bond Purchase Agreement, the
4 Escrow Agreement, and the Continuing Disclosure Undertaking.

5 (B) DISCLOSURE DOCUMENT. The use and distribution of the
6 Preliminary Official Statement and the Official Statement (with terms which are not
7 inconsistent with the Bond Legislation) by the Underwriters in connection with the
8 sale and issuance of the Bonds are hereby authorized and ratified.

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

14 Section 20. FUNDS AND ACCOUNTS.

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

19 (B) DEBT SERVICE FUND AND ACCOUNTS. The Water Authority
20 shall continue the Debt Service Fund as a separate, distinct and segregated fund for
21 the deposit of Net Revenues for the payment of System Obligations. The Water
22 Authority shall continue the Expense Account as part of the Debt Service Fund.
23 Money on deposit or credited to the Expense Account shall be used for the purpose
24 of payment of Expenses. The Water Authority shall establish the Series 2020A
25 Bonds Debt Service Account as a separate account of the Debt Service Fund.

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

29 (D) ESCROW FUND. The Water Authority hereby creates an escrow
30 fund with subaccounts for each of the Refunded Obligations for the advance
31 refunding of the Refunded Obligations to be administered and maintained by the

1 Escrow Agent pursuant to the Escrow Agreement.

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

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

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

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

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

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

31 (5) Reserve Accounts for Subordinate Obligations. Net

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

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

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

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

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

25 (B) SERIES 2020A BONDS DEBT SERVICE ACCOUNT. Net
26 Revenues shall be transferred to the Series 2020A Bonds Debt Service Account
27 sufficient to pay when due the Debt Service Requirements on the Bonds.

28 (1) Except as stated in this Section 21.(B)(1) and in Section
29 21.(D), substantially equal monthly deposits of Net Revenues shall be made to the
30 Series 2020A Bonds Debt Service Account beginning six months before each
31 Interest Payment Date in order to make the next payment of interest on the Bonds

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

6 (2) Except as stated in this Section 21.(B)(2) and in Section
7 21.(D), substantially equal monthly deposits of Net Revenues shall be made to the
8 Series 2020A Bonds Debt Service Account beginning 12 months before each
9 Principal Payment Date for the Bonds payable from such account in order to make
10 the next scheduled payment of principal on the Bonds when due at maturity.
11 However, if the first principal payment date for the Bonds is less than thirteen
12 months after the date of the original issuance of the Bonds, substantially equal
13 monthly deposits of Net Revenues before the first principal payment date shall begin
14 in the first full month following the date of issuance of the Bonds in order to make the
15 first payment of principal on the Bonds when due at maturity.

16 If in the month immediately preceding any payment date for the Bonds, the
17 Water Authority determines that there are not sufficient funds accumulated in the
18 Series 2020A Bonds Debt Service Account to pay the amount becoming due on that
19 payment date, the Water Authority shall promptly deposit any available Net
20 Revenues in the Series 2020A Bonds Debt Service Account in an amount equal to
21 the deficiency. If, prior to any payment date for the Bonds, there has accumulated in
22 the Series 2020A Bonds Debt Service Account the entire amount necessary to pay
23 the amount becoming due on the Bonds payable from such account on that payment
24 date, no additional Net Revenues need be deposited in the Series 2020A Bonds
25 Debt Service Account prior to that payment date. In making the determinations
26 permitted by this paragraph, the Water Authority may take into account the amount
27 on deposit in any other fund or account or escrow relating to the Bonds irrevocably
28 set aside for the next payment of the Bonds.

29 Amounts on deposit in the Series 2020A Bonds Debt Service Account shall
30 be applied first to the payment of interest and then to pay or satisfy any payment of
31 principal on the respective Bonds. Except as provided in Section 21.(D), money in

1 the Series 2020A Bonds Debt Service Account shall be used only to pay the Debt
2 Service Requirements on the Bonds. Transfers of amounts equal to the periodic
3 Debt Service Requirements on the Bonds shall be made by the Water Authority on a
4 timely basis to the Paying Agent.

5 (C) RESERVE ACCOUNT FOR BONDS. At the time of initial delivery
6 of the Bonds, no Reserve Account will be established with respect to the Bonds.

