



Albuquerque Bernalillo County Water Utility Authority

Albuquerque/Bernalillo
County
Government Center
One Civic Plaza
Albuquerque, NM 87102

Agenda

Commissioner Debbie O'Malley, Chair
Councilor Klarissa J. Peña, Vice-Chair
Commissioner Maggie Hart Stebbins
Councilor Trudy E. Jones
Mayor Timothy M. Keller
Commissioner Steven Michael Quezada
Councilor Ken Sanchez
Trustee Pablo Rael

Wednesday, December 4, 2019

5:00 PM

Vincent E. Griego Chambers

1. **CALL TO ORDER**
2. **INVOCATION/PLEDGE OF ALLEGIANCE**
3. **APPROVAL OF MINUTES - October 23, 2019**
4. **PROCLAMATIONS AND AWARDS**
5. **PUBLIC COMMENT**
6. **ANNOUNCEMENTS/COMMUNICATIONS**
- A. **Next Scheduled Meeting – January 29, 2020 at 5:00 PM**
- B. **Technical Customer Advisory Committee Vacancy**
7. **INTRODUCTION (FIRST READING) OF LEGISLATION**
- A. [O-19-3](#) Authorizing the Issuance and Sale of Albuquerque Bernalillo County Water Utility Authority (the "Water Authority") Senior Lien Joint Water and Sewer System Revenue Bonds, Series 2020 in the Aggregate Principal Amount not to exceed \$86,000,000 (the "SERIES 2020 BONDS or THE BONDS") to be Issued in One Series for the Purpose of Acquiring Additional System Assets, Extending, Repairing, Replacing and Improving the Water Authority's Joint Water and Sewer System ("THE SYSTEM"); Providing for the Disposition of, and Other Details Relating to, the Revenues From the Operation of the System Including the Payment of Debt Service on System Obligations; Determining Certain Terms and The Method of Determining Other Terms Concerning the Bonds; Delegating Authority to the Delegate to execute and deliver a Bond Purchase Agreement for the sale of Bonds to the underwriters pursuant to the Supplemental Public Securities Act; and

ratifying action previously taken

- B. [R-19-26](#) Confirming Approval of the Issuance of Albuquerque Bernalillo County Water Utility Authority ("Water Authority") Senior Lien Joint Water and Sewer System Revenue Bonds, Series 2020 in one Series in the Principal Amount not to exceed \$86,000,000 (the Bonds"); and Ratifying Action Previously Taken in Connection Therewith

8. CONSENT AGENDA

9. APPROVALS

- A. [R-19-25](#) Establish a Reserve of Fund Balance to Provide Funds for the Future Closure and Post-Closure Care Costs for the Waste Water Treatment Plant Division Compost Facility
- B. [C-19-36](#) Approval of Contract for On Call Engineering and Related Services
- C. [C-19-37](#) 2020 Federal Legislative Priorities
- D. [C-19-38](#) 2020 State Legislative Priorities
- E. [C-19-39](#) FY2020 First Quarter Performance Indicator Report
- F. [C-19-40](#) FY20 First Quarter Operating Financial Reports

10. OTHER BUSINESS

- A. [OB-19-20](#) Status Update for the Kirtland Air Force Base Bulk Fuels Facility Fuel Leak Cleanup
- B. [OB-19-21](#) Update on Low Income Assistance

11. ADJOURNMENT

Visit Our Website at www.abcwua.org

NOTICE TO PERSONS WITH DISABILITIES: If you have a disability and require special assistance to participate in this meeting, please contact the Authority Office as soon as possible before the meeting date at 289-3100 or by the TTY at 1-800-659-8331.

Meeting Date: December 4, 2019
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: O-19-3 - Authorizing the Issuance and Sale of Albuquerque Bernalillo County Water Utility Authority (the “Water Authority”) Senior Lien Joint Water and Sewer System Revenue Bonds, Series 2020 in the Aggregate Principal Amount not to exceed \$86,000,000 (the “SERIES 2020 BONDS or THE BONDS”) to be Issued in One Series for the Purpose of Acquiring Additional System Assets, Extending, Repairing, Replacing and Improving the Water Authority’s Joint Water and Sewer System (“THE SYSTEM”); Providing for the Disposition of, and Other Details Relating to, the Revenues From the Operation of the System Including the Payment of Debt Service on System Obligations; Determining Certain Terms and The Method of Determining Other Terms Concerning the Bonds; Delegating Authority to the Delegate to execute and deliver a Bond Purchase Agreement for the sale of Bonds to the underwriters pursuant to the Supplemental Public Securities Act; and ratifying action previously taken

ACTION: Introduction December 4, 2019 – Final Action January 29, 2020

SUMMARY:

This Bond Ordinance is for the proposed Senior Lien Joint Water and Sewer System Revenue Bonds, Series 2020. 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 for \$86 million in CIP Funding. The Water Authority’s current Senior Lien Bonds are rated Aa2/AAA/AA by Moody’s, Standard and Poor’s and Fitch Ratings respectively. The Water Authority’s subordinate lien is rated Aa3/AA+/AA by Moody’s, Standard and Poor’s and Fitch Ratings respectively. Rating presentations to Moody’s and Standard and Poor’s are planned for the 2nd week of January 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 January 29, 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 on or near February 12, 2020. A report and summary of the pricing terms and financing is expected to be delivered to the Board at its regularly scheduled meeting in March 2020.

COMMENTS:

Approval of the Bond Ordinance is required for the issuance of the proposed bonds. Final action is expected at the Water Authority's January 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 March 2020. This Ordinance authorizes the financing necessary to carry out the Capital Improvements Plan outlined in the Decade Plan and the 2020 Finance Plan. It is anticipated that the financing would be completed by March 4, 2020.

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

FISCAL IMPACT:

Based upon current market conditions the new money financing will have a 12 year final maturity (July 1, 2032) with annual debt service of approximately \$8.92 million beginning in fiscal year 2022. There will be interest only payment in fiscal year 2021. 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.

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

BILL NO. 0-19-3

ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE OF ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY (THE “WATER AUTHORITY”) SENIOR LIEN JOINT WATER AND SEWER SYSTEM IMPROVEMENT REVENUE BONDS, SERIES 2020 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$86,000,000 (THE “SERIES 2020 BONDS” OR THE “BONDS”) TO BE ISSUED IN ONE OR MORE SERIES FOR THE PURPOSE OF ACQUIRING ADDITIONAL SYSTEM ASSETS, AND EXTENDING, REPAIRING, REPLACING AND IMPROVING THE WATER AUTHORITY’S JOINT WATER AND SEWER SYSTEM (“THE SYSTEM”); PROVIDING FOR THE DISPOSITION OF, AND OTHER DETAILS RELATING TO, THE REVENUES FROM THE OPERATION OF THE SYSTEM INCLUDING THE PAYMENT OF DEBT SERVICE ON SYSTEM OBLIGATIONS; DETERMINING CERTAIN TERMS AND THE METHOD OF DETERMINING OTHER TERMS CONCERNING THE BONDS; PROVIDING FOR THE APPROVAL OF VARIOUS AGREEMENTS AND DISCLOSURE DOCUMENTS RELATING TO THE BONDS; DELEGATING AUTHORITY TO THE DELEGATE TO EXECUTE AND DELIVER A BOND PURCHASE AGREEMENT FOR THE SALE OF THE BONDS TO THE UNDERWRITERS PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT; AND RATIFYING ACTION PREVIOUSLY TAKEN

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

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

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

3 WHEREAS, the Water Authority is obligated on the 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 Series 2013A&B Bonds	\$ 65,245,000
7 Series 2014A Bonds	\$ 71,355,000
8 Series 2015 Bonds	\$184,095,000
9 Series 2017 Bonds	\$ 80,050,000
10 Series 2018 Bonds	\$ 75,085,000
11 Drinking Water State Revolving Fund Loan Agreement (2009)	\$ 716,323
12 Public Project Revolving Fund Loan Agreement (2011)	\$ 28,200,000

13 and

14 WHEREAS, the Water Authority is obligated on the following Subordinate
15 Obligations, payable from Net Revenues with a lien on the Net Revenues
16 subordinated to the Senior Obligations, and superior to the lien of the Super
17 Subordinated Obligations, Outstanding on the date of the adoption of this Bond
18 Ordinance in the following principal amounts:

	Amount
<u>Subordinate Obligations</u>	<u>Outstanding</u>
19 Series 2014B Bonds	\$ 58,865,000
20 Drinking Water State Revolving Fund Loan Agreement (2008)	\$ 6,860,187

21 and

22 WHEREAS, the Water Authority does not have any Super Subordinated
23 Obligations, payable from Net Revenues with a lien on the Net Revenues
24 subordinated to the Senior Obligations and the Subordinate Obligations,
25 Outstanding on the date of the adoption of this Bond Ordinance; and

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

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

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

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

13 WHEREAS, the Water Authority intends to use the proceeds of the Bonds for
14 the purpose of acquiring additional System assets, and extending, repairing,
15 replacing and improving the System; and

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

19 WHEREAS, there have been presented to the Board for approval the
20 Preliminary Official Statement, and the form of Continuing Disclosure Undertaking,
21 and form of the Bond Purchase Agreement; and

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

26 WHEREAS, all required authorizations, consents or approvals of any
27 governmental body, agency or authority in connection with charging the current rates
28 for services of the System and for the authorization, execution and delivery of the
29 Bonds which are required to have been obtained by the date of this Bond Ordinance
30 or which will be required to be obtained prior to the date of issuance of the Bonds
31 have been or will have been obtained by such dates.

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

2 Section 1. DEFINITIONS AND RULES OF CONSTRUCTION.

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

5 ACT. Section 72-1-10 NMSA 1978, Sections 3-31-1 through 3-31-12
6 NMSA 1978, Sections 4-62-1 to 4-62-10 NMSA 1978, Sections 6-14-8 through 6-14-
7 11 NMSA 1978, Sections 6-18-1 through 6-18-16 NMSA 1978, and enactments of
8 the Board relating to the Bond Legislation.

9 ACQUISITION FUND. The acquisition fund previously established by
10 the Water Authority and continued in Section 20 of this Bond Ordinance.

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

15 AUTHORIZED DENOMINATIONS. Denominations of \$5,000 or
16 integral multiples of \$5,000.

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

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

23 BENEFICIAL OWNERS. Beneficial Owners as defined in Section
24 7.(C).

25 BOARD. The governing body in which is vested the legislative power
26 of the Water Authority.

27 BOND, BONDS OR SERIES 2020 BONDS. The Albuquerque
28 Bernalillo County Water Utility Authority Senior Lien Joint Water and Sewer System
29 Improvement Revenue Bonds, Series 2020 issued pursuant to the Bond Legislation.

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

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

7 BOND LEGISLATION. Collectively, the Bond Ordinance, the
8 Confirming Resolution and the Sale Certificate.

9 BOND ORDINANCE. This Ordinance, as amended or supplemented
10 from time to time.

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

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

16 CHAIR. The duly elected Chair of the Board or the Vice Chair of the
17 Board acting in the absence of the Chair.

18 CITY. The City of Albuquerque, in the County of Bernalillo and State
19 of New Mexico.

20 CLOSING DATE. The date of delivery of the Bonds to the
21 Underwriters or their designee.

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

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

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

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

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

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

24 COUNTY. Bernalillo County, New Mexico.

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

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

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

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

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

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

28 In any computation of Debt Service Requirements relating to the issuance of
29 additional System Obligations, there shall be excluded from the computation of the
30 Debt Service Requirements amounts and investments which are irrevocably
31 committed to make designated payments on System Obligations during the

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

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

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

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

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

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

29 (a) the average of the daily rates of such System
30 Obligations during the 365 consecutive days (or any lesser period such System
31 Obligations have been Outstanding) next preceding a date which is no more than 60

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

8 DEFEASANCE OBLIGATIONS.

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

14 DELEGATE means the Chief Financial Officer or other Authorized
15 Officer of the Water Authority delegated the authority to approve the final terms of
16 the bonds.

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

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

30 DRINKING WATER STATE REVOLVING FUND LOAN AGREEMENT
31 (2009). The loan agreement between the NMFA and the Water Authority in the

1 original principal amount of \$1,010,000, authorized and approved by Water Authority
2 Ordinance Enactment No. O-09-9 and Resolution Enactment No. R-09-24
3 constituting a senior lien on the Net Revenues.

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

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

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

14 EXPENSES. The reasonable and necessary fees, costs and
15 expenses incurred by the Water Authority with respect to the issuance of, including
16 disclosure matters pertaining to, the Bonds, including, without limitation, attorneys'
17 fees and costs, financial advisor's fees and costs, premiums and costs for any Credit
18 Facility, costs of advertising and publication, underwriter's discounts, cost of printing
19 bonds and disclosure documents, fees and costs of the Escrow Agent, legal fees
20 and expenses, bidding agent's fees and costs relating to the initial purchase of
21 securities for deposit with the Escrow Agent, including any fees and costs
22 associated with any verification agent, and expenses of any Independent Accountant
23 and all reasonable and necessary fees and administrative costs of the Water
24 Authority relating to the foregoing.

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

29 GOVERNMENT OBLIGATIONS. Direct obligations of, or obligations
30 the principal of and interest on which are unconditionally guaranteed by, the United
31 States of America, or certificates or receipts established by the United States

1 Government or its agencies or instrumentalities representing direct ownership of
2 future interests or principal payments on direct obligations of, or obligations fully
3 guaranteed by, the United States of America or any of its agencies or
4 instrumentalities the obligations of which are backed by the full faith and credit of the
5 United States, which obligations are held by a custodian in safekeeping on behalf of
6 the holders of such receipts, and rated or assessed in its highest Rating Category by
7 S&P, if then rating the Bonds, and by Moody's, if then rating the Bonds.

8 GROSS REVENUES. All income and revenues directly or indirectly
9 derived by the Water Authority from the operation and use of the System, or any part
10 of the System, and includes, without limitation, all revenues received by the Water
11 Authority, or any municipal corporation or agency succeeding to the rights of the
12 Water Authority, from the System and from the sale and use of water, water services
13 or facilities, sewer service or facilities or any other service, commodity or facility or
14 any combination thereof furnished to the inhabitants of the geographic area served
15 by the Water Authority by means of the System as the same may at any time exist to
16 serve customers outside the Water Authority's geographical limits as well as
17 customers within the Water Authority's geographical limits. Such term also includes:

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

21 (2) Money released from the Rebate Fund to the Water
22 Authority;

23 (3) Money released from the Rate Stabilization Fund to the
24 Water Authority to the extent that the amount released is used to pay Operation and
25 Maintenance Expenses or Debt Service Requirements on System Obligations in the
26 year released; provided that withdrawals from the Rate Stabilization Fund shall not
27 be included in Gross Revenues for the purposes of the Rate Covenant in any two
28 consecutive calendar years;

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

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

4 Gross Revenues do not include:

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

9 (2) condemnation proceeds or the proceeds of any
10 insurance policy, except any property insurance proceeds described above in clause
11 (4) of this definition or in Section 29(L) or derived in respect of loss of use or
12 business interruption.

13 HISTORIC TEST PERIOD. Any period of 12 consecutive months out
14 of the 24 calendar months next preceding the delivery of additional Senior
15 Obligations pursuant to Section 27(B) or additional Subordinate Obligations pursuant
16 to Section 27(C).

17 INDEPENDENT ACCOUNTANT. Any certified public accountant,
18 registered accountant, or firm of accountants duly licensed to practice and practicing
19 as such under the laws of the State, appointed and paid by the Water Authority who
20 (a) is, in fact, independent and not under the domination of the Water Authority, the
21 City or the County, (b) does not have any substantial interest, direct or indirect, with
22 the Water Authority, the City or the County, and (c) is not connected with the Water
23 Authority as an officer or employee of the Water Authority, but who may be regularly
24 retained to make annual or similar audits of the books or records of the Water
25 Authority, the City or the County.

