
Meeting Date: August 20, 2014
Staff Contact: Mark S. Sanchez, Executive Director

TITLE: F/S R-14-10 - Approving the Sale of Albuquerque Bernalillo County Water Utility Authority (the "Water Authority") Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2014A in the Aggregate Principal Amount of \$98,420,000 (the "Series 2014A Bonds"); Approving the Sale of the Water Authority Subordinate Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2014B in the Aggregate Principal Amount of \$88,585,000 (the "Series 2014B Bonds", and Together With the Series 2014A Bonds, (the "Bonds"); Establishing Certain Details of the Bonds; Providing for the Payment of the Costs of Issuance of the Bonds; Approving Disclosure and Other Documents Relating to the Bonds; and Ratifying Action Previously Taken in Connection Therewith.

ACTION: Recommend Approval

SUMMARY:

This legislation is the first and final reading of the Confirming Resolution for the proposed Joint Water and Sewer System Refunding Revenue Bonds, Senior Lien Series 2014A and Subordinate Lien Series 2014B. This resolution establishes certain bond final pricing details; provides for the payment of the cost of issuing the bonds; approves disclosure and other documents relating to the bonds; and ratifies previous action taken in connection with the sale of the bonds.

Pending approval of Ordinance O-14-2, Bond Ordinance at the August 20, 2014 meeting, this Resolution will authorize the refunding all or a portion of the following outstanding obligations: the Joint Water and Sewer System Improvement Revenue Bonds, Series 2005, the New Mexico Finance Authority Public Project Revolving Fund Loan (2005), the Joint Water and Sewer System Improvement Revenue Bonds, Series 2006A, and the 2001 New Mexico Environment Department Loan. A portion of the refunding, approximately 52%, is expected to be issued as senior lien bonds and the remaining portion will be issued as subordinate lien bonds. This Confirming Resolution approves the terms, sale price, interest rates, redemption features and other matters with respect to the Bonds.

FISCAL IMPACT:

Based upon current market conditions the refunding will generate approximately \$17.7 million in present value savings or 8.81% of the principal amount of bonds refunded.

Annually the refunding is expected to generate approximately \$2.8 million in savings in FY 2015, \$1.3 million in savings in FY 2016, \$1.66 million from FY 2017 through FY 2025 and approximately \$0.7 million in 2026. 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, consistent with the Water Authority's prior debt issuances. The term or length of the debt will not be extended.

COMMENTS:

This confirming resolution is required for any bond issuance under the approved Bond Ordinance and requires Water Authority Board approval.

Senior Lien Bond ratings for this issue are as follows: Standard and Poor's (AA+ Stable Outlook), Fitch (AA Stable Outlook) and Moody's (Aa2 Stable Outlook).

The Water Authority's Subordinate Lien Bond ratings for this issue are as follows: Standard and Poor's (AA Stable Outlook), Fitch (AA Stable Outlook) and Moody's (Aa3 Stable Outlook).

A substitute to the floor substitute will be prepared by Bond Counsel which makes technical adjustments to include final pricing terms.

1 WHEREAS, the Water Authority adopts this resolution pursuant to the authority
2 granted to it in the Bond Legislation and the Act; and

3 WHEREAS, it is in the best interests of the Water Authority to sell the Bonds to
4 the Purchaser upon the terms as set forth in the Bond Legislation and the Bond
5 Purchase Agreement; and

6 WHEREAS, the Preliminary Official Statement, the proposed form of Official
7 Statement, the form of Continuing Disclosure Undertaking, the form of the Escrow
8 Agreement, and the Bond Purchase Agreement are on deposit with the Water Authority
9 and are presented to the Board; and

10 WHEREAS, the Water Authority wishes to explicitly assume all obligations
11 associated with certain bonds or notes issued prior to the date hereof; and

12 WHEREAS, all required authorizations, consents and approvals of any
13 governmental body, agency or authority in connection with the authorization, execution
14 and delivery of the Bonds, which are required to have been obtained by the date on
15 which the Confirming Resolution is adopted or which will be required to be obtained
16 prior to the date of issuance of the Bonds have been or will have been obtained by such
17 dates;

18 BE IT RESOLVED BY THE BOARD, THE GOVERNING BODY OF
19 ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY:

20 SECTION 1. DEFINITIONS.

21 PURCHASER. J.P. Morgan Securities LLC, Robert W. Baird & Co.,
22 Incorporated, Stifel, Nicolaus & Company, Incorporated, and Piper Jaffray & Co.,
23 collectively, as the original purchasers of the Bonds.