7 (D) TERMINATION UPON DEPOSITS RELATING TO THE BONDS
8 TO MATURITY. No payments need be made into the Series 2020A Bonds Debt
9 Service Account if the amount in the Series 2020A Bonds Debt Service Account is
10 not less than the Debt Service Requirements due and to become due on and before
11 the final maturity date of the Bonds, both accrued and not accrued, and all proceeds
12 paid under any Credit Facility for the Bonds have been reimbursed. The money
13 retained in that account shall be used only to pay the Debt Service Requirements on
14 the Bonds when due except that any money on deposit in the Series 2020A Bonds
15 Debt Service Account which is not necessary to pay such Debt Service
16 Requirements shall be used as surplus Net Revenues in accordance with Section
17 21.(A)(8) of this Bond Ordinance.

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

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

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

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

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

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

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

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

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

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

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

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

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

24 Section 24. CREDIT FACILITY.

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

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

31 (C) CONSENT OF CREDIT SOURCE. Any provision of the Bond

1 Legislation expressly recognizing or granting rights in or to a Credit Source may not
2 be amended in any manner which affects the rights of the Credit Source without the
3 prior written consent of that Credit Source.

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

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

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

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

29 Section 27. ADDITIONAL SYSTEM OBLIGATIONS.

30 (A) LIMITATIONS UPON ISSUANCE OF SYSTEM OBLIGATIONS.

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

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

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

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

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

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

4 (C) ADDITIONAL SUBORDINATE OBLIGATIONS. The tests
5 required in this Section 27.(C) shall be performed without adjustment for payments
6 to or withdrawals from the Rate Stabilization Fund or interest accrued in an
7 acquisition account for Outstanding System Obligations. So long as the Series
8 2013A&B Bonds, Drinking Water State Revolving Fund Loan Agreement (2009), and
9 Public Project Revolving Fund Loan Agreement (2011) are Outstanding, the Water
10 Authority shall be required to meet all three tests established in this paragraph; after
11 such Senior Obligations listed above are no longer Outstanding, the Water Authority
12 shall be required to only meet the tests set forth in (i) and (iii) of the following
13 sentence, and the test set forth in (ii) of the following sentence shall have no further
14 force or effect when additional Subordinate Obligations are issued by the Water
15 Authority. Except as permitted by Section 28, prior to the issuance of additional
16 Subordinate Obligations, the Water Authority (i) shall be current in making all
17 deposits required by Section 21, (ii) shall satisfy the test set forth in paragraph (B) of
18 this Section 27 related to the issuance of additional Senior Obligations, and (iii) shall
19 satisfy the following test:

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

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

1 Subordinate Obligations and the Subordinate Obligations proposed to be issued; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (C) RATE COVENANTS.

16 (1) Rate Covenant for Senior 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 133% of the annual Debt Service
20 Requirements on the Outstanding Senior Obligations (excluding accumulation of any
21 reserves therefor).

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

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

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

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

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

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

1 charges imposed by the Water Authority.

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

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

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

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

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

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

30 (I) AUDITS. So long as the Bonds are Outstanding, within 270 days
31 following the close of each Fiscal Year, the Water Authority will cause an audit of the

1 books and accounts of the System to be made by an Independent Accountant.
2 Each audit of the System shall include those matters determined to be proper by the
3 Independent Accountant.

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

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

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

1 or damage to the System, insurance proceeds shall be used first for the purpose of
2 restoring or replacing the property lost or damaged and any remainder shall be
3 treated as Gross Revenues.

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

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

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

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

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

1 against the System or Gross Revenues or Net Revenues.