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

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

29 INTEREST PAYMENT DATE. January 1 and July 1 of each year (or if
30 such day is not a Business Day, then the next succeeding Business Day) beginning
31 on January 1, 2019.

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

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

10 NMFA. The New Mexico Finance Authority.

11 NMSA 1978. New Mexico Statutes Annotated, 1978 Compilation, as
12 amended and supplemented.

13 NET REVENUES. The Gross Revenues after deducting Operation
14 and Maintenance Expenses.

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

19 OPERATION AND MAINTENANCE EXPENSES. All reasonable and
20 necessary current expenses of the System, paid or accrued, related to operating,
21 maintaining and repairing the System including, without limiting the generality of the
22 foregoing:

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

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

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

31 (4) Expenses other than expenses paid from the proceeds of

1 System Obligations;

2 (5) the costs of audits of the books and accounts of the
3 Water Authority and the System;

4 (6) amounts required to be deposited in the Rebate Fund or
5 otherwise required to make rebate payments to the United States Government;

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

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

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

17 OUTSTANDING. When used in reference to System Obligations, on
18 any particular date, the aggregate of all System Obligations issued and delivered
19 under the applicable Water Authority ordinance authorizing the issuance of, System
20 Obligations except:

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

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

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

30 (4) those Bonds which have been refunded in accordance
31 with this Bond Ordinance or other ordinances of the Water Authority authorizing the

1 defeasance of such designated System Obligations; and

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

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

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

13 PERMITTED INVESTMENTS. Any of the following which at the time
14 of the investment are legal investments for the Water Authority for the money to be
15 invested and any other investments, subject to approval by S&P and Moody's, if
16 then rating the Bonds, which at the time of investment are legal investments of the
17 Water Authority for the money to be invested:

18 (1) United States Government Obligations: Securities
19 backed by the full faith and credit of the U.S. Government including direct obligations
20 of the U.S. Treasury, such as U.S. treasury notes and bills and "Ginnie Mae"
21 mortgage-backed certificates issued by the Government National Mortgage
22 Association;

23 (2) United States Government Obligations: Securities issued
24 or guaranteed by U.S. Government agencies, instrumentalities or sponsored
25 enterprises, but which are not backed by the full faith and credit of the U.S.
26 Government. These securities include Federal Farm Credit Bank "FFCB", Federal
27 Home Loan Bank "FHLB", Federal Home Loan Mortgage Corporation "FHLMC" and
28 Federal National Mortgage Association "FNMA" and other entities that qualify as
29 instrumentalities of the U.S. government. Additionally, mortgage-backed certificates,
30 and debentures issued by "Freddie Mac" (Federal Home Loan Mortgage
31 Corporation) and "Fannie Mae" (Federal National Mortgage Association) are

allowable;

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

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

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

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

(7) Repurchase agreements involving the purchase and sale of, and guaranteed investment contracts, the par value of which is collateralized by a perfected first pledge of, or security interest in, or the payments of which are unconditionally guaranteed by, securities described in parts (1) and (2) of this definition, which collateral is held by the Water Authority, or for the benefit of the Water Authority, by a party other than the provider of the guaranteed investment

1 contract or repurchase agreement, with a collateralized value of at least 102% of the
2 par value of such repurchase agreement or guaranteed investment contract or 102%
3 of the market value thereof, valued at intervals of no less than monthly and which
4 collateral is not subject to any other pledge or security interest.

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

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

12 PROJECT OR IMPROVEMENT PROJECT. Acquiring additional
13 System assets, extending, repairing, replacing and improving the Water Authority's
14 System and the payment of Expenses associated with the issuance of the Bonds.

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

21 PUBLIC PROJECT REVOLVING FUND LOAN AGREEMENT (2011).
22 The loan agreement dated December 15, 2011 between the NMFA and the Water
23 Authority in the principal amount of \$53,400,000 and approved by Ordinance No. O-
24 11-5 and Resolution No. R-11-17 constituting a senior lien on the Net Revenues.

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

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

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

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

7 REBATE FUND. The Rebate Fund for System Obligations previously
8 established by the Water Authority and continued in Section 20 of this Bond
9 Ordinance.

10 RECORD DATE. The fifteenth day of the calendar month preceding
11 each Interest Payment Date.

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

16 RESERVE ACCOUNT. The accounts of the Debt Service Fund to be
17 established for Senior Obligations or Subordinate Obligations with a reserve
18 requirement.

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

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

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

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

24 SERIES 2013A&B BONDS. The Senior Obligations designated as the
25 "Albuquerque Bernalillo County Water Utility Authority Joint Water and Sewer
26 System Improvement Revenue Bonds, Series 2013A" and the "Albuquerque
27 Bernalillo County Water Utility Authority Joint Water and Sewer System Refunding
28 Revenue Bonds, Series 2013B" in the combined original principal amount of
29 \$118,215,000, authorized and issued pursuant to Ordinance No. O-13-2 and
30 Resolution R-13-13 constituting a senior lien on the Net Revenues.

1 SERIES 2014A BONDS. The Senior Obligations designated as the
2 “Albuquerque Bernalillo County Water Utility Authority Senior Lien Joint Water and
3 Sewer System Refunding Revenue Bonds, Series 2014A” in the original principal
4 amount of \$97,270,000, authorized and issued pursuant to Ordinance No. F/S O-14-
5 2 and Resolution F/S R-14-10 constituting a senior lien on the Net Revenues.

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

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

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

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

29 SERIES 2020 BONDS DEBT SERVICE ACCOUNT. An account of the
30 Debt Service Fund established for the deposit of amounts necessary to pay the Debt
31 Service Requirements on the Bonds.

1 SERIES 2020 BONDS ACQUISITION ACCOUNT. An account of the
2 Acquisition Fund established for the deposit of the portion of the proceeds of the
3 Series 2020 Bonds to finance the Project.

4 STATE. The State of New Mexico.

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

10 SUPER SUBORDINATED OBLIGATIONS. All other bonds and other
11 obligations of the Water Authority hereafter issued with a lien on the Net Revenues
12 subordinate to the liens of the Senior Obligations and the Subordinate Obligations
13 on the Net Revenues.

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

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

28 UNDERWRITERS. J.P. Morgan Securities LLC and Robert W. Baird &
29 Co., collectively, as the original purchasers of the Bonds.

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

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

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

9 (1) All references in this Bond Ordinance to designated
10 Sections and other subdivisions are to the designated Section and other
11 subdivisions of this Bond Ordinance.

12 (2) The words "herein", "hereof", "hereunder", and "herewith"
13 and other words of similar import in this Bond Ordinance refer to this Bond
14 Ordinance, as a whole, and not to any particular Section or other subdivision.

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

18 (4) Words of the masculine gender shall be deemed and
19 construed to include correlative words of the feminine and neuter genders.

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

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

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

29 Section 3. FINDINGS.

30 (A) The Water Authority declares that it has considered all relevant
31 information and data and finds that the issuance of the Bonds in one or more series

1 under the Act in an aggregate principal amount not to exceed \$86,000,000 to
2 finance the Project is necessary and in the interest of the public health, safety and
3 welfare of the residents of the geographic area served by the Water Authority.

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

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

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

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

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

24 Section 6. AUTHORIZATION OF PROJECT; EXPENSES.

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

26 (B) EXPENSES. The payment of Expenses is authorized and
27 approved.

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

30 Section 7. THE BONDS.

31 (A) AUTHORIZATIONS. This Bond Ordinance has been adopted

1 by the affirmative vote of at least a majority of all of the members of the Board. For
2 the purpose of protecting the public health, conserving the property, protecting the
3 general welfare and prosperity of the citizens of the geographic area served by the
4 Water Authority, and completing the Project, it is necessary that the Water Authority
5 issue, and the Water Authority is hereby authorized to issue, pursuant to the Act, its
6 negotiable, fully registered bonds designated as the "Albuquerque Bernalillo County
7 Water Utility Authority Senior Lien Joint Water and Sewer System Improvement
8 Revenue Bonds, Series 2020."

9 The Bonds shall be issued in one or more series in the aggregate principal
10 amount not to exceed \$86,000,000, to be used, with other available moneys of the
11 Water Authority, if any, to finance the Project, including the payment of Expenses.

12 (B) DETAILS OF THE BONDS.

13 (1) General. The Bonds shall be issued as fully registered
14 bonds in one or more series and shall be issued to provide funds, together with other
15 available funds of the Water Authority, if any, to finance the Project and to pay
16 Expenses. The Bonds shall be dated the date of issuance of the Bonds (the "Series
17 Date"), and shall be issued in fully registered form only, without coupons, and when
18 issued will be registered in the name of Cede & Co., as nominee of The Depository
19 Trust Company ("DTC"), New York, New York, as registered owner of the Bonds, all
20 as provided in the Bond Ordinance.

21 (2) Interest Payment Date; Interest Rates; Maturities. The
22 Bonds shall bear interest from the most recent date to which interest has been paid
23 or provided for or if no interest has been paid or provided for from the date of the
24 Bonds until maturity or until redeemed if called for redemption prior to maturity. The
25 Bonds shall bear interest payable on each Interest Payment Date, beginning July 1,
26 2020, at the rates per annum, maturing in the years and amounts, set forth in the
27 Bond Purchase Agreement and the Sale Certificate.

28 (3) Computation of Interest. Interest on Bonds will be
29 computed on the basis of a 360-day year consisting of twelve 30-day months. If,
30 upon presentation at maturity or for prior redemption, payment of the principal
31 amount of any Bond is not made as required by this Bond Ordinance, interest on the

1 unpaid principal amount of such Bond shall continue to accrue at the interest rate
2 stated or described in that Bond until the principal amount of that Bond is paid in full.

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

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

25 If (i) the Bonds are not eligible for the services of the Depository, (ii) the
26 Depository determines to discontinue providing its services or (iii) the Water
27 Authority determines that a continuation of the system of book-entry transfers
28 through the Depository ceases to be beneficial to the Water Authority or the
29 Beneficial Owners, the Water Authority will either identify another Depository or
30 certificates will be delivered to Beneficial Owners or their nominees and the
31 Beneficial Owners or their nominees, upon authentication of Bonds and registration

1 of the Bonds in the Beneficial Owners' or nominees' names, will become the Owners
2 for all purposes. In either such event, the Water Authority shall mail an appropriate
3 notice to the Depository for notification to Participants, Indirect Participants and
4 Beneficial Owners of the substitute Depository or the issuance of bond certificates to
5 Beneficial Owners or their nominees, as applicable.

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

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

15 (D) PAYMENT OF THE BONDS. The principal of and premium, if
16 any, on the Bonds shall be payable upon presentation and surrender of the Bonds at
17 the principal office of the Paying Agent at or after their maturity or prior redemption
18 dates. Interest on the Bonds shall be payable by check or draft mailed to the owners
19 (or by such other arrangement as may be mutually agreed to by the Paying Agent
20 and an Owner). The Owner shall be deemed to be that person or entity shown on
21 the registration books for the Bonds maintained by the Registrar at the address
22 appearing in the registration books at the close of business on the applicable Record
23 Date. Interest which is not timely paid or provided for shall cease to be payable to
24 the Owner of the applicable Bonds (or of one or more predecessor Bonds) as of the
25 Record Date, but shall be payable to the Owners of those Bonds (or of one or more
26 predecessor Bonds) at the close of business on a special record date for the
27 payment of the overdue interest. The special record date shall be fixed by the
28 Paying Agent and Registrar whenever money becomes available for payment of the
29 overdue interest and notice of the special record date shall be given to the Owners
30 of the Bonds not less than ten days prior to that date. Payment shall be made in the
31 coin or currency of the United States of America that is at the time of payment legal

1 tender for the payment of public and private debts. If the principal amount of any
2 Bond presented for payment remains unpaid at maturity, the unpaid principal shall
3 bear interest at the rate designated in that Bond. Payments of Bonds shall be made
4 without deduction for exchange or collection charges.

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

12 Section 8. APPOINTMENT OF PAYING AGENT AND REGISTRAR. The
13 Chief Financial Officer of the Water Authority is appointed as the initial Paying Agent
14 and Registrar. The Paying Agent, Authenticating Agent and Registrar shall be the
15 same person.

16 Section 9. REDEMPTION OF BONDS.

17 (A) GENERAL. The Bonds may be subject to redemption prior to
18 their respective maturities on and after the date specified in the Sale Certificate, at
19 the option of the Water Authority in any order of maturity as determined by the Water
20 Authority, at a redemption price equal to 100% of the principal amount of the Bonds
21 to be redeemed, plus accrued interest to the date of redemption.

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

1 received and those Bonds shall not be redeemed. The Registrar shall give notice to
2 the Owners of the Bonds which will not be redeemed in the manner in which the
3 notice of redemption was given, identifying the Bonds which will not be redeemed,
4 stating that the redemption did not take place with respect to those Bonds, and the
5 Registrar shall promptly return those Bonds to the Owners thereof as shown on the
6 Bonds register.

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

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

29 (E) NOTICE OF REDEMPTION. Notice of redemption of Bonds
30 shall be given by the Registrar by sending a copy of such notice by Electronic
31 Means or by first-class, postage prepaid mail not less than 30 days prior to the

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

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

28 Notice having been given in the manner provided above, subject to the terms
29 of Section 9.(B), the Bonds or part thereof called for redemption shall become due
30 and payable on the redemption date designated and the Bonds or part thereof to be
31 redeemed, for which there was sufficient money on deposit with the Paying Agent,

1 shall not be deemed to be Outstanding and shall cease to bear or accrue interest
2 from and after such redemption date. Upon presentation of a Bond to be redeemed
3 at the office of the Paying Agent on or after the redemption date or, so long as the
4 book-entry system is used for determining beneficial ownership of Bonds, upon
5 satisfaction of the terms of any other arrangement between the Paying Agent and
6 the Depository, the Paying Agent will pay such Bond, or portion thereof called for
7 redemption.

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

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

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

18 Section 10. REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP
19 OF BONDS.

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

29 (B) OWNERS OF BONDS. The person in whose name any Bond is
30 registered shall be deemed and regarded as its absolute Owner for all purposes,
31 except as may otherwise be provided with respect to the payment of overdue

1 interest on the Bonds in Section 7.(D). Payment of either the principal of or interest
2 on any Bond shall be made only to or upon the order of its Owner or his legal
3 representative. All such payments shall be valid and effectual to satisfy and
4 discharge the liability on Bonds to the extent of the amount paid.

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

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

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

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

28 Section 12. EXECUTION AND CUSTODY OF BONDS.

29 (A) EXECUTION. The Bonds shall be signed with the facsimile or
30 manual signature of the Chair and the manual or facsimile signature of the Secretary
31 of the Water Authority. Bonds when authenticated and bearing the manual or

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

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

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

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

31 Section 14. SPECIAL LIMITED OBLIGATIONS. All of the Bonds and all

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

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

25 The sale of the Bonds in a negotiated sale to the Underwriters within the parameters
26 set forth below and as described in the Sale Certificate and Bond Purchase
27 Agreement is hereby approved. After the Bonds have been duly executed and
28 authenticated and upon receipt of the purchase price therefor, the Bonds shall be
29 delivered to the Underwriters by an Authorized Officer in accordance with the Bond
30 Purchase Agreement. The final terms of the Bonds shall be within the parameters
31 set forth below:

- 1 (a) The proceeds of the Bonds shall be used for the Project.
- 2 (b) The maximum par amount of the Bonds shall not be more than
- 3 \$86,000,000.
- 4 (c) The final maturity of the Bonds shall be no later than July 1, 2033.
- 5 (d) The maximum interest rate on the Bonds shall be no greater than 12%
- 6 per annum.
- 7 (e) The Bonds shall be secured by a senior lien on and shall be payable
- 8 solely from the Net Revenues of the System.
- 9 (f) The Bonds shall be sold pursuant to a negotiated sale with the
- 10 Underwriters.
- 11 (g) The Underwriters' discount shall not exceed 1% of the aggregate
- 12 principal amount of the Bonds.
- 13 (h) The Bonds may be subject to optional and/or mandatory sinking fund
- 14 redemption as set forth in the Sale Certificate.
- 15 (i) The Bonds and Bond Purchase Agreement shall be in substantially the
- 16 forms submitted to the Board with the adoption of this Ordinance.