24 SERIES 2014A BONDS. The Albuquerque Bernalillo County Water Utility
25 Authority Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series
26 2014A, authorized by the Bond Legislation.

27 SERIES 2014B BONDS. The Albuquerque Bernalillo County Water Utility
28 Authority Subordinate Lien Joint Water and Sewer System Refunding Revenue Bonds,
29 Series 2014B, authorized by the Bond Legislation.

30 CONFIRMING RESOLUTION. This resolution, being Water Authority
31 Resolution No. R-14-10.

32 SECTION 2. RATIFICATION OF PRIOR ACTIONS TOWARD ISSUANCE
33 OF THE BONDS; ASSUMPTION OF PRIOR OBLIGATIONS. All action previously

1 taken (not inconsistent with the provisions of the Bond Legislation) by the Board and the
2 officers of the Water Authority, directed toward the authorization, pledge, collection, and
3 distribution of the Net Revenues and the authorization, issuance and sale of the Bonds
4 is ratified, approved, and confirmed. The Water Authority hereby assumes all liabilities
5 and obligations with respect to all outstanding bonds and other obligations issued by the
6 Water Authority pursuant to the Act, the Bond Legislation and Joint Powers Agreement
7 dated December 19, 2003 among the City, the County and the Water Authority.

8 SECTION 3. FINDINGS. The Board declares that it has considered all
9 relevant information and data and makes the following findings:

10 A. The issuance of the Series 2014A Bonds in the principal amount of
11 \$98,420,000 plus a premium of \$_____ under the Act will provide funds for (i) the
12 advance refunding of the Public Project Revolving Fund Loan Agreement (2005)
13 maturing on and after May 1, 2016, (ii) the advance refunding of the Series 2006A
14 Bonds maturing on and after July 1, 2017, and (iii) the payment of Expenses, with
15 proceeds of the Series 2014A Bonds and other money of the Water Authority legally
16 available for the purpose (collectively, the "Series 2014A Refunding Project").

17 B. The issuance of the Series 2014B Bonds in the principal amount of
18 \$88,585,000 plus a premium of \$_____ under the Act will provide funds for (i) the
19 advance refunding of the Series 2005 Bonds maturing on and after July 1, 2016, (ii) the
20 current refunding of the outstanding EID Loan, and (iii) the payment of Expenses related
21 to the issuance of the Series 2014B Bonds, with proceeds of the Series 2014B Bonds
22 and other money of the Water Authority legally available for the purposes (collectively,
23 "the Series 2014B Refunding Project").

24 B. The Series 2014A Refunding Project and the Series 2014B
25 Refunding Project are necessary and in the interest of the public health, safety, and
26 welfare of the residents of the geographic area served by the Water Authority for the
27 purpose of achieving debt service savings and restructuring the Water Authority's
28 outstanding System Obligations.

29 C. The interest rates set forth in Section 4, the net effective interest
30 rate of _____% per annum, and the underwriters' discount of \$_____ for
31 the sale of the Series 2014A Bonds are reasonable under existing and anticipated bond
32 market conditions and are necessary and advisable for the marketing and sale of the
33 Series 2014A Bonds. The interest rates set forth in Section 4, the net effective interest

1 rate of _____% per annum, and the underwriters' discount of \$_____ for
2 the sale of the Series 2014B Bonds are reasonable under existing and anticipated bond
3 market conditions and are necessary and advisable for the marketing and sale of the
4 Series 2014B Bonds.

5 D. The Water Authority will complete the Series 2014A Refunding
6 Project with the proceeds of the Series 2014A Bonds together with other funds of the
7 Water Authority, if any. The Water Authority will complete the Series 2014B Refunding
8 Project with the proceeds of the Series 2014B Bonds together with other funds of the
9 Water Authority, if any.

10 SECTION 4. DETAILS OF SERIES 2014A BONDS.

11 A. PRINCIPAL AMOUNT. The Series 2014A Bonds shall be issued in
12 one or more series in the aggregate principal amount of \$_____, shall be
13 designated the Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint
14 Water and Sewer System Refunding Revenue Bonds, Series 2014A. The Series 2014A
15 Bonds shall be issued to provide funds, together with other available funds of the Water
16 Authority, if any, to finance the completion of the Series 2014A Refunding Project and to
17 pay Expenses relating to the issuance of the Series 2014A Bonds.