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

5 (S) FEDERAL TAX EXEMPTION. The Bonds may be issued as
6 federally tax-exempt or taxable as determined in the Sale Certificate. If issued as
7 federally tax-exempt bonds, the Water Authority covenants that it will use, and will
8 restrict the use and investment of, the proceeds of the Bonds in such manner and to
9 such extent as may be necessary so that (a) the Bonds will not (i) constitute private
10 activity bonds, arbitrage bonds or hedge bonds under Sections 141, 148 or 149 of
11 the Code or (ii) be treated other than as bonds to which Section 103(a) of the Code
12 applies, and (b) the interest thereon will not be treated as a preference item under
13 Section 57 of the Code. The Water Authority further covenants (a) that it will take or
14 cause to be taken such actions that may be required of it for the interest on the
15 Bonds to be and to remain excludable from gross income for federal income tax
16 purposes, (b) that it will not take or authorize to be taken any actions that would
17 adversely affect that exclusion, and (c) that it, or persons acting for it, will, among
18 other acts of compliance, (i) apply the proceeds of the Bonds to the governmental
19 purposes of the borrowings, (ii) restrict the yield on investment property, (iii) make
20 timely and adequate rebate payments or payments of alternative amounts in lieu of
21 rebate to the federal government, (iv) maintain books and records and make
22 calculations and reports, and (v) refrain from certain uses of those proceeds and, as
23 applicable, of property financed with such proceeds, all in such manner to the extent
24 necessary to assure such exclusion of that interest under the Code.

25 Authorized Officers are hereby authorized (a) to make or effect any election,
26 selection, designation, choice, consent, approval, or waiver on behalf of the Water
27 Authority as the Water Authority is permitted or required to make or give under the
28 federal income tax laws including, without limitation thereto, any of the elections
29 provided for in Section 148(f)(4)(C) of the Code or available under Section 148 of the
30 Code, for the purpose of assuring, enhancing or protecting favorable tax treatment
31 or status of the Bonds or interest thereon or assisting in the compliance with

1 requirements for that purpose, reducing the burden or expense of such compliance,
2 reducing the rebate amount or payments of penalties, or making payments of special
3 amounts in lieu of making computations to determine, or paying, excess earnings as
4 rebate, or obviating those amounts or payments, as determined by that officer, which
5 action shall be in writing and signed by the Authorized Officer, (b) to take any and all
6 other actions, make or obtain calculations, make payments, and make or give
7 reports, covenants and certifications of and on behalf of the Water Authority, as may
8 be appropriate to assure the exclusion of interest from gross income and the
9 intended tax status of the Bonds, and (c) to give one or more appropriate certificates
10 of the Water Authority, for inclusion in the transcripts of the proceedings for the
11 Bonds, setting forth the reasonable expectations of the Water Authority regarding
12 the amount and use of all the proceeds of the Bonds, the facts, circumstances and
13 estimates on which they are based, and other facts and circumstances relevant to
14 the tax treatment of the interest on and the tax status of the Bonds.

15 The provisions of this paragraph S shall apply only if the Bonds are issued on
16 a federally tax-exempt basis, pursuant to amendments to the Code.

17 Section 30. REBATE FUND. A separate account of the Rebate Fund shall
18 not be required for the Bonds provided that the Water Authority shall comply with the
19 provisions of Section 29.(S). The provisions of this Section 30 shall apply only if the
20 Bonds are issued on a tax-exempt basis, pursuant to amendments to the Code

21 Section 31. EVENTS OF DEFAULT. Each of the following events is
22 declared an "event of default" under the Bond Legislation:

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

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

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

29 (D) DEFAULTS OF ANY OTHER PROVISION. Default by the Water
30 Authority in the due and punctual performance of its covenants, conditions,
31 agreements and provisions contained in System Obligations or in the Water

1 Authority ordinance authorizing those System Obligations and the continuance of
2 such default (other than a default set forth in paragraphs A, B and C of this Section)
3 for 60 days after written notice specifying such default and requiring the same to be
4 remedied has been given to the Water Authority by any Credit Source or the Owners
5 of 25% in principal amount of the System Obligations then Outstanding.

6 Section 32. REMEDIES UPON DEFAULT. Upon the happening and
7 continuance of any of the events of default stated in Section 31:

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

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

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

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

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

24 (d) any combination of those remedies.

25 All proceedings shall be instituted and maintained for the equal benefit of all
26 Owners of System Obligations then Outstanding, subject to the provisions of Section
27 21 of this Bond Ordinance, with respect to the use of Gross Revenues. The Owners
28 by purchasing System Obligations consent to the appointment of a receiver to
29 protect the rights of the Owners. The receiver may enter and take possession of
30 and operate and maintain the System and shall prescribe rates, fees or charges and
31 collect, receive and apply all Gross Revenues as required by this Bond Ordinance.