17 The Delegate is hereby authorized pursuant to this Ordinance to determine

18 the final terms of the Bonds as permitted by Section 6-14-10.2 NMSA 1978 and to

19 execute a Sale Certificate and a Bond Purchase Agreement with the Underwriters in

20 conformance with these parameters.

21 Section 16. FORM OF BONDS. The form of the Bonds shall be

22 substantially as set forth herein, with such terms and provisions as are not

23 inconsistent with the Bond Legislation.

24

25 **[Form of Bond]**

26 **UNITED STATES OF AMERICA**

STATE OF NEW MEXICO

27 AS PROVIDED IN THE BOND LEGISLATION REFERRED TO HEREIN, UNTIL

28 THE TERMINATION OF REGISTERED OWNERSHIP OF ALL OF THE BONDS

29 THROUGH THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY

30 SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE

31 RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF

1 THE BOND LEGISLATION TO THE CONTRARY, THE PRINCIPAL AMOUNT
2 OUTSTANDING UNDER THIS BOND MAY BE PAID OR REDEEMED WITHOUT
3 SURRENDER HEREOF TO THE REGISTRAR. DTC OR A TRANSFEREE OR
4 ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL
5 AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF
6 OUTSTANDING AND TO BE PAID. THE PRINCIPAL AMOUNT OUTSTANDING
7 AND TO BE PAID ON THIS BOND SHALL FOR ALL PURPOSES BE THE
8 AMOUNT INDICATED ON THE BOOKS OF THE REGISTRAR.

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

17
18 **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**
19 **SENIOR LIEN JOINT WATER AND SEWER SYSTEM**
20 **IMPROVEMENT REVENUE BONDS**
21 **SERIES 2020**

22 **Bond No. R-_____** **\$_____**
23 **INTEREST RATE** **MATURITY DATE** **DATE OF BOND** **CUSIP**
24 _____% per annum _____, 20_____, 20_____
25

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

1 which case on such redemption date), upon presentation and surrender hereof at
2 the principal office of the Chief Financial Officer of the Water Authority as paying
3 agent, or any successor paying agent (the "Paying Agent"), the sum of
4 _____ DOLLARS (\$_____) and to pay from said sources interest on the
5 unpaid principal amount at the Interest Rate stated above on July 1, 2020, and on
6 July 1 and January 1 of each year (each an "Interest Payment Date") thereafter to its
7 maturity, or until redeemed if called for redemption prior to maturity. This bond will
8 bear interest from the most recent date to which interest has been paid or provided
9 for or, if no interest has been paid or provided for, from its date. Interest on this
10 bond is payable by check mailed to the registered owner hereof (or by such other
11 arrangement as may be mutually agreed to by the Paying Agent and the registered
12 owner) as shown on the registration books for this issue maintained by the Chief
13 Financial Officer of the Water Authority as registrar, or any successor registrar (the
14 "Registrar") at the address appearing therein at the close of business on the fifteenth
15 day of the calendar month next preceding the Interest Payment Date (the "Record
16 Date"). Any interest which is not timely paid or duly provided for shall cease to be
17 payable to the owner hereof as of the Record Date but shall be payable to the owner
18 hereof at the close of business on a special record date to be fixed by the Paying
19 Agent for the payment of interest. The special record date shall be fixed by the
20 Paying Agent whenever moneys become available for payment of the overdue
21 interest, and notice of the special record date shall be given to owner of the Bonds
22 (defined below) as then shown on the Registrar's registration books not less than ten
23 days prior to the special record date. If, upon presentation at maturity or
24 redemption, payment of this bond is not made as herein provided, interest hereon
25 shall continue at the Interest Rate stated above until the principal hereof is paid in
26 full. The principal, premium, if any, and interest on this bond are payable in lawful
27 money of the United States of America, without deduction for the services of the
28 Paying Agent or the Registrar.

29 This bond is one of a duly authorized issue of fully registered bonds of the
30 Water Authority in the principal amount of \$86,000,000, issued in denominations of
31 \$5,000 or integral multiples thereof, designated as Albuquerque Bernalillo County

1 Water Utility Authority Senior Lien Joint Water and Sewer System Improvement
2 Revenue Bonds, Series 2020 (the "Bonds"), issued under and pursuant to
3 Ordinance No. O-20-__ adopted January 29, 2020, Confirming Resolution No. R-20-
4 __ adopted January 29, 2020, and the Sale Certificate dated February __, 2020
5 (collectively, the "Bond Legislation").

6 The Bonds are subject to prior redemption as more particularly described
7 below:

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

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

24 Books for the registration and transfer of the Bonds shall be kept by the
25 Registrar. Upon the surrender for transfer or exchange of this bond at the principal
26 office of the Registrar, duly endorsed or accompanied by an assignment duly
27 executed by the registered owner or his attorney duly authorized in writing, the
28 Registrar shall authenticate and deliver, not more than three (3) business days after
29 receipt of the Bond or Bonds to be transferred, in the name of the transferee or
30 owner a new Bond or Bonds in fully registered form of the same aggregate principal
31 amount, maturity and interest rate. Exchanges and transfers of the Bonds shall be

1 without charge to the owner or any transferee, but the Registrar may require the
2 payment by the owner of any Bonds of any tax or other similar governmental charge
3 required to be paid with respect to such exchange or transfer. The Registrar shall
4 not be required (i) to transfer or exchange any Bond during the period of five days
5 next preceding the mailing of notice calling any Bond for redemption, or (ii) to
6 transfer or exchange any Bond or part thereof called for redemption. The Registrar
7 will close books for change of registered owners' addresses on each Record Date;
8 transfers will be permitted within the period from each Record Date to each interest
9 payment date, but such transfers shall not include a transfer of accrued interest
10 payable.

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

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

27 This bond does not constitute an indebtedness of the Water Authority within
28 the meaning of any constitutional or statutory provision or limitation, shall not be
29 considered or held to be a general obligation of the Water Authority, and is payable
30 and collectible solely from the Net Revenues (as defined in the Bond Legislation),
31 and the bondholders may not look to any general or other Water Authority fund other

1 than those described above for the payment of the interest and principal of this
2 bond. Additional bonds may be issued and made payable from the Net Revenues
3 upon satisfaction of the conditions set forth in the Bond Legislation, having a lien
4 thereon either on a parity with or junior to the lien of the Bonds on the Net
5 Revenues.

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

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

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

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

23 This bond shall not be valid or obligatory for any purpose until the
24 Authenticating Agent shall have manually signed the Certificate of Authentication of
25 this bond.

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

30 **ALBUQUERQUE BERNALILLO COUNTY**
31 **WATER UTILITY AUTHORITY**

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By: _____
Chair

ATTEST:
By: _____
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

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

**CHIEF FINANCIAL OFFICER,
ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY, AS
REGISTRAR**

Dated: _____ By: _____
Authorized Signature

[FORM OF ASSIGNMENT]

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

(Social Security or Federal Taxpayer Identification Number)

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

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

5 Dated: _____

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

13 Signature guaranteed by:

14 _____

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

21 **[END OF FORM OF BOND]**

22 Section 17. PERIOD OF IMPROVEMENT PROJECT'S USEFULNESS.

23 The useful life of the Improvement Project exceeds the final maturity date of the
24 Bonds.

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

26 (A) USE OF PROCEEDS.

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

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

1 the Sale Certificate will be deposited into the Expense Account to pay Expenses
2 associated with the Bonds, with any amounts not expended within ninety (90) days
3 to be deposited into the Series 2020 Bonds Debt Service Account.

4 (b) Proceeds of the Bonds designated in the Sale
5 Certificate for the payment of interest will be deposited into the Series 2020 Bonds
6 Debt Service Account.

7 (c) Proceeds of the Bonds in an amount set forth in
8 the Sale Certificate will be deposited to the Series 2020 Acquisition Account within
9 the Acquisition Fund continued herein and shall be applied to the Improvement
10 Project. Any amounts remaining in the Series 2020 Bonds Acquisition Account after
11 the Completion Date shall be transferred to the Series 2020 Bonds Debt Service
12 Account and used by the Water Authority for the payment of the principal of or
13 interest next coming due on the Bonds.

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

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

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

23 Section 19. APPROVAL OF DOCUMENTS AND USE OF DISCLOSURE
24 DOCUMENTS.

25 (A) APPROVAL OF DOCUMENTS. The Chair or other Authorized
26 Officer is authorized to execute, and the Board Secretary is authorized and directed
27 to attest, as applicable, the Sale Certificate, the Preliminary Official Statement, the
28 Official Statement, the Bond Purchase Agreement, and the Continuing Disclosure
29 Undertaking in substantially the forms presented or described to the Board with this
30 Bond Ordinance, with such changes as are not inconsistent with the terms of the
31 Bond Legislation and as are approved by the Chair or other Authorized Officer, the

1 execution or acceptance of delivery thereof to constitute conclusive evidence of the
2 approval of any and all changes or revisions from the form of any document now or
3 hereafter before the Board. Any changes in any such documents inconsistent with
4 the terms of the Bond Legislation shall be approved by the Board by subsequent
5 ordinance or resolution of the Board. The officers, agents and employees of the
6 Water Authority are authorized, empowered and directed to do all such acts and
7 things and to execute all such documents as may be necessary to carry out and
8 comply with the provisions of the Sale Certificate, the Preliminary Official Statement,
9 the Official Statement, the Bond Purchase Agreement and the Continuing Disclosure
10 Undertaking.

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

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

20 Section 20. FUNDS AND ACCOUNTS.

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

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

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

4 (D) ACQUISITION FUND. The Water Authority shall continue the
5 Acquisition Fund as a separate, distinct and segregated fund. The Water Authority
6 shall establish the Series 2020 Bonds Acquisition Account as a separate account in
7 the Acquisition Fund for the deposit of a portion of the proceeds of the Bonds to
8 finance the Improvement Project. The Water Authority may establish separate
9 subaccounts in the Acquisition Fund for the payment of Improvement Project costs
10 and capitalized interest, if any, and for other purposes permitted by the Bond
11 Legislation.

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

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

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

20 (2) Debt Service Accounts for Senior Obligations. Net
21 Revenues shall be transferred to the Debt Service Accounts established for Senior
22 Obligations to pay Debt Service Requirements on Senior Obligations, as they
23 become due, including amounts owed to any Credit Source to reimburse that Credit
24 Source for the payments of Debt Service Requirements on Senior Obligations.

25 (3) Reserve Accounts for Senior Obligations. Net Revenues
26 shall be transferred to a Reserve Account, if any, to the extent that amounts on
27 deposit in that Reserve Account are less than the amount (including coverage
28 available under any applicable Reserve Account Surety Bond) required to be on
29 deposit therein. The Net Revenues deposited shall be used first to reimburse the
30 Credit Source for the proceeds of a Reserve Account Surety Bond used to pay Debt
31 Service Requirements, second to replace money drawn from the Reserve Account

1 and third to pay the Credit Source interest accrued and owed on amounts advanced
2 pursuant to the Reserve Account Surety Bond.

3 (4) Debt Service Accounts For Subordinate Obligations. Net
4 Revenues shall be transferred to the Debt Service Accounts established for
5 Subordinate Obligations to pay Debt Service Requirements on Subordinate
6 Obligations, as they become due, including amounts owed to any Credit Source to
7 reimburse that Credit Source for the payments of Debt Service Requirements on
8 Subordinate Obligations.

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

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

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

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

29 (9) Accumulation Of Revenues. Net Revenues need not be
30 retained for any use or in any fund or account described in Section 21.(A) in excess
31 of the Net Revenues required for any current use or deposit. For the purposes of

1 this subparagraph, the term “current” shall mean the month during which the Net
2 Revenues are being distributed and the immediately following month.

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

6 (1) Except as stated in this Section 21.(B)(1) and in Section
7 21.(D), substantially equal monthly deposits of Net Revenues shall be made to the
8 Series 2020 Bonds Debt Service Account beginning six months before each Interest
9 Payment Date in order to make the next payment of interest on the Bonds when
10 due. However, if the first Interest Payment Date for the Bonds is less than six
11 months after the date of the original issuance of the Bonds, substantially equal
12 monthly deposits of Net Revenues before the first Interest Payment Date shall begin
13 in the first full month following the date of issuance of the Bonds in order to make the
14 first payment of interest on the Bonds when due.

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

25 If in the month immediately preceding any payment date for the Bonds, the
26 Water Authority determines that there are not sufficient funds accumulated in the
27 Series 2020 Bonds Debt Service Account to pay the amount becoming due on that
28 payment date, the Water Authority shall promptly deposit any available Net
29 Revenues in the Series 2020 Bonds Debt Service Account in an amount equal to the
30 deficiency. If, prior to any payment date for the Bonds, there has accumulated in the
31 Series 2020 Bonds Debt Service Account the entire amount necessary to pay the

1 amount becoming due on the Bonds payable from such account on that payment
2 date, no additional Net Revenues need be deposited in the Series 2020 Bonds Debt
3 Service Account prior to that payment date. In making the determinations permitted
4 by this paragraph, the Water Authority may take into account the amount on deposit
5 in any other fund or account or escrow relating to the Bonds irrevocably set aside for
6 the next payment of the Bonds.

7 Amounts on deposit in the Series 2020 Bonds Debt Service Account shall be
8 applied first to the payment of interest and then to pay or satisfy any payment of
9 principal on the respective Bonds. Except as provided in Section 21.(D), money in
10 the Series 2020 Bonds Debt Service Account shall be used only to pay the Debt
11 Service Requirements on the Bonds. Transfers of amounts equal to the periodic
12 Debt Service Requirements on the Bonds shall be made by the Water Authority on a
13 timely basis to the Paying Agent.

14 (C) RESERVE ACCOUNTS FOR BONDS. At the time of initial
15 delivery of the Bonds, no Reserve Account will be established with respect to the
16 Bonds.

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

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

31 (F) PRO RATA DEPOSITS. If the amount of Net Revenues

1 available for deposit in the Debt Service Fund is not sufficient to pay the entire
2 amount required to be deposited in the Debt Service Accounts and/or Reserve
3 Accounts for System Obligations, the Net Revenues available shall be deposited in
4 the Debt Service Accounts and Reserve Accounts pro rata based upon the amount
5 required to be deposited in each account to the total Net Revenues available for
6 deposit but with the priorities established in Section 21.(A).

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

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

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

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

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

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

3 (A) INVESTMENT OF MONEY. To the extent practicable, any
4 money in any such fund or account shall be invested in Permitted Investments.
5 Obligations purchased as an investment of money in any fund or account shall be
6 deemed at all times to be part of that fund or account, and the interest accruing and
7 any profit realized on those investments shall be credited to that fund or account,
8 unless otherwise stated in the Bond Legislation or related document (subject to
9 withdrawal at any time for the uses directed and permitted for such money by the
10 Bond Legislation and related documents), and any loss resulting from such
11 investment shall be charged to that fund or account. The custodian for any such
12 fund or account shall present for redemption or sale on the prevailing market any
13 Permitted Investment in a fund or account when necessary to provide money to
14 meet a required payment or when required to be transferred from that fund or
15 account.

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

29 (C) VALUATION OF INVESTMENTS. In the computation of the
30 amount in any account or fund for any purpose under the Bond Legislation, except
31 as otherwise expressly provided in the Bond Legislation, Permitted Investments

1 shall be valued according to the accounting standards applicable to the Water
2 Authority and the Board's investment policy.