18 B. SERIES DATE; REGISTRATION. The Series 2014A Bonds shall
19 be dated the date of issuance of the Series 2014A Bonds (the "Series Date"), and shall
20 be issued in fully registered form only, without coupons, and when issued will be
21 registered in the name of Cede & Co., as nominee of The Depository Trust Company
22 ("DTC"), New York, New York, as registered owner of the Series 2014A Bonds, all as
23 provided in the Bond Ordinance.

24 C. INTEREST PAYMENT DATE; INTEREST RATES; MATURITIES.

25 The Series 2014A Bonds shall bear interest payable on each Interest
26 Payment Date, beginning on January 1, 2015, at the rates per annum, maturing in the
27 years and amounts, set forth below:

	<u>Principal Amount</u>	<u>Maturity (July 1)</u>	<u>Interest Rate</u>
28			
29	\$	2015	%
30	\$	2016	%
31	\$	2017	%
32	\$	2018	%
33	\$	2019	%

1	\$	2020	%
2	\$	2021	%
3	\$	2022	%
4	\$	2023	%
5	\$	2024	%
6	\$	2025	%
7	\$	2026*	%

8 *Term Bonds subject to mandatory sinking fund redemption

9 D. OPTIONAL REDEMPTION. The Series 2014A Bonds maturing on
10 and after July 1, ____, shall be subject to redemption prior to their respective maturities,
11 at the option of the Water Authority in any order of maturity as determined by the Water
12 Authority in whole or in part at any time, on or after July 1, ____, at a redemption price
13 equal to 100% of the principal amount of the Series 2014A Bonds to be redeemed, plus
14 accrued interest to the date of redemption.

15 E. MANDATORY SINKING FUND REDEMPTION. The Series 2014A
16 Bonds maturing on July 1, ____ are subject to mandatory sinking fund redemption at a
17 redemption price equal to 100% of the principal amount thereof plus accrued interest to
18 the redemption date on July 1 in the years and in the principal amounts stated below:

19	<u>Year</u>	<u>Amount</u>
20	*	

21 *Maturity Date

22 As and for a sinking fund for the redemption of a series of Series 2014A
23 Bonds subject to mandatory sinking fund redemption, on or before July 1 in each of the
24 years and in the principal amounts stated above, the Water Authority shall transfer Net
25 Revenues into the Series 2014A Debt Service Account so that there is on deposit on
26 the required redemption date in the Series 2014A Debt Service Account amounts
27 sufficient to redeem the Series 2014A Bonds called for redemption (after credit as
28 provided below). Subject to the following paragraph, Series 2014A Bonds which are
29 term bonds shall be subject to mandatory sinking fund redemption at a redemption price
30 equal to 100% of the principal amount thereof plus accrued interest to the redemption
31 date on July 1 in the years and in the principal amounts stated above.

32 At its option, to be exercised on or before the 45th day next preceding any
33 July 1 mandatory sinking fund redemption date, the Water Authority may irrevocably

1 elect to (i) deliver to the Paying Agent for cancellation Series 2014A Bonds of the same
2 series and Maturity Date in any aggregate principal amount and/or (ii) receive a credit in
3 respect of its sinking fund redemption obligation for any Series 2014A Bonds of the
4 same series and Maturity Date which, prior to such date, have been redeemed
5 (otherwise than through the operation of the sinking fund) and canceled by the Paying
6 Agent and not theretofore applied as a credit against any sinking fund redemption
7 obligation. Each Series 2014A Bond so delivered or previously redeemed shall be
8 credited by the Paying Agent at the principal amount thereof against the amounts
9 required to be paid by the Water Authority on the respective July 1 mandatory sinking
10 fund redemption date or dates designated by the Water Authority and the principal
11 amount of Series 2014A Bonds to be redeemed by operation of such sinking fund on
12 such date shall be accordingly reduced.

13 SECTION 5. DETAILS OF SERIES 2014B BONDS.

14 A. PRINCIPAL AMOUNT. The Series 2014B Bonds shall be issued in
15 one or more series in the aggregate principal amount of \$_____, shall be
16 designated the Albuquerque Bernalillo County Water Utility Authority Subordinate Lien
17 Joint Water and Sewer System Refunding Revenue Bonds, Series 2014B. The Series
18 2014B Bonds shall be issued to provide funds, together with other available funds of the
19 Water Authority, if any, to finance the completion of the Series 2014B Refunding Project
20 and to pay Expenses relating to the issuance of the Series 2014B Bonds.