1 The failure of any Owner to exercise any right granted by this Section shall not
2 relieve the Water Authority of any obligation to perform any duty. Each right or
3 privilege of any Owner (or trustee or receiver therefor) is in addition and cumulative
4 to any other right or privilege and the exercise of any right or privilege by or on
5 behalf of any Owner shall not be deemed a waiver of any other right or privilege of
6 any Owner.

7 Notwithstanding any other provision in the Bond Legislation, no recourse shall
8 be had for the payment of any Bond or for any claim based on any other obligation,
9 covenant or agreement contained in the Bond Legislation against any past, present
10 or future officer, employee or agent of the Water Authority or member of the Board,
11 and all such liability of any such officers, employees, agents or member (as such) is
12 released as a condition of and consideration for the adoption of the Bond Legislation
13 and the issuance of the Bonds.

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

20 Section 33. DUTIES UPON DEFAULT. Upon the happening of any of the
21 events of default listed in Section 31, the Water Authority will do and perform all
22 proper acts on behalf of and for the Owners necessary to protect and preserve the
23 security created for the payment of the System Obligations and for the payment of
24 the Debt Service Requirements on the System Obligations promptly as the same
25 become due. As long as any of the System Obligations are Outstanding, all Gross
26 Revenues shall be distributed and used for the purpose and with the priorities set
27 forth in Section 21. If the Water Authority fails or refuses to proceed as provided in
28 this Section, the Owners of not less than 66% in principal amount of the System
29 Obligations then Outstanding, after demand in writing, may proceed to protect and
30 enforce the rights of the Owners as provided in the Bond Legislation.

31 Section 34. DEFEASANCE. When all principal, interest and prior

1 redemption premiums, if any, in connection with all or any part of the Bonds have
2 been paid or provided for (including amounts owed to the Credit Source, if any,
3 under any Bond Insurance Policy), the pledge and lien and all obligations under the
4 Bond Legislation with respect to those Bonds and any Bond Insurance Policy shall
5 be discharged and those Bonds shall no longer be deemed to be Outstanding within
6 the meaning of the Bond Legislation.

7 Without limiting the preceding paragraph, there shall be deemed to be such
8 payment when: (i) the Board has caused to be placed in escrow and in trust with an
9 escrow agent located within or without the State and exercising trust powers, an
10 amount sufficient (including the known minimum yield from Defeasance Obligations
11 in which such amount may be initially invested) to pay all requirements of principal,
12 interest and prior redemption premium, if any, on the Bonds to be defeased as the
13 same become due to the final maturities or upon designated prior redemption dates,
14 and (ii) any Bonds to be redeemed prior to maturity shall have been duly called for
15 redemption or irrevocable instructions to call such Bonds for redemption have been
16 given to the Registrar. The escrow agent shall have received evidence satisfactory
17 to it that the cash and Defeasance Obligations delivered will be sufficient to provide
18 for the payment of the Bonds to be defeased as stated above. Neither the
19 Defeasance Obligations nor money deposited with the escrow agent shall be
20 withdrawn or used for any purpose other than as provided in the escrow agreement
21 and the Defeasance Obligations and money shall be segregated and held in trust for
22 the payment of the principal and premium, if any, and interest on the Bonds with
23 respect to which such deposit has been made. The Defeasance Obligations shall
24 become due prior to the respective times at which the proceeds are needed in
25 accordance with a schedule established and agreed upon between the Board and
26 the escrow agent at the time of the creation of the escrow, or the Defeasance
27 Obligations shall be subject to redemption but only at the option of the holders or
28 owners thereof to assure the availability of the proceeds as needed to meet the
29 schedule.

30 Until reimbursement is made by the Water Authority to the applicable Credit
31 Source, if the principal and/or interest due on Insured Obligations is paid by a Credit

1 Source pursuant to a Credit Facility, the applicable Insured Obligations shall remain
2 Outstanding, shall not be defeased or otherwise satisfied and shall not be
3 considered to be paid by the Water Authority. In such case, the assignment and
4 pledge of the Net Revenues for the payment of the Insured Obligations paid by the
5 Credit Source and all covenants, agreements and other obligations of the Water
6 Authority to the Owners of those Insured Obligations shall continue to exist and shall
7 run to the benefit of that Credit Source and that Credit Source shall be subrogated to
8 the rights of the owners of those Insured Obligations, until all obligations of the
9 Water Authority to that Credit Source have been paid.