3 Section 24. CREDIT FACILITY.

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

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

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

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

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

24 Section 25. PLEDGE OF NET REVENUES AND LIEN OF THE BONDS.

25 The Net Revenues are hereby pledged for the payment of the Bonds, the
26 reimbursement of obligations of the Water Authority for the proceeds of any Credit
27 Facility used to pay Debt Service Requirements on the Bonds and for the other
28 payment obligations of the Water Authority set forth in the Bond Legislation, and
29 such payments and obligations of the Water Authority shall continue to have an
30 irrevocable senior lien (but not an exclusive senior lien) upon the Net Revenues, on
31 a parity with the Outstanding Senior Obligations and senior to the Subordinate

1 Obligations and the Super Subordinated Obligations until paid. Net Revenues shall
2 be applied to the payment of such payments and obligations with the priorities set
3 forth in Section 21(A).

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

8 Section 27. ADDITIONAL SYSTEM OBLIGATIONS.

9 (A) LIMITATIONS UPON ISSUANCE OF SYSTEM OBLIGATIONS.

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

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

20 (1) The Net Revenues for the Historic Test Period shall have
21 been sufficient to pay an amount representing at least 133% of the maximum
22 combined annual Debt Service Requirements of only the Outstanding Senior
23 Obligations and the terms of either subparagraph 2(a) or 2(b) of this Section 27.(B)
24 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 133% of the maximum combined annual Debt Service
31 Requirements on the Outstanding Senior Obligations and the Senior Obligations

1 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 133% of the
4 maximum combined annual Debt Service Requirements on the Outstanding Senior
5 Obligations and the Senior Obligations proposed to be issued. To determine if the
6 annual Net Revenues are sufficient for the purposes of the preceding sentence, the
7 Net Revenues projected for the applicable Prospective Test Period shall be
8 determined by applying the rates for use of the System approved by the Board at the
9 time of computation to be in effect during the Prospective Test Period to the
10 proposed number of connections to the System after giving effect to the purchase,
11 expansion or improvement of the System or the acquisition of an existing water and
12 sanitary sewer system.

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

29 (1) The Net Revenues for the Historic Test Period shall have
30 been sufficient to pay an amount representing at least 120% of the maximum
31 combined annual Debt Service Requirements of only the Outstanding Senior

Obligations and the Outstanding Subordinate Obligations and the terms of either subparagraph 2(a) or 2(b) of this Section 27.(C) shall be satisfied.

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

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

(D) CERTIFICATES. In determining whether additional Senior Obligations may be issued pursuant to Section 27.(B) or additional Subordinate Obligations may be issued pursuant to Section 27.(C), a written certificate or opinion of an Independent Accountant or an Authorized Officer that states in substance that the Net Revenues are sufficient to pay the amounts required shall be conclusively presumed to be accurate in determining the right of the Water Authority to authorize, issue, sell and deliver such additional Senior Obligations or additional Subordinate Obligations, respectively. Also, an opinion of a Consulting Engineer as to the estimated Completion Date of the project to be financed by the proposed System Obligations and the estimated Net Revenues for the Prospective Test Period

1 referred to in Section 27.(B)(2)(b) and Section 27.(C)(2)(b) shall be conclusively
2 presumed to be accurate, and the Independent Accountant or Authorized Officer, as
3 the case may be, may conclusively rely upon the written opinion of the Consulting
4 Engineer in making the determinations required by Section 27. (B)(2)(b) and Section
5 27. (C)(2)(b)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (C) RATE COVENANTS.

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

31 (2) Rate Covenant for Subordinate Obligations. The Water

1 Authority will charge all purchasers of services of the System, including the Water
2 Authority, the City and the County, such reasonable and just rates as are sufficient
3 to produce Net Revenues annually to pay 120% of the annual Debt Service
4 Requirements on the Outstanding Senior Obligations and the Outstanding
5 Subordinate Obligations (excluding accumulation of any reserves therefor).

6 (3) Quarterly, the Water Authority shall determine that the
7 Net Revenues are sufficient to satisfy the Rate Covenants. If the Net Revenues are
8 not sufficient to satisfy the Rate Covenant upon the approval of the annual audit for
9 a Fiscal Year, the Water Authority will either: (i) promptly increase the rates for use
10 of the services of the System in order to generate sufficient Net Revenues to satisfy
11 the Rate Covenants or (ii) employ a consultant or manager for the System who shall
12 have a favorable national reputation for skill and experience in the management,
13 operation and financial affairs of water and sanitary sewer systems and who is not
14 an employee or officer of the Water Authority. The Water Authority will request that
15 consultant or manager to make its recommendations, if any, as to revisions of the
16 Water Authority's rate structure and other charges for use of the System, its
17 Operation and Maintenance Expenses and the method of operation of the System in
18 order to satisfy the Rate Covenants as soon as practicable. Copies of any such
19 requests and recommendations of the consultant or manager shall be filed with the
20 Board. So long as the Water Authority substantially complies with the
21 recommendations of the consultant or manager on a timely basis, the Water
22 Authority will not be deemed to have defaulted in satisfying the Rate Covenants
23 even if the resulting Net Revenues are not sufficient to be in compliance with the
24 Rate Covenants, if there is no other default under the Bond Legislation.

25 (4) No free service, facilities or commodities shall be
26 furnished by the System. If the Water Authority, the City or the County elects to use
27 water supplied by, or the sanitary sewer facilities of, the System or in any other
28 manner use the System, such use of the System by such entity shall be paid from
29 lawfully available money of such entity at the reasonable value of the use made,
30 service rendered or facility or commodity supplied as is charged to other similar
31 users of the System.

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

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

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

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

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

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

29 (G) RECORDS. So long as the Bonds remain Outstanding, the
30 Water Authority will keep, or cause to be kept, proper books of record and account,
31 separate from all other records and accounts, showing complete and correct entries

1 of all transactions relating to the System.

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

7 (I) AUDITS. So long as the Bonds are Outstanding, within 270
8 days following the close of each Fiscal Year, the Water Authority will cause an audit
9 of the books and accounts of the System to be made by an Independent Accountant.
10 Each audit of the System shall include those matters determined to be proper by the
11 Independent Accountant.

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

21 (K) CHARGES AND LIENS UPON SYSTEM. The Water Authority
22 will pay when due from Gross Revenues or other legally available funds all taxes
23 and assessments or other municipal or governmental charges, lawfully levied or
24 assessed upon the System and will observe and comply with all valid requirements
25 of any municipal or governmental authority relating to the System. The Water
26 Authority will not create or permit any lien or charge upon the System or the Gross
27 Revenues or Net Revenues except as permitted by this Bond Ordinance, or it will
28 make adequate provisions to satisfy and discharge within 60 days after the same
29 accrue, all lawful claims and demands for labor, materials, supplies or other objects,
30 which, if unpaid, might by law become a lien upon the System, the Gross Revenues
31 or the Net Revenues. However, the Water Authority shall not be required to pay or

1 cause to be discharged, or make provision for any tax assessment, lien or charge
2 before the time when payment becomes due or so long as the validity thereof is
3 contested in good faith by appropriate legal proceedings and there is no adverse
4 effect on Owners.

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

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

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

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

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

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

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

13 (S) TAX COMPLIANCE. The Water Authority covenants that it will
14 use, and will restrict the use and investment of, the proceeds of the Bonds in such
15 manner and to such extent as may be necessary so that (a) the Bonds will not (i)
16 constitute private activity bonds, arbitrage bonds or hedge bonds under Sections
17 141, 148 or 149 of the Code or (ii) be treated other than as bonds to which Section
18 103(a) of the Code applies, and (b) the interest thereon will not be treated as a
19 preference item under Section 57 of the Code.

20 The Water Authority further covenants (a) that it will take or cause to be taken
21 such actions that may be required of it for the interest on the Bonds to be and to
22 remain excludable from gross income for federal income tax purposes, (b) that it will
23 not take or authorize to be taken any actions that would adversely affect that
24 exclusion, and (c) that it, or persons acting for it, will, among other acts of
25 compliance, (i) apply the proceeds of the Bonds to the governmental purposes of the
26 borrowings, (ii) restrict the yield on investment property, (iii) make timely and
27 adequate rebate payments or payments of alternative amounts in lieu of rebate to
28 the federal government, (iv) maintain books and records and make calculations and
29 reports, and (v) refrain from certain uses of those proceeds and, as applicable, of
30 property financed with such proceeds, all in such manner to the extent necessary to
31 assure such exclusion of that interest under the Code.

1 Authorized Officers are hereby authorized (a) to make or effect any election,
2 selection, designation, choice, consent, approval, or waiver on behalf of the Water
3 Authority as the Water Authority is permitted or required to make or give under the
4 federal income tax laws including, without limitation thereto, any of the elections
5 provided for in Section 148(f)(4)(C) of the Code or available under Section 148 of the
6 Code, for the purpose of assuring, enhancing or protecting favorable tax treatment
7 or status of the Bonds or interest thereon or assisting in the compliance with
8 requirements for that purpose, reducing the burden or expense of such compliance,
9 reducing the rebate amount or payments of penalties, or making payments of special
10 amounts in lieu of making computations to determine, or paying, excess earnings as
11 rebate, or obviating those amounts or payments, as determined by that officer, which
12 action shall be in writing and signed by the Authorized Officer, (b) to take any and all
13 other actions, make or obtain calculations, make payments, and make or give
14 reports, covenants and certifications of and on behalf of the Water Authority, as may
15 be appropriate to assure the exclusion of interest from gross income and the
16 intended tax status of the Bonds, and (c) to give one or more appropriate certificates
17 of the Water Authority, for inclusion in the transcripts of the proceedings for the
18 Bonds, setting forth the reasonable expectations of the Water Authority regarding
19 the amount and use of all the proceeds of the Bonds, the facts, circumstances and
20 estimates on which they are based, and other facts and circumstances relevant to
21 the tax treatment of the interest on and the tax status of the Bonds.

22 Section 30. REBATE FUND. A separate account of the Rebate Fund shall
23 not be required for the Bonds provided that the Water Authority shall comply with the
24 provisions of Section 29.(S).

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

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

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

31 (C) INCAPABLE OF PERFORMING. For any reason, the Water

1 Authority becomes incapable of fulfilling its obligations under the Bond Legislation.

2 (D) DEFAULTS OF ANY OTHER PROVISION. Default by the
3 Water Authority in the due and punctual performance of its covenants, conditions,
4 agreements and provisions contained in System Obligations or in the Water
5 Authority ordinance authorizing those System Obligations and the continuance of
6 such default (other than a default set forth in paragraphs A, B and C of this Section)
7 for 60 days after written notice specifying such default and requiring the same to be
8 remedied has been given to the Water Authority by any Credit Source or the Owners
9 of 25% in principal amount of the System Obligations then Outstanding.

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

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

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

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

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

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

28 (d) any combination of those remedies.

29 All proceedings shall be instituted and maintained for the equal benefit of all
30 Owners of System Obligations then Outstanding, subject to the provisions of Section
31 21 of this Bond Ordinance, with respect to the use of Gross Revenues. The Owners

1 by purchasing System Obligations consent to the appointment of a receiver to
2 protect the rights of the Owners. The receiver may enter and take possession of
3 and operate and maintain the System and shall prescribe rates, fees or charges and
4 collect, receive and apply all Gross Revenues as required by this Bond Ordinance.
5 The failure of any Owner to exercise any right granted by this Section shall not
6 relieve the Water Authority of any obligation to perform any duty. Each right or
7 privilege of any Owner (or trustee or receiver therefor) is in addition and cumulative
8 to any other right or privilege and the exercise of any right or privilege by or on
9 behalf of any Owner shall not be deemed a waiver of any other right or privilege of
10 any Owner.

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

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

24 Section 33. DUTIES UPON DEFAULT. Upon the happening of any of the
25 events of default listed in Section 31, the Water Authority will do and perform all
26 proper acts on behalf of and for the Owners necessary to protect and preserve the
27 security created for the payment of the System Obligations and for the payment of
28 the Debt Service Requirements on the System Obligations promptly as the same
29 become due. As long as any of the System Obligations are Outstanding, all Gross
30 Revenues shall be distributed and used for the purpose and with the priorities set
31 forth in Section 21. If the Water Authority fails or refuses to proceed as provided in

1 this Section, the Owners of not less than 66% in principal amount of the System
2 Obligations then Outstanding, after demand in writing, may proceed to protect and
3 enforce the rights of the Owners as provided in the Bond Legislation.

4 Section 34. DEFEASANCE. When all principal, interest and prior
5 redemption premiums, if any, in connection with all or any part of the Bonds have
6 been paid or provided for (including amounts owed to the Credit Source, if any,
7 under any Bond Insurance Policy), the pledge and lien and all obligations under the
8 Bond Legislation with respect to those Bonds and any Bond Insurance Policy shall
9 be discharged and those Bonds shall no longer be deemed to be Outstanding within
10 the meaning of the Bond Legislation.

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

1 owners thereof to assure the availability of the proceeds as needed to meet the
2 schedule.

3 Until reimbursement is made by the Water Authority to the applicable Credit
4 Source, if the principal and/or interest due on Insured Obligations is paid by a Credit
5 Source pursuant to a Credit Facility, the applicable Insured Obligations shall remain
6 Outstanding, shall not be defeased or otherwise satisfied and shall not be
7 considered to be paid by the Water Authority. In such case, the assignment and
8 pledge of the Net Revenues for the payment of the Insured Obligations paid by the
9 Credit Source and all covenants, agreements and other obligations of the Water
10 Authority to the Owners of those Insured Obligations shall continue to exist and shall
11 run to the benefit of that Credit Source and that Credit Source shall be subrogated to
12 the rights of the owners of those Insured Obligations, until all obligations of the
13 Water Authority to that Credit Source have been paid.

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

26 Section 35. BONDS NOT PRESENTED WHEN DUE. If any Bonds are not
27 duly presented for payment when due at maturity or on any prior redemption date,
28 and if money sufficient for the payment of those Bonds is on deposit with the Paying
29 Agent, and, in the case of the Bonds to be redeemed, if notice of redemption has
30 been given as provided in the Bond Legislation, all liability of the Water Authority to
31 the Owners of those Bonds shall be discharged, those Bonds shall no longer be

1 Outstanding and it shall be the duty of the Paying Agent to segregate and to hold
2 such money in trust, without liability for interest thereon, for the benefit of the
3 Owners of those Bonds.

4 Section 36. DELEGATED POWERS. The officers of the Water Authority
5 are authorized and directed to take all action from time to time which is necessary or
6 appropriate to effectuate the provisions of the Bond Legislation and the Bonds,
7 including, without limitation, the execution of any credit facility, any liquidity
8 agreement, any remarketing agreement, any qualified exchange agreement, the
9 delivery of a "deemed final" certificate relating to the disclosure document for the
10 Bonds, the publication of a summary of this Bond Ordinance substantially in the form
11 set out in Section 44, the distribution of material related to the Bonds, the printing of
12 the Bonds and the execution of related documents and certificates pertaining to the
13 System, the Bonds, and the delivery of and security for the Bonds, as may be
14 reasonably required by the Underwriters. The officers of the Water Authority are
15 authorized and directed to take all action from time to time which is desirable or
16 necessary for the Water Authority with respect to arbitrage rebate requirements
17 under Section 148(f) of the Code. Pursuant to Section 6-14-10.2 NMSA 1978 and
18 the provisions of this Bond Ordinance, the Delegate is delegated the authority to
19 approve the final terms of the Bonds and to execute the Sale Certificate and Bond
20 Purchase Agreement all within the parameters set forth in this Bond Ordinance.