21 B. SERIES DATE; REGISTRATION. The Series 2014B Bonds shall
22 be dated the date of issuance of the Series 2014B Bonds (the "Series Date"), and shall
23 be issued in fully registered form only, without coupons, and when issued will be
24 registered in the name of Cede & Co., as nominee of The Depository Trust Company
25 ("DTC"), New York, New York, as registered owner of the Series 2014B Bonds, all as
26 provided in the Bond Ordinance.

27 C. INTEREST PAYMENT DATE; INTEREST RATES; MATURITIES.

28 The Series 2014B Bonds shall bear interest payable on each Interest
29 Payment Date, beginning on January 1, 2015, at the rates per annum, maturing in the
30 years and amounts, set forth below:

31	<u>Principal Amount</u>	<u>Maturity (July 1)</u>	<u>Interest Rate</u>
32	\$	2015	%
33	\$	2016	%

1	\$	2017	%
2	\$	2018	%
3	\$	2019	%
4	\$	2020	%
5	\$	2021	%
6	\$	2022	%
7	\$	2023	%
8	\$	2024	%
9	\$	2025	%
10	\$	2026*	%

11 *Term Bonds subject to mandatory sinking fund redemption

12 D. OPTIONAL REDEMPTION. The Series 2014B Bonds maturing on
13 and after July 1, ____, shall be subject to redemption prior to their respective maturities,
14 at the option of the Water Authority in any order of maturity as determined by the Water
15 Authority in whole or in part at any time, on or after July 1, ____, at a redemption price
16 equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued
17 interest to the date of redemption.

18 E. MANDATORY SINKING FUND REDEMPTION. The Series 2014B
19 Bonds maturing on July 1, ____ are subject to mandatory sinking fund redemption at a
20 redemption price equal to 100% of the principal amount thereof plus accrued interest to
21 the redemption date on July 1 in the years and in the principal amounts stated below:

22	<u>Year</u>	<u>Amount</u>
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23

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24 *Maturity Date

25 As and for a sinking fund for the redemption of a series of Series 2014B
26 Bonds subject to mandatory sinking fund redemption, on or before July 1 in each of the
27 years and in the principal amounts stated above, the Water Authority shall transfer Net
28 Revenues into the Series 2014B Debt Service Account so that there is on deposit on
29 the required redemption date in the Series 2014B Debt Service Account amounts
30 sufficient to redeem the Series 2014B Bonds called for redemption (after credit as
31 provided below). Subject to the following paragraph, Series 2014B Bonds which are
32 term bonds shall be subject to mandatory sinking fund redemption at a redemption price
33 equal to 100% of the principal amount thereof plus accrued interest to the redemption

1 date on July 1 in the years and in the principal amounts stated above.

2 At its option, to be exercised on or before the 45th day next preceding any
3 July 1 mandatory sinking fund redemption date, the Water Authority may irrevocably
4 elect to (i) deliver to the Paying Agent for cancellation Series 2014B Bonds of the same
5 series and Maturity Date in any aggregate principal amount and/or (ii) receive a credit in
6 respect of its sinking fund redemption obligation for any Series 2014B Bonds of the
7 same series and Maturity Date which, prior to such date, have been redeemed
8 (otherwise than through the operation of the sinking fund) and canceled by the Paying
9 Agent and not theretofore applied as a credit against any sinking fund redemption
10 obligation. Each Series 2014B Bond so delivered or previously redeemed shall be
11 credited by the Paying Agent at the principal amount thereof against the amounts
12 required to be paid by the Water Authority on the respective July 1 mandatory sinking
13 fund redemption date or dates designated by the Water Authority and the principal
14 amount of Series 2014B Bonds to be redeemed by operation of such sinking fund on
15 such date shall be accordingly reduced.

16 SECTION 6. PARAMETERS OF ORDINANCE. The net effective interest
17 rate on each series of Series 2014A Bonds is less than 12% per annum. The maturities
18 of the Series 2014A Bonds do not exceed the remaining useful life of the projects
19 financed with the proceeds of the Series 2014A Refunded Obligations. The net
20 effective interest rate on the Series 2014B Bonds is less than 12% per annum. The
21 maturities of the Series 2014B Bonds do not exceed the remaining useful life of the
22 projects financed with the proceeds of the Series 2014B Refunded Obligations. All other
23 terms and conditions relating to the Bonds and the sale of the Bonds to the Purchaser
24 as set forth in the Confirming Resolution and the Bond Purchase Agreement are within
25 the parameters established by the Bond Ordinance.