10 Notwithstanding the foregoing, any provisions of the Bond Legislation
11 which relate to indemnification and the payment of fees and expenses, the payment
12 of the principal of and premium of Bonds at maturity or on a prior redemption date,
13 interest payments and dates thereof, exchange, registration of transfer and
14 registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the
15 safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of
16 money in trust, the obligations set forth in the Bond Legislation regarding rebate, and
17 the duties of the Registrar, Authenticating Agent and Paying Agent in connection
18 with all of the foregoing shall remain in effect and be binding upon the Owners, the
19 Registrar, Authenticating Agent and Paying Agent notwithstanding the release and
20 discharge of the Bond Legislation. The provisions of this Section shall survive the
21 release, discharge and satisfaction of the Bond Legislation.

22 Section 35. BONDS NOT PRESENTED WHEN DUE. If any Bonds are not
23 duly presented for payment when due at maturity or on any prior redemption date,
24 and if money sufficient for the payment of those Bonds is on deposit with the Paying
25 Agent, and, in the case of the Bonds to be redeemed, if notice of redemption has
26 been given as provided in the Bond Legislation, all liability of the Water Authority to
27 the Owners of those Bonds shall be discharged, those Bonds shall no longer be
28 Outstanding and it shall be the duty of the Paying Agent to segregate and to hold
29 such money in trust, without liability for interest thereon, for the benefit of the
30 Owners of those Bonds.

31 Section 36. DELEGATED POWERS. The officers of the Water Authority

1 are authorized and directed to take all action from time to time which is necessary or
2 appropriate to effectuate the provisions of the Bond Legislation and the Bonds,
3 including, without limitation, the execution of any credit facility, any liquidity
4 agreement, any remarketing agreement, any qualified exchange agreement, the
5 delivery of a “deemed final” certificate relating to the disclosure document for the
6 Bonds, the publication of a summary of this Bond Ordinance substantially in the form
7 set out in Section 44, the distribution of material related to the Bonds, the printing of
8 the Bonds and the execution of related documents and certificates pertaining to the
9 System, the Bonds, and the delivery of and security for the Bonds, as may be
10 reasonably required by the Underwriters. The officers of the Water Authority are
11 authorized and directed to take all action from time to time which is desirable or
12 necessary for the Water Authority with respect to arbitrage rebate requirements
13 under Section 148(f) of the Code. Pursuant to Section 6-14–10.2 NMSA 1978 and
14 the provisions of this Bond Ordinance, the Delegate is delegated the authority to
15 approve the final terms of the Bonds and to execute the Sale Certificate, Escrow
16 Agreement and Bond Purchase Agreement subject to the parameters and conditions
17 set forth in this Bond Ordinance. The Chief Financial Officer shall present the Sale
18 Certificate to the Board in a timely manner, before or after delivery of the Bonds, at a
19 regularly scheduled public meeting of the Board.

20 The Executive Director of the Water Authority, or successor in interest, is
21 hereby authorized and directed to make such changes or corrections to the
22 procedures established in the Bond Legislation relating to the times of day or the
23 days on which actions are required to be taken, or the persons responsible for
24 particular actions, the form of notice of the occurrence of events, the types and
25 forms of actions required and other similar administrative matters which, in the
26 judgment of the Executive Director, are necessary and appropriate to accomplish the
27 purposes of the Bond Legislation and to provide for the efficient administration of the
28 System and the Bonds. Notice of any such changes or corrections shall be given to
29 all persons affected thereby.

30 Section 37. AMENDMENT OF BOND ORDINANCE.

31 (A) LIMITATIONS UPON AMENDMENTS. The Bond

1 Legislation may be amended by ordinance or resolution of the Board without the
2 consent of Owners but with the consent of any Credit Source providing a Credit
3 Facility which is in effect and which pertains to the Bonds and is affected by the
4 amendment if the Credit Source is not in default in its obligations under the Credit
5 Facility:

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

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

10 (3) To obtain or maintain a rating on the Bonds from any
11 rating agency if the amendment, in the judgment of Bond Counsel, does not
12 materially adversely affect the Owners of the Bonds;