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

31 Section 37. AMENDMENT OF BOND ORDINANCE.

1 (A) LIMITATIONS UPON AMENDMENTS. The Bond Legislation
2 may be amended by ordinance or resolution of the Board without the consent of
3 Owners but with the consent of any Credit Source providing a Credit Facility which is
4 in effect and which pertains to the Bonds and is affected by the amendment if the
5 Credit Source is not in default in its obligations under the Credit 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
22 principal amount of the Bonds then Outstanding which are affected by the
23 amendment or supplement (not including the Bonds which are then owned by or for
24 the account of the Water Authority) and of any Credit Source providing a Credit
25 Facility which is in effect affected by the amendment or supplement, if the Credit
26 Source is not in default in its obligations under the Credit Facility; provided, however,
27 that no such ordinances 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
5 execution of any instrument under the provisions of this Section may be proved by
6 the 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

9 (B) If to the Initial Paying Agent:
10 Albuquerque Bernalillo County Water Utility Authority
11 One Civic Plaza NW, Room 5012
12 Albuquerque, NM 87102
13 Attention: Chief Financial Officer
14 (505) 289-3080
15

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

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

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

1 The Paying Agent shall provide Moody's and S&P if the Bonds are then rated
2 by Moody's and S&P, as applicable, with prior written notice of any amendments to
3 the Bond Legislation and the optional redemption of Bonds pursuant to Section 9.(A)
4 or defeasance pursuant to Section 34. Such notice shall be sent (a) to Moody's at:
5 Moody's Investors Service, Public Finance Department – Structured Finance Group,
6 99 Church Street, New York, New York 10007, and (b) to S&P at: S&P Global
7 Ratings, Attention: Municipal Finance Department – Structured Finance Group, 25
8 Broadway, 20th Floor, New York, New York 10004.

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

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

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

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

25

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

2 **Albuquerque Bernalillo County Water Utility Authority**

3 **Notice of Adoption of Ordinance**

4 NOTICE IS HEREBY GIVEN, pursuant to the provisions of Section 6-14-6
5 NMSA 1978, that on January 29, 2020, the Board of Albuquerque Bernalillo County
6 Water Utility Authority (the "Water Authority") adopted Water Authority Ordinance
7 No. O-19-3 (the "Bond Ordinance"), an ordinance which authorizes the issuance of
8 the Water Authority's Senior Lien Joint Water and Sewer System Improvement
9 Revenue Bonds, Series 2020 in an aggregate principal amount not to exceed
10 \$86,000,000 to make certain improvements to the Water Authority's joint water and
11 sewer system (the "System").

12 The title of the Bond Ordinance is:

13 **ORDINANCE**

14 **AUTHORIZING THE ISSUANCE AND SALE OF ALBUQUERQUE BERNALILLO**
15 **COUNTY WATER UTILITY AUTHORITY (THE "WATER AUTHORITY") SENIOR**
16 **LIEN JOINT WATER AND SEWER SYSTEM IMPROVEMENT REVENUE BONDS,**
17 **SERIES 2020 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED**
18 **\$86,000,000 (THE "SERIES 2020 BONDS" OR THE "BONDS") TO BE ISSUED IN**
19 **ONE OR MORE SERIES FOR THE PURPOSE OF ACQUIRING ADDITIONAL**
20 **SYSTEM ASSETS, AND EXTENDING, REPAIRING, REPLACING AND**
21 **IMPROVING THE WATER AUTHORITY'S JOINT WATER AND SEWER SYSTEM**
22 **("THE SYSTEM"); PROVIDING FOR THE DISPOSITION OF, AND OTHER**
23 **DETAILS RELATING TO, THE REVENUES FROM THE OPERATION OF THE**
24 **SYSTEM INCLUDING THE PAYMENT OF DEBT SERVICE ON SYSTEM**
25 **OBLIGATIONS; DETERMINING CERTAIN TERMS AND THE METHOD OF**
26 **DETERMINING OTHER TERMS CONCERNING THE BONDS; PROVIDING FOR**
27 **THE APPROVAL OF VARIOUS AGREEMENTS AND DISCLOSURE**
28 **DOCUMENTS RELATING TO THE BONDS; DELEGATING AUTHORITY TO THE**
29 **DELEGATE TO EXECUTE AND DELIVER A BOND PURCHASE AGREEMENT**
30 **FOR THE SALE OF THE BONDS TO THE UNDERWRITERS PURSUANT TO THE**

1 **SUPPLEMENTAL PUBLIC SECURITIES ACT; AND RATIFYING ACTION**
2 **PREVIOUSLY TAKEN.**

3
4 The title contains a general summary of the subject matter contained in the
5 Bond Ordinance.

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

7 WITNESS my hand as of January 29, 2020.

8 _____
9 Executive Director

10 (End of Summary of Ordinance for Publication)

11
12 PASSED AND ADOPTED THIS 29TH DAY OF JANUARY, 2020.
13 BY A VOTE OF ____ FOR AND ____ AGAINST.

14
15
16 _____
17 Chair

18 ATTEST:

19
20
21 _____
22 Secretary

23 C:\Users\kmc\AppData\Local\Temp\iScrub\Email\1574287624\File0001.DOC

Meeting Date: December 4, 2019
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-19-26 – Confirming Approval of the Issuance of Albuquerque Bernalillo County Water Utility Authority (“Water Authority”) Senior Lien Joint Water and Sewer System Revenue Bonds, Series 2020 in one Series in the Principal Amount not to exceed \$86,000,000 (the Bonds”); and Ratifying Action Previously Taken in Connection Therewith

ACTION: Introduction December 4, 2019– Final Action January 29, 2020

SUMMARY:

This legislation is the Confirming Resolution for the proposed Senior Lien Joint Water Revenue Bonds, Series 2020. It was prepared by the Modrall Law Firm as Bond Counsel for this transaction. 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-19-3, this Resolution authorize the Water Authority issue new money for basic needs improvements as approved by the Board in the decade plan and annual capital budget.. 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 new money financing will have a 12 year final maturity (July 1, 2032) with annual debt service of approximately \$8.85 million beginning in fiscal year 2022. There will be interest only payment in fiscal year 2021. 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.

COMMENTS:

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

Current Senior Lien Bond ratings are as follows: AAA Standard and Poor’s, Aa2 Moody’s. Fitch has a AA rating on outstanding bond prior to 2016 but the Authority will not be requesting a rating from Fitch for the 2018 Bonds or future debt issuances.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-19-26

1 **RESOLUTION**

2 **CONFIRMING APPROVAL OF THE ISSUANCE OF ALBUQUERQUE BERNALILLO**
3 **COUNTY WATER UTILITY AUTHORITY (THE "WATER AUTHORITY") SENIOR LIEN**
4 **JOINT WATER AND SEWER SYSTEM IMPROVEMENT REVENUE BONDS, SERIES**
5 **2020 IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT NOT**
6 **TO EXCEED \$86,000,000 (THE "BONDS"); AND RATIFYING ACTION PREVIOUSLY**
7 **TAKEN IN CONNECTION THEREWITH**

8 WHEREAS, pursuant to Section 72-1-10 NMSA 1978, the Board (the "Board") of
9 the Albuquerque Bernalillo County Water Utility Authority (the "Water Authority")
10 adopted Ordinance No. O-19-3 on January 29, 2020 (the "Bond Ordinance") authorizing
11 the issuance of the Bonds to finance improvements to the Water Authority's joint water
12 and wastewater system as described therein;

13 BE IT RESOLVED BY THE WATER AUTHORITY:

14 SECTION 1. The issuance of the Bonds in one or more series in the aggregate
15 principal amount not to exceed \$86,000,000 is authorized. All action heretofore taken
16 by the Board and the officers of the Authority directed toward the financing of the
17 Project, the issuance of the Bonds, the pledge of the Net Revenues and the adoption of
18 the Bond Ordinance be, and the same hereby are, authorized, ratified, approved and
19 confirmed. Pursuant to the Bond Ordinance, the Delegate is authorized to approve the
20 final terms of the Bonds within the parameters set forth in the Bond Ordinance. All
21 capitalized terms shall have the same meaning as such terms have in the Bond
22 Ordinance.

23 SECTION 2. If any section, paragraph, clause or provision of the Confirming
24 Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or
25 unenforceability of such section, paragraph, clause or provision shall not affect any of
26 the remaining provisions of the Confirming Resolution.

SECTION 3. The Confirming Resolution shall be in full force and effect immediately upon adoption.

SECTION 4. Pursuant to the general laws of the State, the title and general summary of the subject matter contained in the Confirming Resolution shall be published in substantially the following form:

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY
LEGAL NOTICE

Notice is hereby given that the Board of Directors of Albuquerque Bernalillo County Water Utility Authority did on the 29th day of January, 2020, adopt a resolution entitled:

CONFIRMING APPROVAL OF THE ISSUANCE OF ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY (THE "WATER AUTHORITY") SENIOR LIEN JOINT WATER AND SEWER SYSTEM IMPROVEMENT REVENUE BONDS, SERIES 2020 IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$86,000,000 (THE "BONDS"); AND RATIFYING ACTION PREVIOUSLY TAKEN IN CONNECTION THEREWITH.

The Confirming Resolution authorizes the issuance of the Bonds. Complete copies of the Confirming Resolution are available for public inspection during normal and regular business hours at the offices of the Water Authority, One Civic Plaza, NW, Albuquerque, New Mexico.

Dated this 29th day of January, 2020.

1 PASSED AND ADOPTED THIS 29TH DAY OF JANUARY, 2020. BY A VOTE OF
2 _____ FOR AND _____ AGAINST.

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CHAIR

7 ATTEST:

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SECRETARY

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Albuquerque Bernalillo County Water Utility Authority

Financing Discussion

12/4/2019

STRICTLY PRIVATE AND CONFIDENTIAL



Proposed Series 2020 Joint Water and Sewer System Revenue Bonds

- The Series 2020 bond transaction is expected to be sold at a negotiated pricing on or about February 12, 2020
 - The estimated borrowing rate is 2.89%*
 - Final maturity of July 2032 (12 year)
 - Issuance of proposed 2020 complies with the Authority's Debt Policy
- The Authority's senior lien bonds are rated AAA (Standard and Poors), Aa (Moody's) and AA Fitch⁽¹⁾
- The proceeds of the Series 2020 bonds will be used to fund the basic needs assets of the Water Authority

Projects to be Financed by the Series 2020 Bond Issuance

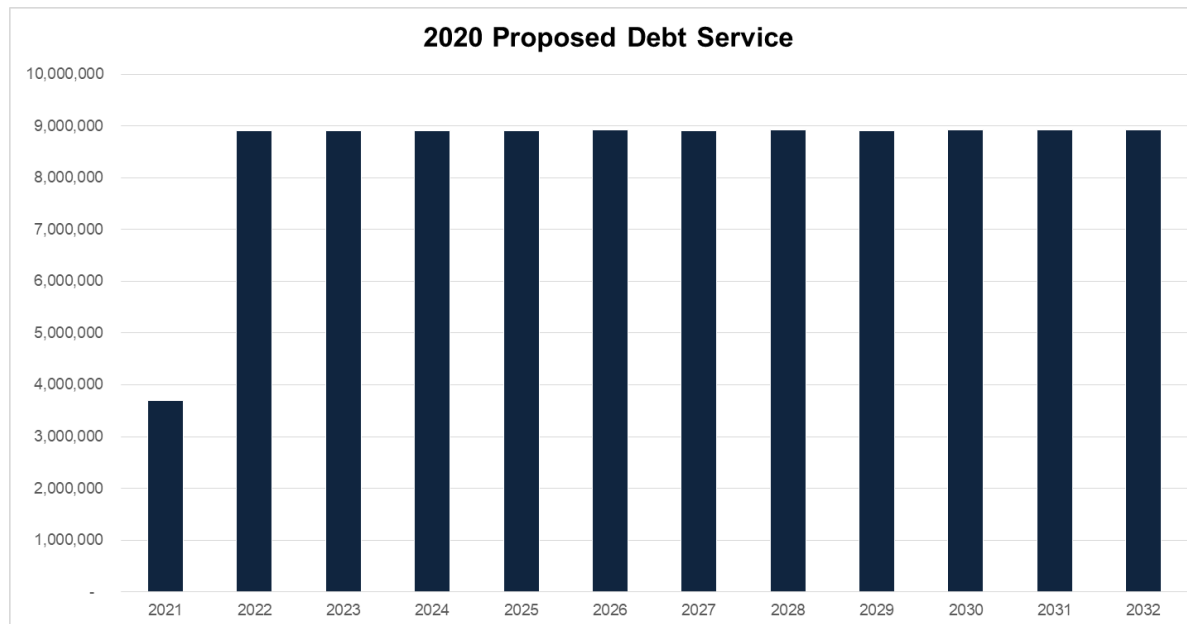
\$MM	Project	\$MM	Project
\$56.00	General Projects	\$8.00	Treatment Plant / Dewatering
\$10.00	Customer Service & Field Operations Building	\$2.00	Information Technology
\$10.00	Clarifier		
\$86 million in total projects to be financed			

(1) Fitch last rated the Water Authority's bonds in 2016. The Water Authority will not be requesting a Fitch rating for the 2020 Bonds.

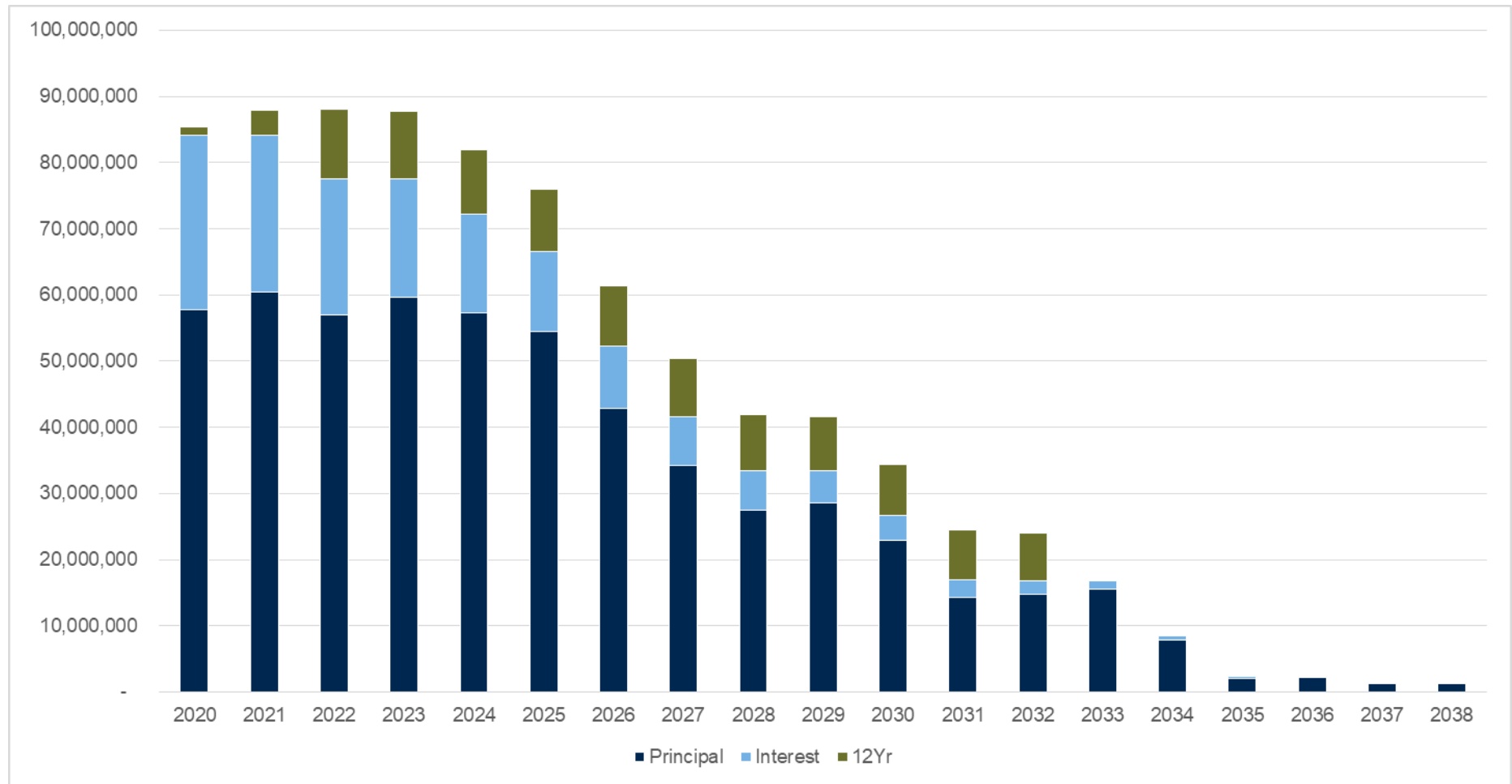
* Rates as of 11/15/2019. Subject to change.