26 SECTION 7. ACCOUNTS AND FUNDS. The Water Authority shall
27 establish the Series 2014A Debt Service Account and the Series 2014B Debt Service
28 Account as a separate accounts of the Debt Service Fund and shall establish any other
29 accounts required by the Bond Ordinance.

30 SECTION 8. SALE OF THE BONDS. The sale of the Series 2014A
31 Bonds in a negotiated sale to the Purchaser for the principal amount of \$_____,
32 plus a net premium of \$_____, less an underwriter's discount of \$_____, is
33 approved. The sale of the Series 2014B Bonds in a negotiated sale to the Purchaser

1 for the principal amount of \$_____, plus a net premium of \$_____, less an
2 underwriter's discount of _____, is approved.

3 SECTION 9. USE OF PROCEEDS; REFUNDING PROJECT
4 COMPLETION; PURCHASER NOT RESPONSIBLE.

5 A. PROCEEDS AND OTHER FUNDS; APPROPRIATIONS.

6 (1) The Board, having been informed of and having considered
7 all pertinent facts and circumstances, does hereby find and determine and declare that
8 proceeds from the sale of the Series 2014A Bonds shall be appropriated and deposited
9 as follows:

10 (a) \$_____ of proceeds of the Series 2014A Bonds
11 will be deposited into the Expense Account to pay Expenses associated with the Series
12 2014A Bonds, with any amounts not expended within ninety (90) days to be deposited
13 into the Series 2014A Debt Service Account.

14 (b) \$_____ of proceeds of the Series 2014A
15 Bonds will be deposited in the Escrow Accounts for the Series 2014A Refunded
16 Obligations, and, together with interest earnings thereon, used, and is appropriated for
17 the payment of the redemption price (including principal and accrued interest) of the
18 Series 2014A Refunded Obligations pursuant to the Escrow Agreement.

19 (c) \$_____ of proceeds of the Series 2014A Bonds
20 shall be used to pay, and is appropriated to reimburse the Water Authority for the
21 payment of the underwriters' discount paid by the Water Authority.

22 (d) \$_____, of the proceeds of the Series 2014A
23 Bonds, shall be deposited to the Series 2014A Debt Service Account.

24 (2) The Board, having been informed of and having considered
25 all pertinent facts and circumstances, does hereby find and determine and declare that
26 proceeds from the sale of the Series 2014B Bonds shall be appropriated and deposited
27 as follows:

28 (a) \$_____ of proceeds of the Series 2014B Bonds
29 will be deposited into the Expense Account to pay Expenses associated with the Series
30 2014B Bonds, with any amounts not expended within ninety (90) days to be deposited
31 into the Series 2014B Debt Service Account.

1 (b) \$_____ of proceeds of the Series 2014B
2 Bonds will be deposited in the Escrow Account for the Series 2005 Refunded Bonds,
3 and, together with interest earnings thereon, used, and is appropriated for the payment
4 of the redemption price (including principal and accrued interest) of the Refunded
5 Obligations pursuant to the Escrow Agreement.

6 (c) \$_____ of the proceeds of the Series
7 2014B Bonds will be applied to the prepayment of the EID Loan on the Closing Date of
8 the Bonds.

9 (d) \$_____ of proceeds of the Series 2014B Bonds
10 shall be used to pay, and is appropriated to reimburse the Water Authority for the
11 payment of the underwriters' discount paid by the Water Authority.

12 (e) \$_____, of the proceeds of the Series 2014B
13 Bonds, shall be deposited to the Series 2014B Debt Service Account.

14

15 B. COMPLETION. As soon as practicable, and in any event not more
16 than 60 days after the Completion Date of the Refunding Project, any balance
17 remaining in the Escrow Funds shall be used by the Water Authority for the payment of
18 the principal of or interest next coming due on the Bonds.

19 C. PURCHASER NOT RESPONSIBLE. The Purchaser shall not be
20 responsible for the application or use by the Water Authority of the proceeds of Bonds.

21 SECTION 10. PRIOR REDEMPTION AND NOTICE WITH
22 RESPECT TO REFUNDED OBLIGATIONS; ESCROW AGENT; SUFFICIENCY OF
23 ESCROW FUND; INVESTMENTS.