13 (4) To achieve compliance with federal securities or tax laws;
14 and

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

17 (B) ADDITIONAL AMENDMENTS. Except as provided above or in
18 the Confirming Resolution, the Bond Legislation may only be amended or
19 supplemented by ordinance or resolution adopted by the Board in accordance with
20 the laws of the State, without receipt by the Water Authority of any additional
21 consideration, but with the written consent of the Owners of a majority of the principal
22 amount of the Bonds then Outstanding which are affected by the amendment or
23 supplement (not including the Bonds which are then owned by or for the account of
24 the Water Authority) and of any Credit Source providing a Credit Facility which is in
25 effect affected by the amendment or supplement, if the Credit Source is not in default
26 in its obligations under the Credit Facility; provided, however, that no such ordinances
27 or resolutions shall have the effect of permitting:

28 (1) An extension of the maturity of any Bond; or

29 (2) A reduction in the principal amount of, premium, if any, or
30 interest rate on any Bond; or

31 (3) The creation of a lien on or a pledge of Net Revenues

1 ranking prior to the lien or pledge of Senior Obligations on Net Revenues; or

2 (4) A reduction of the principal amount of the Bonds required
3 for consent to such amendment or supplement.

4 (C) PROOF OF INSTRUMENTS. The fact and date of the execution
5 of any instrument under the provisions of this Section may be proved by the
6 certificate of any officer in any jurisdiction who by the laws of that jurisdiction is
7 authorized to take acknowledgments of deeds within that jurisdiction that the person
8 signing the instrument acknowledged before him the execution of that instrument, or
9 may be proved by an affidavit of a witness to the execution sworn to before such
10 officer.

11 Section 38. LIMITATION OF RIGHTS. Nothing in the Bond Legislation
12 expressed or implied is intended or shall be construed to give to any Person other
13 than the Owners, the Water Authority and the parties to which such right, remedy or
14 claim is expressly granted by the Bond Legislation any legal or equitable right,
15 remedy or claim under or in respect to the Bond Legislation or any covenant,
16 condition or stipulation of the Bond Legislation, and all covenants, stipulations,
17 promises and agreements in the Bond Legislation shall be for the sole and exclusive
18 benefit of the Water Authority, the Paying Agent, the Registrar and the Owners.

19 Section 39. NOTICES. Except as otherwise specifically required in the
20 Bond Legislation, notice with respect to the Bonds shall be effective when received
21 and it shall be sufficient service of any notice, request, demand or other paper if the
22 same is given: (i) orally, or (ii) by mail, or (iii) by Electronic Means, or (iv) hand
23 delivered; provided that any notice given orally, including notice by telephone, must
24 be confirmed by notice in writing as set forth in clause (ii), (iii) (except by telephone)
25 or (iv) above initiated within one Business Day after oral Notice is given. Notice shall
26 be given as follows:

1 (A) If to the Water Authority:
2 Albuquerque Bernalillo County Water Utility Authority
3 One Civic Plaza, N.W., Room 5012
4 Albuquerque, NM 87102
5 Attention: Executive Director
6 (505) 289-3101
7 (505) 289-3060 (Fax)

8 (B) If to the Initial Paying Agent:
9 Albuquerque Bernalillo County Water Utility Authority
10 One Civic Plaza NW, Room 5012
11 Albuquerque, NM 87102
12 Attention: Chief Financial Officer
13 (505) 289-3080

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

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

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

30 The Paying Agent shall provide Moody's and S&P if the Bonds are then rated
31 by Moody's and S&P, as applicable, with prior written notice of any amendments to

1 the Bond Legislation and the optional redemption of Bonds pursuant to Section 9.(A)
2 or defeasance pursuant to Section 34. Such notice shall be sent (a) to Moody's at:
3 Moody's Investors Service, Public Finance Department – Structured Finance Group,
4 99 Church Street, New York, New York 10007, and (b) to S&P at: S&P Global
5 Ratings, Attention: Municipal Finance Department – Structured Finance Group, 25
6 Broadway, 20th Floor, New York, New York 10004.

7 Section 40. BOND ORDINANCE IRREPEALABLE AS TO THE BONDS.
8 After any of the Bonds are issued, this Bond Ordinance shall be and remain
9 irrevocable until the Debt Service Requirements on all the Bonds are fully paid and
10 discharged and the Bonds are canceled, as provided in this Bond Ordinance, or
11 there has been defeasance of all the Bonds as provided in this Bond Ordinance.