Proposed Series 2020 Joint Water and Sewer System Revenue Bonds

Year	Principal	Interest	Debt Service
2021	\$ -	\$ 2,774,933	\$ 2,064,000
2022	6,925,000	2,064,000	8,989,000
2023	7,090,000	1,897,800	8,987,800
2024	7,260,000	1,727,640	8,987,640
2025	7,435,000	1,553,400	8,988,400
2026	7,615,000	1,374,960	8,989,960
2027	7,795,000	1,192,200	8,987,200
2028	7,985,000	1,005,120	8,990,120
2029	8,175,000	813,480	8,988,480
2029	8,370,000	617,280	8,987,280
2030	8,570,000	416,400	8,986,400
2031	8,780,000	210,720	8,990,720
Total	\$ 86,000,000	\$ 15,647,933	\$ 100,937,000



ABCWUA Debt Profile After the Issuance of the Proposed Series 2020 Bonds



Series 2020 Proposed Time Schedule

Date	Action
October 2019	Working group kick-off meeting
November 2019	Draft of Preliminary Official Statement and Rating Presentation Distributed
Wednesday, December 04, 2019	ABCWUA Board meeting introduction of Delegation Ordinance and Confirming Resolution
Mid-January	Bond Rating Presentation
Wednesday, January 29, 2020	ABCWUA Board meeting adoption of Delegation Ordinance and Confirming Resolution
Monday, February 03, 2020	Preliminary Official Statement Posting
Wednesday, February 12, 2020	Bond Pricing
Wednesday, February 19, 2020	Report Sale Results to Authority Board
Wednesday, March 04, 2020	Bond Closing

Weekly Municipal Market Update



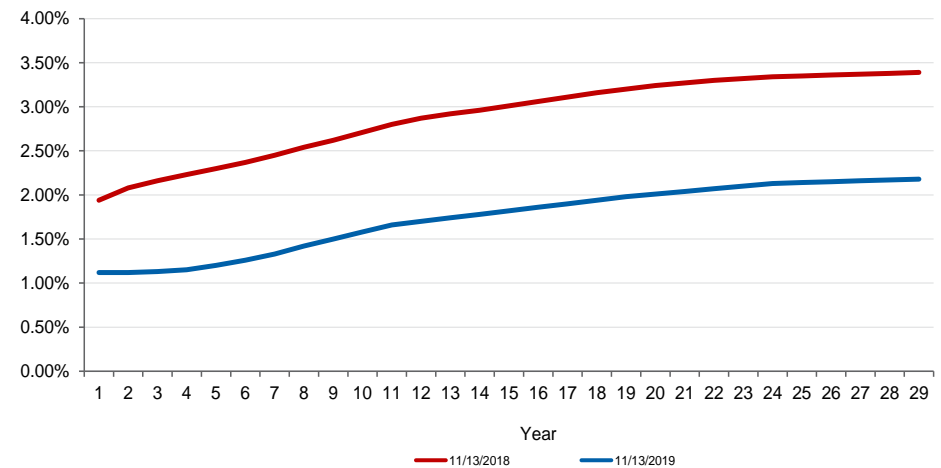
Capital
Markets

Long-Term Market

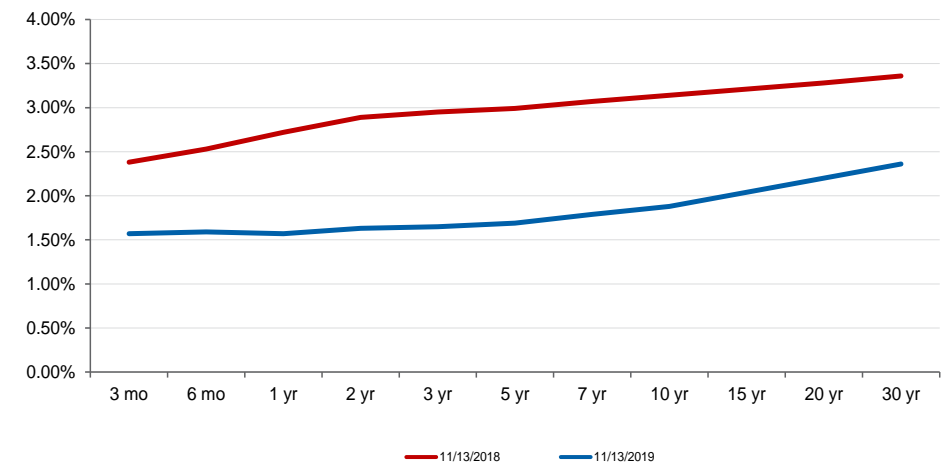
Market Overview

- With inflation readings as expected, market sentiment was once again driven by news on the US-China trade negotiations. Rates made a strong move lower on Wednesday as reports of difficulties in the trade negotiations surfaced. This risk-off sentiment was reversed on Friday as more encouraging trade statements from the White House buoyed market sentiment. By the close of the week, US Treasuries were ten basis points lower in the five year range, eleven basis points lower in the ten year range, and twelve basis points lower in the thirty year range. Despite a heavy new issue calendar, the Municipal Market Data AAA yield closed two basis points lower in the two year and five year ranges, five basis points lower in the ten year range, and seven basis points lower in the thirty year range. As a result, Municipal/Treasury yield ratios closed the week higher, increasing two to three percentage points across the maturity spectrum.

Municipal GO “AAA” MMD Yield Curve Changes



U.S. Treasury Yield Curve Changes



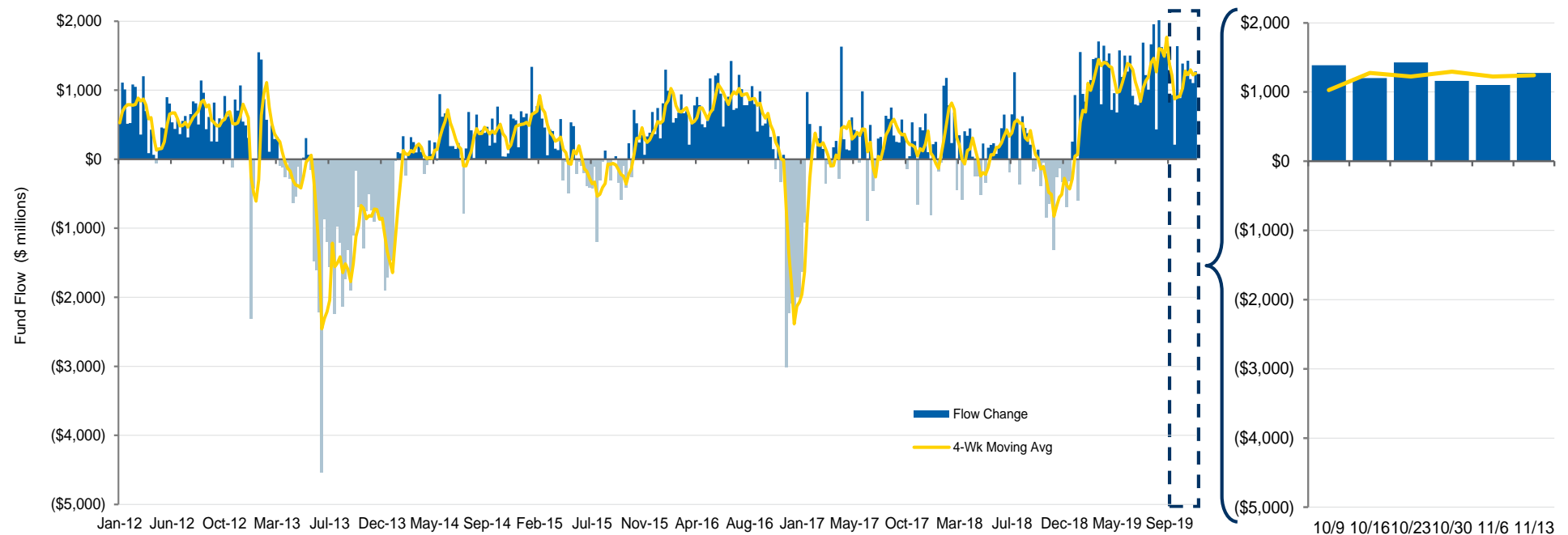
Municipal Market Fund Flows

Municipal bond funds see inflows

According to data from Lipper, for the week ended November 13, 2019, weekly municipal bond funds reported \$1.275 billion of inflows, after the previous week's \$1.103 billion of inflows

- Long-term muni bond funds experienced inflows, gaining \$826.817 million in the latest week, after inflows of \$738.369 million in the previous week
- Four week moving average remained positive at \$1.242 billion, up from last week's number of \$1.224 billion

Lipper Municipal Fund Flows

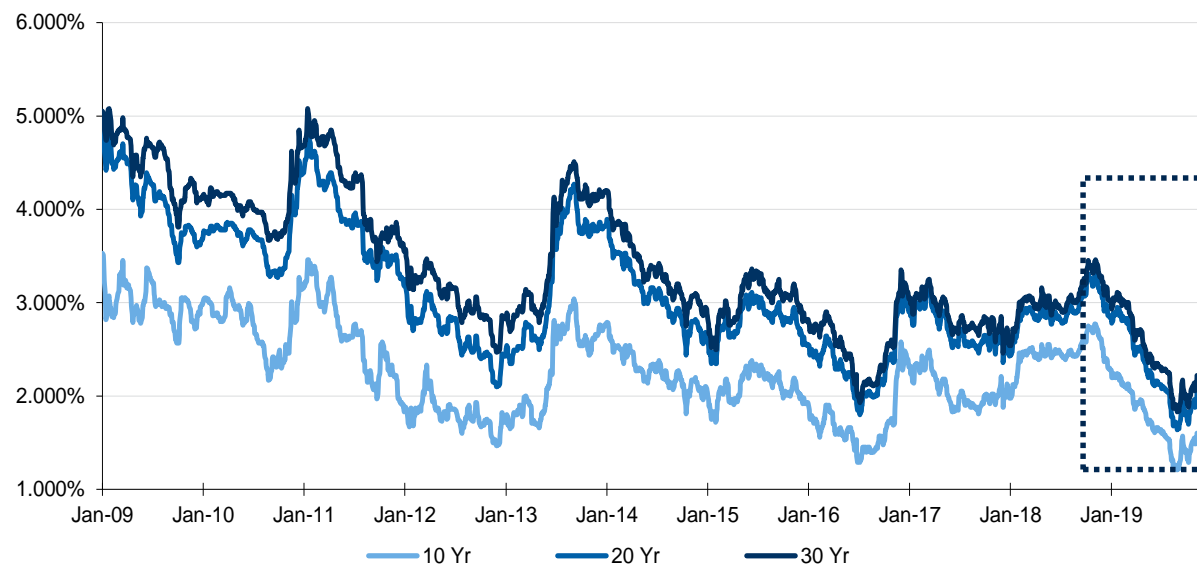


Period ended November 13, 2019

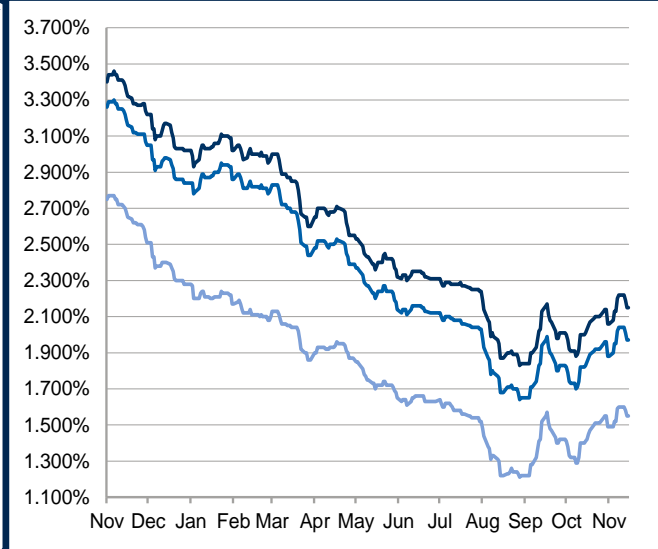
Current Municipal Market Conditions: "AAA" MMD

After closing at 2.22% the previous week, the 30-year "AAA" MMD decreased 7 bps from November 8 – November 15, closing at the current rate of 2.15%

"AAA" MMD January 1, 2009 to Present



Shift in "AAA" MMD Since November 2018



January 1, 2009 to Present

	10 Year	20 Year	30 Year
Maximum	3.530%	4.890%	5.080%
Minimum	1.210%	1.640%	1.830%
Current	1.550%	1.970%	2.150%

Shift in 30-year "AAA" MMD

2012	2013	2014	2015	2016	2017	2018
-0.740%	1.330%	-1.340%	-0.010%	0.270%	-0.510%	0.470%

November 1, 2018 to Present

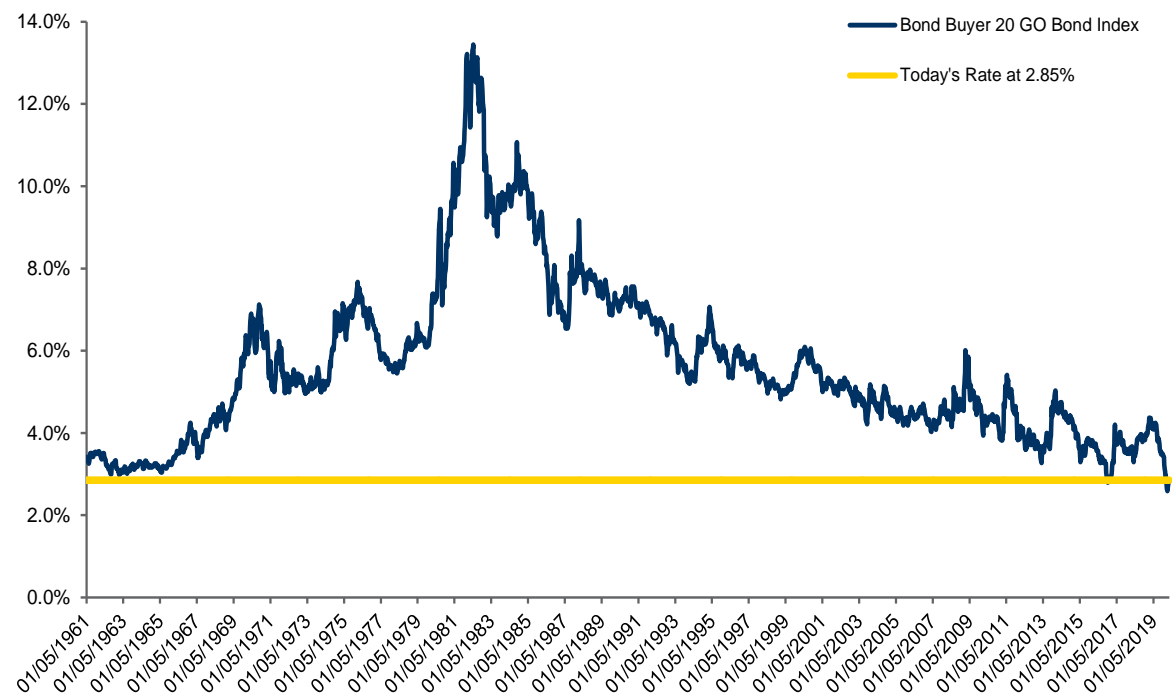
	10 Year	20 Year	30 Year
Maximum	2.770%	3.300%	3.460%
Minimum	1.210%	1.640%	1.830%
Average	1.850%	2.382%	2.559%

Source: TM3, Thomson Reuters
10, 20, and 30 year "AAA" MMD shown to represent different average lives of municipal transactions
Rates as of November 15, 2019

Bond Buyer 20 General Obligation Bond Index

57 Year Historical Perspective

Bond Buyer 20 GO Index since January 1961



% of Time in Each Range Since 1961

Yield Range		
Less than 3.50%	10.55%	
3.50% - 4.00%	10.97%	
4.01% - 4.50%	11.43%	
4.51% - 5.00%	9.83%	
5.01% - 5.50%	13.70%	
5.51% - 6.00%	9.54%	
6.01% - 6.50%	7.39%	
6.51% - 7.00%	6.74%	
7.01% - 7.50%	6.09%	
7.51% - 8.00%	3.58%	
Greater than 8.00%	10.19%	
Total	100.00%	

Source: Bloomberg as of November 14, 2019
Weekly yields and indexes released by the Bond Buyer. Updated every Thursday at approximately 6:00pm EST. 20 Bond General Obligation Yield with 20 year maturity, rated Aa2 by Moody's Arithmetic Average of 20 bonds' yield to maturity.