24 The Water Authority has elected and does hereby declare its intent to exercise
25 on behalf and in the name of the Water Authority its option to redeem the Refunded
26 Obligations at a redemption price equal to the principal amount of the Refunded
27 Obligations to be redeemed plus accrued interest to the respective dates of redemption.
28 The Water Authority is hereby obligated to exercise such option, which option shall be
29 deemed to have been exercised irrevocably upon delivery of the Series 2014A Bonds.
30 Notices of optional redemption of the Refunded Obligations shall be mailed or delivered
31 as provided by the Refunded Obligations and the Escrow Agreement.

32 The initial Escrow Agent shall be BOKF, N.A. dba Bank of Albuquerque. The
33 Escrow Agent shall invest the monies on deposit in the Escrow Accounts only in

1 Government Obligations as defined in the Series 2014A Refunded Obligations and
2 Series 2014B Refunded Obligations. All such Government Obligations shall mature at
3 such times as provided in the Escrow Agreement.

4 SECTION 11. APPROVAL AND USE OF DOCUMENTS. The forms,
5 terms, and provisions of the Preliminary Official Statement, the proposed form of the
6 Official Statement, the Bond Purchase Agreement, the form of the Escrow Agreement,
7 and the form of Continuing Disclosure Undertaking on file with the Water Authority and
8 presented to the Board are ratified and approved. The Chair of the Water Authority or
9 the Executive Director are hereby authorized to execute the Escrow Agreement. The
10 use by the Purchaser, in connection with the offering and sale of the Bonds, of the
11 Preliminary Official Statement and the Official Statement (with terms which are not
12 inconsistent with the Bond Legislation) is ratified and approved.

13 SECTION 12. CONFIRMING RESOLUTION IRREPEALABLE. After any
14 Bonds are issued, the Confirming Resolution shall be and remain irrevocable until the
15 principal of and interest on the Bonds are fully paid and the Bonds are cancelled or
16 there has been defeasance of the Bonds as provided in the Bond Legislation.

17 SECTION 13. REPEALER CLAUSE. All bylaws, orders, and resolutions,
18 or parts thereof, inconsistent with the Confirming Resolution are repealed to the extent
19 of such inconsistency. This repealer shall not be construed to revive any bylaw, order,
20 or resolution, or part thereof, previously repealed.

21 SECTION 14. SEVERABILITY. If any section, paragraph, clause or
22 provision of the Confirming Resolution shall for any reason be held to be invalid or
23 unenforceable, the invalidity or unenforceability of such section, paragraph, clause or
24 provision shall not affect any of the remaining provisions of the Confirming Resolution.

25 SECTION 15. EFFECTIVE DATE. The Confirming Resolution shall be in
26 full force and effect immediately upon adoption.

27 SECTION 16. PUBLICATION OF NOTICE OF ADOPTION. Pursuant to
28 the general laws of the State, the title and general summary of the subject matter
29 contained in the Confirming Resolution shall be published in substantially the following
30 form:

31 **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**
32 **LEGAL NOTICE**

1 Notice is hereby given that the Board of Directors of Albuquerque Bernalillo
2 County Water Utility Authority did on the 20th day of August, 2014, adopt a resolution
3 entitled:

4 **APPROVING THE SALE OF ALBUQUERQUE BERNALILLO COUNTY**
5 **WATER UTILITY AUTHORITY (THE "WATER AUTHORITY") SENIOR**
6 **LIEN JOINT WATER AND SEWER SYSTEM REFUNDING REVENUE**
7 **BONDS, SERIES 2014A IN THE AGGREGATE PRINCIPAL AMOUNT**
8 **OF \$98,420,000 (THE "SERIES 2014A BONDS"); APPROVING THE**
9 **SALE OF THE WATER AUTHORITY SUBORDINATE LIEN JOINT**
10 **WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS,**
11 **SERIES 2014B IN THE AGGREGATE PRINCIPAL AMOUNT OF**
12 **\$88,585,000 (THE "SERIES 2014B BONDS", AND TOGETHER WITH**
13 **THE SERIES 2014A BONDS, THE "BONDS"); ESTABLISHING**
14 **CERTAIN DETAILS OF THE BONDS; PROVIDING FOR THE PAYMENT**
15 **OF THE COSTS OF ISSUANCE OF THE BONDS; APPROVING**
16 **DISCLOSURE AND OTHER DOCUMENTS RELATING TO THE**
17 **BONDS; AND RATIFYING ACTION PREVIOUSLY TAKEN IN**
18 **CONNECTION THEREWITH.**