12 Section 41. SEVERABILITY CLAUSE. If any section, paragraph, clause or
13 provision of this Bond Ordinance shall for any reason be held to be invalid or
14 unenforceable, the invalidity or unenforceability of that section, paragraph, clause or
15 provision shall not affect any of the remaining provisions of this Bond Ordinance.

16 Section 42. REPEALER CLAUSE. All bylaws, orders, resolutions and
17 ordinances, or parts thereof, inconsistent with this Bond Ordinance are repealed to
18 the extent only of such inconsistency. This repealer shall not be construed to revive
19 any bylaw, order, resolution or Ordinance, or part thereof, previously repealed.

20 Section 43. GENERAL SUMMARY FOR PUBLICATION. The title and a
21 general summary of the subject matter contained in the Bond Ordinance shall be
22 published in substantially the following form:

23 **(Form of Summary of Ordinance for Publication)**

24 **Albuquerque Bernalillo County Water Utility Authority**

25 **Notice of Adoption of Ordinance**

26 NOTICE IS HEREBY GIVEN, pursuant to the provisions of Section 6-14-6
27 NMSA 1978, that on May 20, 2020, the Board of Albuquerque Bernalillo County
28 Water Utility Authority (the "Water Authority") adopted Water Authority Ordinance
29 No. F/S O-20-2 (the "Bond Ordinance"), an ordinance which authorizes the issuance
30 of the Water Authority's Senior Lien Joint Water and Sewer System Refunding
31 Revenue Bonds, Series 2020A in an aggregate principal amount not to exceed

1 \$55,000,000 to refund, refinance and defease certain outstanding obligations of the
2 Water Authority’s joint water and sewer system (the “System”).

3 The title of the Bond Ordinance is:

4 **ORDINANCE**

5 **AUTHORIZING THE ISSUANCE AND SALE OF ALBUQUERQUE BERNALILLO**
6 **COUNTY WATER UTILITY AUTHORITY (THE “WATER AUTHORITY”) SENIOR**
7 **LIEN JOINT WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS,**
8 **SERIES 2020A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED**
9 **\$55,000,000 (THE “SERIES 2020A BONDS” OR THE “BONDS”) TO BE ISSUED**
10 **IN ONE OR MORE SERIES FOR THE PURPOSE OF REFUNDING,**
11 **REFINANCING AND DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF**
12 **THE WATER AUTHORITY; PROVIDING FOR THE DISPOSITION OF, AND**
13 **OTHER DETAILS RELATING TO, THE REVENUES FROM THE OPERATION OF**
14 **THE WATER AUTHORITY’S JOINT WATER AND SEWER SYSTEM (“THE**
15 **SYSTEM”) INCLUDING THE PAYMENT OF DEBT SERVICE ON SYSTEM**
16 **OBLIGATIONS; DETERMINING CERTAIN TERMS AND THE METHOD OF**
17 **DETERMINING OTHER TERMS CONCERNING THE BONDS; PROVIDING FOR**
18 **THE APPROVAL OF VARIOUS AGREEMENTS AND DISCLOSURE**
19 **DOCUMENTS RELATING TO THE BONDS; DELEGATING AUTHORITY TO THE**
20 **DELEGATE TO EXECUTE AND DELIVER A BOND PURCHASE AGREEMENT**
21 **FOR THE SALE OF THE BONDS TO THE UNDERWRITERS PURSUANT TO THE**
22 **SUPPLEMENTAL PUBLIC SECURITIES ACT; AND RATIFYING ACTION**
23 **PREVIOUSLY TAKEN.**

24 The title contains a general summary of the subject matter contained in the
25 Bond Ordinance.

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

27 WITNESS my hand as of May 20, 2020.

28 _____
29 Mark Sanchez, Executive Director

30 (End of Summary of Ordinance for Publication)

31

1 PASSED AND ADOPTED THIS 20TH DAY OF MAY, 2020.
2 BY A VOTE OF ___ FOR AND ___ AGAINST.

3 Yes:

4 No:

5 _____
6 Klarissa J. Peña, Chair

7 ATTEST:

8

9

10 _____

11 Mark Sanchez, Secretary

12 Y:\dox\client\84294\0021\GENERAL\W3749341.DOC