Today's 2.85% level is lower than 99.58% of historical rates since January 1961

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Meeting Date: December 4, 2019
Staff Contact: Stan R. Allred, Chief Financial Officer

TITLE: R-19-25 – Establish a Reserve of Fund Balance to Provide Funds for the Future Closure and Post-Closure Care Costs for the Waste Water Treatment Plant Division Compost Facility

ACTION: Recommend Approval

SUMMARY:

The New Mexico Solid Waste Rules, 20.9.3.27 NMAC, require the registration of a composting facility with the New Mexico Environment Department. As part of this registration, the agency must provide a reserve of Fund Balance as Contingency for a potential closure of the Compost Facility and nuisance abatement (Rule 20.9.10.9 NMAC). This rule states that the owner or operator of a solid waste facility shall develop a written estimate of the cost of hiring a third party to close the physical facility at any time during the active life of the facility. The owner or operator shall annually adjust the estimate for inflation and any other factors affecting these costs.

This resolution requests the Board to approve the establishment of a reserve of fund balance to provide funds for the future closure and post-closure care costs to comply with this statutory requirement.

FISCAL IMPACT:

Staff have developed a Closure and Post-Closure Care cost plan. The current cost determined is \$1,486,000. The resolution would allocate \$1,486,000 from the General Fund unrestricted fund balance to a restricted fund balance for the Compost Facility Closure and Post-Closure Care plan.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-19-25

1 RESOLUTION
2 ESTABLISHING A RESERVE OF FUND BALANCE TO PROVIDE FUNDS FOR THE
3 FUTURE CLOSURE AND POST-CLOSURE CARE COSTS FOR THE WASTEWATER
4 TREATMENT PLANT DIVISION COMPOSTING FACILITY

5 WHEREAS, the Albuquerque Bernalillo County Water Utility Authority (Water
6 Authority) through the Wastewater Treatment Plant Division operates a composting
7 facility; and

8 WHEREAS, the State of New Mexico Environment Department Solid Waste
9 Management Regulations require that the owner or operator shall establish financial
10 assurance for adequate closure and post-closure care for the facility if the facility is to be
11 closed; and

12 WHEREAS, the cost for closure and post-closure care is estimated to be based on
13 a cost summary provided by Wastewater Treatment Plant and Finance staff; and

14 WHEREAS, the amount to be transferred in FY 2020 is the full amount of
15 \$1,486,000.

16 BE IT RESOLVED BY THE WATER AUTHORITY:

- 17 1. The Water Authority shall establish a reserve of fund balance to be used solely
18 to fund future closure and post-closure care expenses for the Water Authority
19 Composting Facility in the event the facility is closed.
- 20 2. Each year, the closure and post-closure care cost estimates will be reviewed
21 and the reserved fund balance will be adjusted to reflect any increases or
22 decreases in the original cost estimate to ensure adequate funds for closure
23 and post-closure care costs. If an adjustment is necessary, the Wastewater
24 Treatment Plant Division shall include, as part of its annual budget submittal,
25 the amount of the increase or decrease to the reserved fund balance.
- 26 3. Withdrawals from the fund balance shall only be for the purpose of closure and
27 post-closure care as defined in the Solid Waste Management Regulations of
28 the State of New Mexico for the Water Authority Composting Facility.

[+Bracketed Material+] - New
[-Bracketed Material-] - Deletion

4. Withdrawals from the fund balance shall only be authorized by the Water Authority Board and the Secretary of the New Mexico Environment Department upon submission of adequate proof of work performed for closure and post-closure care as defined in the Solid Waste Management Regulations of the State of New Mexico.

Water Utility Authority; Soils Amendment Facility (SAF) Site - Estimate for Closure and Post Closure Care Plan

Date of Estimate: 11/15/19

Task	Unit Quantity	Unit of measure	Unit Cost	Total Cost	ABCWUA Vendor	PO #
Closure Costs						
Pick up and Loading to Vehicles	0	CY	\$ 3.75	\$ -	ABCWUA Trucking	CE000637
Hauling of Material	50,000	CY	\$ 21.50	\$ 1,075,000.00	Saiz Trucking	CE000637
Street Cleaning (Sweeping paved areas)	40	Hour	\$ 150.00	\$ 6,000.00	TLC Company	CE000758
General Lot Cleaning of Facility Grounds	40	Hour	\$ 225.00	\$ 9,000.00	Environmental Earthscapes	BP000601
Exterior Landscape Maintenance	1	Month	\$ 6,200.00	\$ 6,200.00	Environmental Earthscapes	BP000601
Security Personnel	8,760	Hour	\$ 15.15	\$ 132,714.00	ADC Limited	BP000964
Total				\$ 1,228,914.00		
Contingency (15%)				\$ 184,337.10		
Tax (5.125%)				\$ 72,429.12		
TOTAL ESTIMATED COST				\$ 1,485,680.22		

Meeting Date: December 4, 2019
Staff Contact: David Laughlin, Chief Engineer

TITLE: C-19-36 - Approval of Contract for On Call Engineering and Related Services

ACTION: Recommend Approval

SUMMARY:

The Albuquerque Bernalillo County Water Utility Authority issued the Request for Proposals (RFP) P2020000003, On Call Professional Engineering and Related Services to solicit proposals from qualified vendors to provide as needed engineering and related services.

The RFP was posted on BidSync and advertised in the local newspaper. Eighteen (18) responses were submitted for evaluation. The Selection Advisory Committee reviewed, evaluated, and scored the responses in accordance with the evaluation criteria published in the RFP.

Based on the recommendation of the Selection Advisory Committee, the Executive Director recommends the award of a contract to **Smith Engineering, AECOM, CH2M/Jacobs, Molzen Corbin, Carollo, Bohannon Huston, CDM-Smith, Huitt Zollars, Hazen & Sawyer, Souder Miller, Wilson & Co., Garver, WH Pacific (NV5 Global, Inc.), Brown & Caldwell, and Wood Environmental**, as these Consultants had the highest composite scores, are qualified to perform the work, and meet the requirements of the RFP. The highest total composite score possible without preferences applied is 100. All scores listed are the combined average of all Committee members with applicable preferences applied. The respective scores are as follows:

<u>Respondent Score</u>	
Brown & Caldwell	83
Garver	85
Hazen & Sawyer	88
Carollo	92
Horrocks	74
Smith	97
Bohannon Huston	92
Souder Miller	86
AECOM	97
Stantec	81
Wilson & Co.	85

CDM-Smith	89
CH2M/ Jacobs	96
Molzen Corbin	93
Wood Env.	83
Huitt Zollars	89
WH Pacific	83
NCS	72

Approval of this item will delegate signature authority to the Executive Director to enter into a contract with **Smith Engineering, AECOM, CH2M/ Jacobs, Molzen Corbin, Carollo, Bohannon Huston, CDM-Smith, Huitt Zollars, Hazen & Sawyer, Souder Miller, Wilson & Co., Garver, WH Pacific (NV5 Global, Inc.), Brown & Caldwell, and Wood Environmental** to perform as needed engineering and related services. Approval of this item shall also serve as delegation of authority for the Executive Director to approve all future amendments to these agreements, if any.

If approved by the Board, Agreements will be executed between the Water Authority and these Vendors for on call engineering services.

FISCAL IMPACT:

The funding to support these contracts will come out of the FY20-22 Water Authority budget. The term of the agreements will be for three years.

Memo

To: Mark S. Sanchez, Executive Director

From: Candida Kelcourse, Purchasing Administrator *CK*

Through: Jonathan Daniels, Chief Purchasing Officer *JD*

Date: September 24, 2019

Re: Recommendation of Award, P2020000003, On-Call Professional Engineering and Related Services

The Albuquerque Bernalillo County Water Utility Authority issued the referenced Request for Proposals (RFP) to solicit proposals from qualified vendors to provide as needed engineering and related services.

The RFP was posted on the BidSync website and advertised in the local newspaper. Eighteen (18) responses were received and submitted for evaluation. The Selection Advisory Committee reviewed, evaluated, and scored the responses in accordance with the evaluation criteria published in the RFP.


Listed are all the respondents' average composite scores with preferences applied for the offeror(s) with an asterisk (*). The largest total composite score possible without preferences applied is 100.

<u>Offeror</u>	<u>Total Composite Score</u>
Brown & Caldwell	83
Garver	85
Hazen & Sawyer	88
Carollo Engineers	87
Horrocks Engineers	74*
Smith Engineering	97*
Bohannon Huston	92*
Souder Miller & Associates	86*
AECOM	97*
Stantec	81
Wilson & Company	85*
CDM Smith	89*
CH2M Hill/Jacobs	96*
Molzen Corbin	93*
Wood Environment & Infrastructure	83*
Huitt-Zollars	89*
WH Pacific	83
NCS Engineers	72*

The Committee recommends the award of contract to the following Consultants: **Brown & Caldwell, Garver, Hazen & Sawyer, Carollo Engineers, Smith Engineering, Bohannon Huston, Souder Miller & Associates, AECOM, Wilson & Company, CDM Smith, CH2M Hill/Jacobs, Molzen Corbin, Wood Environment & Infrastructure, Huitt-Zollars, and WH Pacific** as these companies had the highest average composite scores after final scoring and are qualified to perform the work. I concur with the Committee's recommendation.

Water Authority Board approval may be required for this procurement.

Approved:


Mark S. Sanchez
Executive Director

9/25/19
Date

Recommended:


John M. Stomp
Chief Operating Officer

9/25/19
Date

Enclosures: Composite Score Sheet

PURCHASING DIVISION

Composite Score Tabulation P2020000003 ON-CALL PROFESSIONAL ENGINEERING AND RELATED SERVICES PROJECT NO. 02210.00																			
EVALUATION CRITERIA	EVALUATION FACTORS (Max pts)	OFFERORS																	
		Brown & Caldwell	Garver	Hazen & Sawyer	Carollo	Horrocks	Smith	Bohannon Huston	Souder Miller	AECOM	Stantec	Wilson & Co.	CDM	CH2M/ Jacobs	Molzen Corbin	Wood Env.	Hultt Zollars	WH Pacific	NCS
1. General Information: Establishment of the firm; number of employees; technical disciplines; registrations; location the services will be performed.	5	4	4	4	5	4	5	5	5	5	5	5	5	4	5	5	5	5	4
2. Assigned Personnel: Organization plan for the management of the Services; organizational chart; name, title and direct labor cost of all personnel to be used for the Service; summary description of proposed work for each individual; list of all subconsultants to be used for the Services and a summary description of the proposed work to be performed by each; qualifications of all personnel including unique knowledge, experience, field(s) of specialization, and education.	35	29	30	30	30	25	31	28	27	31	28	26	30	30	28	28	25	29	18
3. Experience & Specialized Capabilities of the Offeror: Specific areas of expertise; Specialized Capability of Firm Matrix; description of projects of a similar nature to those indicated in the matrix; Project Manager experience; LEED Certified projects.	35	29	30	32	32	21	30	28	24	30	29	25	30	30	30	26	29	29	18
4. Cost Control/Rate Factors: Cost control and cost estimating techniques; cost control of the design process; cost control of the construction cost; cost estimating techniques; comparisons of bid award amounts to final cost estimates; proposed Cost Multiplier of Direct Labor Costs; proposed Direct Labor Costs; proposed Cost Multiplier of subconsultants' charges.	15	12	12	13	12	11	13	12	12	13	12	11	12	13	12	12	12	12	10
5. Quality and Content of Proposal: Each Offeror shall exhibit their ability to submit a quality Proposal communicating a realistic approach, technical soundness, and enhancements to elements that are outlined in this RFP. Points may be deducted in this category if Proposal contains errors in spelling, punctuation, grammar, formatting or organizational mistakes. Clarity and realism in approach, technical soundness, and proposed enhancements to elements that are outlined in the RFP may also affect points in this category.	10	9	8	9	9	8	9	8	8	8	8	9	8	9	8	7	8	8	7
TOTAL COMPOSITE SCORES		83	85	88	87	69	87	82	76	87	81	75	84	86	83	78	79	83	57
Resident Business Preference	Up to 5%					5	5	5	5	5		5	5	5	5	5	5		5
Resident Veteran Business Preference	Up to 10%																		
Recycled Content Goods Preference	Up to 5%																		
Local Business Preference	Up to 5 %						5	5	5	5		5		5	5		5		5
Small Business Preference	Up to 5%																		5
Pay Equity Preference (NOT CURRENTLY AVAILABLE)	Up to 5%																		
15% Preference Max		0	0	0	0	5	10	10	10	10	0	10	5	10	10	5	10	0	15
TOTAL COMPOSITE SCORES WITH PREFERENCES		83	85	88	87	74	97	92	86	97	81	85	89	96	93	83	89	83	72
RANKING		14	12	8	9	17	1	5	10	1	16	11	6	3	4	15	7	13	18
		Brown & Caldwell	Garver	Hazen & Sawyer	Carollo	Horrocks	Smith	Bohannon Huston	Souder Miller	AECOM	Stantec	Wilson & Co.	CDM	CH2M/ Jacobs	Molzen Corbin	Wood Env.	Hultt Zollars	WH Pacific	NCS

Meeting Date: December 4, 2019
Staff Contact: Mark S. Sanchez, Executive Director

TITLE: C-19-37 – 2020 Federal Legislative Priorities

ACTION: Recommend Approval

SUMMARY:

The 2020 Federal Legislative Priorities for the Water Authority are summarized below. The Legislative Priorities are consistent with the prior year requests with modifications to reflect funding and updated status reports.

Funding Request

1. Water Reclamation and Recycling Program

Under Policy B of the water resources plan (Water 2120: Securing our Water Future), the Water Authority should utilize all excess wastewater effluent as part of a reuse and recycling plan which includes aquifer storage and recovery. The Tijeras Reuse project in the southeast portion of the service area and the Bosque Reuse project on the west side are two projects that we are requesting funding in the amount of \$2.5 million for National Environmental Policy Act (NEPA) and other required permitting activities for the following projects:

- A. Tijeras Reuse Project. The Water Authority would like to thank Kirtland Air Force Base (KAFB) for providing the needed 24-acre site for the construction and operation of the Tijeras non-potable Water Reclamation Plant. This project will provide 3 to 5 million gallons per day (3,000 – 7,000 acre-feet per year) of non-potable reuse water for the eastside of Albuquerque to provide additional non-potable water for irrigation and aquifer storage and recovery (drinking water source). The facility is planned as part of the Water Authority's 100-year water plan and will consist of a new completely enclosed wastewater reuse plant, reservoir to store the water and pipelines to distribute the non-potable water to the various irrigation sites and to discharge into the Tijeras Arroyo as part of a comprehensive aquifer storage and recovery program. In the winter when water demands are lower, the purified effluent will be discharged to the Tijeras Arroyo and will be allowed to infiltrate into the aquifer for future use.