19
20 The Confirming Resolution authorizes the issuance of the Albuquerque Bernalillo
21 County Water Utility Authority Senior Lien Joint Water and Sewer System Refunding
22 Revenue Bonds, Series 2014A, in the aggregate principal amount of \$98,420,000 (the
23 "Series 2014A Bonds") and authorizes the issuance of the Albuquerque Bernalillo
24 County Water Utility Authority Subordinate Lien Joint Water and Sewer System
25 Refunding Revenue Bonds, Series 2014B, in the aggregate principal amount of
26 \$88,585,000 (the "Series 2014B Bonds") to J.P. Morgan Securities LLC, Robert W.
27 Baird & Co., Incorporated, Stifel, Nicolaus & Company, Incorporated and Piper Jaffray &
28 Co.; establishes the interest rates and maturity schedule for the Series 2014A Bonds
29 and the Series 2014B Bonds; makes certain appropriations of the proceeds of the
30 Bonds; and provides other details concerning the Bonds. Complete copies of the
31 Confirming Resolution are available for public inspection during normal and regular
32 business hours at the offices of the Water Authority, One Civic Plaza, NW,
33 Albuquerque, New Mexico.

1 Dated this 20th day of August, 2014.

2

1 PASSED AND ADOPTED THIS 20TH DAY OF AUGUST, 2014. BY A VOTE OF
2 _____ FOR AND _____ AGAINST.

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CHAIR

7 ATTEST:

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10 SECRETARY

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CONTINUING DISCLOSURE UNDERTAKING

\$ _____

**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY
SENIOR LIEN JOINT WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 2014A**

\$ _____

**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY
SUBORDINATE LIEN JOINT WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 2014B**

This instrument constitutes the written undertaking by the Albuquerque Bernalillo County Water Utility Authority (the "Issuer") for the benefit of the holders of the above-captioned bonds (the "Bonds") required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule"). Capitalized terms used in this undertaking and not otherwise defined in the Issuer's Ordinance WUA O-13-2 (the "Ordinance") shall have the meanings assigned such terms in subsection 3 hereof.

(1) The Issuer undertakes to provide the following information as provided herein:

- (a) Annual Financial Information;
- (b) Audited Financial Statements, if any; and
- (c) Material Event Notices.

(2) (a) The Issuer shall, while any Bonds are Outstanding, provide the Annual Financial Information on or before March 31 of each year (the "Report Date"), beginning in 2014, to EMMA. The Issuer may adjust the Report Date if the Issuer changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to EMMA provided that the new Report Date shall be 270 days after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Issuer provides to EMMA the Annual Financial Information by specific reference to documents previously provided to EMMA or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

*Preliminary, subject to change.

(b) If not provided as part of the Annual Financial Information, the Issuer shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to EMMA.

(c) If a Material Event occurs while any Bonds are Outstanding, the Issuer shall provide a Material Event Notice in a timely manner not in excess of ten (10) business days after the occurrence of the event, a notice of such occurrence with EMMA. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(d) The Issuer shall provide in a timely manner to the Municipal Securities Rulemaking Board notice of any failure by the Issuer while any Bonds are Outstanding to provide to EMMA, if any, Annual Financial Information on or before the Report Date.

(3) The following are the definitions of the capitalized terms used herein and not otherwise defined in the Ordinance:

(a) "**Annual Financial Information**" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB")) or operating data with respect to the Issuer, provided at least annually, of the type included in the final official statement with respect to the Bonds; which Annual Financial Information may, but is not required to, include Audited Financial Statements.

(b) "**Audited Financial Statements**" means the Issuer's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

(c) "**EMMA**" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System located on its website at emma.msrb.org.

(d) "**Material Event**" means any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) modifications to rights of Bondholders, if material;

(viii) bond calls, if material, or tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bond, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or a similar event with respect to the Issuer or an obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee, or a change of name of a trustee, if material.

(e) "**Material Event Notice**" means written or electronic notice of a Material Event.

(4) The Issuer shall employ such methods of electronic or physical information transmission as shall be requested or recommended by EMMA, the MSRB or the Securities and Exchange Commission.

(5) The continuing obligation hereunder of the Issuer to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once Bonds no longer are Outstanding. This undertaking or any provision hereof, shall be null and void in the event that the Issuer delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this undertaking, or any such provision, are invalid, have been repealed retroactively or

otherwise do not apply to the Bonds. This undertaking may be amended without the consent of the Bondholders, but only upon the delivery by the Issuer to EMMA of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this undertaking by the Issuer with the Rule.

(6) Any failure by the Issuer to perform in accordance herewith shall not constitute an "Event of Default" under the Bonds and the Ordinance, and the rights and remedies provided by the Ordinance upon the occurrence of an "Event of Default" shall not apply to any such failure; however, Bondholders may sue to enforce performance of the undertakings set forth herein.

(7) *Beneficiaries.* This certificate shall inure solely to the benefit of the Authority, the Purchasers and owners from time to time of the Bonds, and shall create no rights in any other persons or entity.

DATE: SEPTEMBER __, 2014

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

Chair

To: Councilor Klarissa J. Peña, Commissioner Maggie Hart Stebbins, Mayor Richard J. Berry, Commissioner Art De La Cruz, Councilor Rey Garduño, Councilor Trudy E. Jones, Commissioner Debbie O'Malley, Trustee Pablo R. Rael

From: Mark Sanchez, Executive Director

Date: August 12, 2014

Re: Albuquerque Bernalillo County Water Utility Authority Senior Lien
Joint Water and Sewer System Refunding Revenue Bonds, Series 2014A

Albuquerque Bernalillo County Water Utility Authority Subordinate Lien
Joint Water and Sewer System Refunding Revenue Bonds, Series 2014B

The attached Preliminary Official Statement (the "POS") has been prepared in connection with the offering and sale of the \$97,165,000 Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2014A and the \$87,990,000 Albuquerque Bernalillo County Water Utility Authority Subordinate Lien Joint Water and Sewer System Refunding Revenue Bonds, Series 2014B (collectively, the "Bonds"). The POS makes various disclosures about the Water Authority, the Bond Ordinance and the Bonds. The POS will be reviewed by potential investors in the Bonds, and the final Official Statement will be provided to the bond purchaser after the Bonds are sold to the Underwriter of the Bonds.

The attached POS is similar to the one used when other joint utility revenue bonds were issued by the Water Authority in 2013. The information has been updated by Water Authority staff. Chris Muirhead and Duane Brown of the Modrall Sperling Law Firm, the Water Authority's Bond and Disclosure Counsel and Paul Cassidy and Erik Harrigan of RBC Capital Markets Corporation, the Water Authority's Financial Advisor, assisted in the disclosure process by assembling the information, attending disclosure conferences and reviewing the financial and economic data in the POS. In connection with the preparation of the POS, we have participated in due diligence meetings and conference calls. During those meetings and calls we discussed, confirmed and updated information contained in the POS, examined information for materiality, and identified additional information for inclusion. If you have any questions relating to the disclosure process and preparation of the POS, please contact me.

The POS is provided to you for review to as a result of enforcement actions by the U.S. Securities and Exchange Commission (the "SEC") against the board of Supervisors of Orange County, California, and more recently against the Water Authority of San Diego and the State of New Jersey. The SEC has stated that:

"Public entities that issue securities are primarily liable for the content of their disclosure documents.... In addition to the government entity issuing municipal securities, public officials of the issuer who have ultimate authority to approve the issuance of securities and related disclosure documents have responsibilities under the federal securities laws as well. In authorizing the issuance of the securities and related disclosure documents, a public official may not authorize disclosure that the official knows to be false; nor may the public official authorize disclosure while recklessly disregarding facts that indicate that there is a risk that the disclosure may be misleading."

Although Water Authority staff and the finance team collaborated in preparing the POS, each Board member should review it carefully. The POS is a Water Authority Board document, and the Water Authority and its Board are responsible for its accuracy. Please use extra care in reviewing the sections labeled “INTRODUCTION,” “SECURITY AND SOURCES OF PAYMENT,” “JOINT WATER AND SANITARY SEWER SYSTEM OF THE AUTHORITY,” and “FINANCIAL INFORMATION.” In conducting your review, focus on whether the POS contains misleading statements of material facts or omits to state material facts. A material fact is one that could influence an investor in making a decision to purchase the Bonds.

After reviewing the POS, please contact me if you have any reason to believe that the POS contains any inaccurate information or if you know of anything that might make any of the statements made in the POS incomplete or misleading. Thank you for your attention to this important matter.