The first phase of the project is to complete the conceptual design and start the permitting process including submitting an aquifer storage and recovery (ASR) permit to the State Engineer and a new permit from the United States Environmental Protection Agency (EPA) to discharge into the Tijeras Arroyo. The second phase is

to complete the preliminary and final design with the last phase to be construction of the new plant and associated pipelines.

- B. Bosque Reuse Project. The Water Authority has secured the land for the construction and operation of the new wastewater treatment plant and has also completed the feasibility study required by the Bureau of Reclamation (BOR) under the Title XVI requirements. The feasibility study was approved by the BOR and is eligible to move forward towards NEPA with this authorization. This project will provide 3 to 5 million gallons per day (3,000 – 7,000 acre-feet per year) of non-potable reuse water for the westside of Albuquerque including parks, golf courses and potentially for industrial uses. The facility is planned as part of the Water Authority's 100-year water plan and will consist of a new completely enclosed wastewater reuse plant, reservoir to store the water and pipelines to distribute the non-potable water to the various irrigation and industrial sites. In the winter when water demands are lower, the purified effluent will be discharged to the Rio Grande. The new wastewater reuse plant will be located on Water Authority property just north of the Bosque High School and education will be a central part of the facility.

The first phase of the project is to complete the conceptual design and start the permitting process including submitting a new permit to EPA for discharge to the Rio Grande. The second phase is to complete the preliminary and final design. The last phase would be the construction of the facility and that could be completed in smaller phases consistent with extension of the pipelines to the irrigation sites.

2. Support Annual Appropriations for Kirtland AFB's Bulk Fuel Facility Spill Corrective Action

The Water Authority supports any efforts by the U.S. Air Force to allocate funding for continued investigation, risk assessment, interim measures, and remediation activities at the KAFB Bulk Fuel Facility Spill site, being performed by KAFB to come into conformance to their Resource Conservation and Recovery Act (RCRA) permit.

The Water Authority expects continued participation as a consulted stakeholder in the decision-making process for interim measures and other corrective action activities to ensure the safety and security of the aquifer and drinking water supply for the citizens of Albuquerque and Bernalillo County remains safe and secure. The Water Authority supports an aggressive and active remediation strategy, including cleanup of the source area (including both soil and fuel floating or submerged) and the dissolved-phase contamination plume, in order to return the aquifer back to "pre-spill" conditions.

3. Support FY18 and FY19 Appropriations for the Sandia National Laboratory's Environmental Restoration Activities and the Mixed Waste Landfill and other groundwater contamination sites

The Water Authority maintains a status of groundwater protection and monitoring activities at the lab's former operational areas, including the Mixed Waste Landfill, which is one of the solid waste management units covered under Sandia National Labs' (SNL) RCRA permit. The Water Authority wants to ensure that sufficient funding for long-term monitoring and maintenance of the mixed Waste Landfill is secured by the Department

of Energy National Nuclear Security Administration (DOE-NNSA), and that regular status reports are provided to the Water Authority Governing Board on an annual basis.

In addition, the Water Authority supports the funding for interim measure activities at other groundwater contamination sites on the SNL, including, but not limited to the Tijeras Arroyo Contamination Site, the Burn Site, and the Technical Area – V Groundwater Area of Concern.

Legislative Request

4. San Juan-Chama and Native Storage in Abiquiu Reservoir (Policy I-1, Water 2120: Securing our Water Future)

The policy of the Water Authority Board is to complete the necessary permitting to store native water in Abiquiu including other water entities in the basin. Storage of native water is critically important for the future success for both Rio Grande Compact Compliance and Endangered Species Act (ESA) Collaborative Program. The Water Authority is diligently working towards obtaining the necessary permits and permanent easements and will be requesting a modification to our existing storage contract. The Water Authority is planning on submitting a State Engineer's application for native water storage in FY2020.

The Water Authority, working closely with the Army Corps of Engineers (COE), has developed language for reauthorization of storage of native and San Juan-Chama water in Abiquiu. The language was recently submitted for the 2020 WRDA Bill and we have been working with the federal delegation, COE and BOR to obtain legislative approval to amend the existing authorizing legislation for storage of native and San Juan-Chama storage in Abiquiu Reservoir.

Status Reports

1. Water Operations and the Endangered Species Act Collaborative Program

A new Biological Opinion (BO) was issued for water operations in the Middle Rio Grande (MRG) in December 2016 to provide ongoing ESA coverage for the State of New Mexico, Middle Rio Grande Conservancy District (MRGCD) and the BOR (collectively the "Biological Assessment (BA) Partners and the BOR"). The conservation measures in the BO include provisions for implementing the principles of adaptive management to improve understanding of how hydrology in the MRG can meet ESA conservation needs. The long-standing Middle Rio Grande Endangered Species Collaborative Program (MRGESCP), which has been active for many years, is in the processes of integrating adaptive management principles to improve the status of endangered species and is in the process of determining what roles entities could play in the future. The policy of the Water Authority Board (Policy J-1) is to continue to participate in the MRGESCP, including support of the integration of adaptive management, and provide flexibility in water operations when possible for the long-term success of endangered species.

FISCAL IMPACT:

None

Meeting Date: December 4, 2019
Staff Contact: Mark S. Sanchez, Executive Director

TITLE: C-19-38 – 2020 State Legislative Priorities

ACTION: Recommend Approval

SUMMARY:

The Water Authority has ten recommended State Legislative Priorities for 2020 Session.

1. Bosque Non-potable Water Reclamation Plant and Reuse System – \$1.5 Million

Consistent with Water 2120, this project extends the utility's water resources through conservation and direct and indirect potable reuse. The Bosque project would provide non-potable water for industrial purposes and irrigation needs to parks, schools, and golf courses. The Water Authority has secured the land for the construction and operation of the new wastewater treatment plant and has also completed the feasibility study required by the Bureau of Reclamation under the Title XVI requirements. The feasibility study was approved by the Bureau of Reclamation and is eligible to move forward towards NEPA with this authorization. This project will provide 3 to 5 million gallons per day (3,000 – 7,000 acre-feet per year) of non-potable reuse water for the westside of Albuquerque including parks, golf courses and potentially for industrial uses. The facility is planned as part of the Water Authority's 100-year water plan and will consist of a new completely enclosed wastewater reuse plant, reservoir to store the water and pipelines to distribute the non-potable water to the various irrigation and industrial sites. In the winter when water demands are lower, the purified effluent will be discharged to the Rio Grande. The new wastewater reuse plant will be located on Water Authority property just north of the Bosque High School and education will be a central part of the facility.

The first phase of the project is to complete the conceptual design and start the permitting process including submitting a new permit to EPA for discharge to the Rio Grande. The second phase is to complete the preliminary and final design. The last phase would be the construction of the facility and that could be completed in smaller phases consistent with extension of the pipelines to the irrigation sites.

2. Tijeras Reuse Project – \$1.0 Million

Consistent with Water 2120, this project extends the utility's water resources through conservation and direct and indirect potable reuse. The Water Authority would like to thank KAFB for providing the needed 24-acre site for the construction and operation of the Tijeras non-potable Water Reclamation Plant. This project will provide 3 to 5 million gallons per day (3,000 – 7,000 acre-feet per year) of non-potable reuse water for the

eastside of Albuquerque to provide additional non-potable water for irrigation and aquifer storage and recovery (drinking water source). The facility is planned as part of the Water Authority's 100-year water plan and will consist of a new completely enclosed wastewater reuse plant, reservoir to store the water and pipelines to distribute the non-potable water to the various irrigation sites and to discharge into the Tijeras arroyo as part of a comprehensive aquifer storage and recovery program. In the winter when water demands are lower, the purified effluent will be discharged to the Tijeras Arroyo and will be allowed to infiltrate into the aquifer for future use.

The first phase of the Tijeras Reuse project is to complete the conceptual design and start the permitting process including submitting an ASR permit to the State Engineer and a new permit from EPA to discharge into the Tijeras arroyo. The second phase is to complete the preliminary and final design with the last phase to be construction of the new plant and associated pipelines.

3. Aquifer Storage and Recovery – \$1.0 Million

Aquifer Storage and Recovery (ASR) is an important water resources management tool that provides the ability store San Juan-Chama water in the aquifer for droughts. ASR is a vital part of the Water Authority's 100-year Water Plan (Water 2120). This request would fund permitting and design for the next phase of the direct injection or an infiltration project on the eastside of Albuquerque.

4. Water Interactive Exhibit at Explora – \$500,000

The Water Interactive Exhibit would be constructed at Explora's new "X Studio" and Outdoor Learning Center for educating all levels of students on the importance of water and sustainability. Explora is developing the "X Studio" to be a STEAM education and workforce development center, connecting local teens and young adults with STEAM professionals, employers, and intensive study and work experiences. Part of the exhibit will focus on careers in the water industry. Explora will also be creating opportunities for Water Authority staff to meet directly with students at Explora offering mentorship opportunities and providing students with first-hand knowledge on careers in the water industry. The Water Authority has committed \$500,000 towards design and construction of water-education exhibits and the requested capital outlay funding would bring the total contribution to \$1,000,000, significantly increasing the scope of the exhibit.

5. Carnuel Wastewater Improvements Project – Planning/Design – \$2.5 Million

The Water Authority completed a design analysis report (DAR) in 2019, which provided three different alternatives for expanding sanitary sewer in the Phase 1 area. The recommended approach is to install a low-pressure system for Phase 1. The estimated cost to construct the Phase 1 improvements is \$2.5 Million. This project will replace aging, leaking septic systems, by connecting these homes to a public sanitary sewer system. This project will assist in improving water quality in the Carnuel community and the Tijeras watershed. This project will also help residents comply with Bernalillo County's Wastewater Systems Ordinance.

6. Advanced Metering Infrastructure (AMI) Implementation – \$5 Million

This funding request will complete the conservation of aging meters with smart meters. To date approximately 100,000 water meters, or 50 percent, of all water meters in the Water Authority system have been converted to AMI. Benefits of AMI water meter conversion include improved water efficiency, water conservation, billing accuracy, and customer service. Customer service is enhanced by providing access for real-time water consumption information on an hour-by-hour basis. AMI water usage data can be accessed by customers online allowing customers to make informed decisions on efficient water use. AMI meters are monitored remotely, which reduces vehicle traffic from manual meter reading, reduces carbon emissions, and improves public safety by removing vehicles from the road.

7. AMI Pressure Metering Project – \$100,000

This funding request includes the installation of Advanced Metering Infrastructure (AMI) pressure monitoring devices in designated areas within distribution to provide real-time pressure monitoring data, helping operations staff optimize water pressure in the distribution system and meet customer service levels. The Water Authority conducted a pilot study in 2019 that identified several areas of improvement and would use this funding to expand this pressure optimization effort to other areas within the water system.

8. Acequia Education Partnership – \$50,000

In partnership with the acequias in Bernalillo County, \$50,000 would be used to initiate a planning and education pilot program which would focus on preserving the legacy of acequia history, cultural practices, and record management. Consistent with Policy J of Water 2120, this partnership program would help protect environmental and cultural resources in the Middle Rio Grande Valley.

9. Review of Governmental Gross Receipts Tax

Support a review of the contribution of Governmental Gross Receipts Taxes to the New Mexico Finance Authority and the allocation of resources for projects, which provided for interconnection of disadvantaged systems, public health and safety and water conservation and reuse projects. The Water Authority is the largest contributor of Governmental Gross Receipts Taxes and receives very little return on this contribution in terms of funded projects. The region has many unfunded interconnection projects of disadvantaged systems, which could use funding and is often not supported by NMFA. Additionally, there are many unfunded conservation and reuse projects which required funding to advance. It would be helpful if the GGRT allocation to NMFA could be reduced and allow these projects to go forward.

10. Oppose Legislation Negatively Impacting Water Authority Resiliency

The Water Authority opposes any legislation that a) adversely affects funding or imposes additional fees; b) proposes any mandatory rate revenue reduction measures; c) diminishes the Water Authority's regulatory authority or its ability to plan for future generations; d) adversely affects the sustainability of the Water Authority organization; e) adversely affects Water Authority's ratepayers.



Meeting Date: December 4, 2019

Staff Contact: Elizabeth Anderson, P.E., Chief Innovation and Performance Manager

TITLE: C-19-39 – FY2020 First Quarter Performance Indicator Report

ACTION: Recommend Receipt Noted

SUMMARY:

The Quarterly Performance Report provides a snapshot of utility performance. The Scorecard Indicators are categorized by Level of Service areas. The Scorecard Indicators are developed through benchmarking and performance assessments to identify performance gaps and to establish targets to address performance gaps. The Scorecard Indicators Targets are linked to performance benchmarking, the Goals and Objectives, Customer Opinion Survey responses, and Effective Utility Management. The purpose of this report is to provide a one page snapshot of the utility's performance so that stakeholders can easily gauge how the utility is performing in these Level of Service areas which is consistent with the feedback received through the Customer Conversation forums on reporting preferences.

The report identifies the fiscal year-to-date performance compared to the established target. A status of each indicator is provided in three categories: target achieved, work in progress, or target not met. Below is a summary status of the 22 Scorecard Indicators. The following page shows the actual and target performance for all 22 indicators.

Summary Status

On Target / Target Achieved	Work in Progress / Below Target	Target Not Met
16 of 22	6 of 22	0

FISCAL IMPACT:

None

Quarterly Performance Indicators FY20 1st Quarter Scorecard

Level of Service Area	Indicator	FY20 1Q Actual (FY TO DATE)	FY20 Target	Status
Regulatory	Number of Permit Excursions	0	≤ 5	▲
	Reported Overflows	4	< 40	▲
	Sewer Use/Wastewater Control Ordinance Compliance	80% Permitted Industrial Users 86% Food Service Est. 100% Dental Offices	≥ 87% Permitted Industrial Users ≥ 87% Food Service Est. ≥ 87% Dental Office	■
Reliability	Facility Planned Maintenance Ratios	58% ground water 63% surface water 42% water reclamation	≥ 60% ground water ≥ 60% surface water ≥ 45% water reclamation	■
	Water System Inspection Effectiveness	188 miles surveyed 1,071 miles monitored 24 leaks found 19 MGY water loss reduced	> 650 miles surveyed > 2,200 miles monitored > 80 leaks found >75 MGY water loss reduced	▲
	Miles of Sewer Line Cleaned	121 miles	400 to 600 miles	▲
	Sewer Line Inspection Effectiveness (CMOM 10 Year Target)	601 miles televised	≥ 670 miles televised	▲
	Injury Time	425 hours	< 2,625 hours	▲
Quality	Water Quality Complaints Rate (per 1,000 customers)	4.5	< 3	■
	% of Biosolids to Compost	13%	> 30%	■
	Renewable Energy	12% Bio Gas 6% Solar	≥ 20% Bio Gas ≥ 5% Solar	■
	Water Consumption	4 BGY GW 7 BGY SW	< 18 BGY GW > 16 BGY SW	▲
Customer Service	Wait Time (minutes)	0:27 seconds	< 1 minutes	▲
	Contact Time (minutes)	3:32 minutes	< 4 minutes	▲
	Abandoned Call Ratio	1%	< 3%	▲
	First Call Resolution	98%	> 95%	▲
	Bill Exception Rate (per 10,000 Bills)	10	< 8	■
Finance	Rehabilitation Spending	\$12 million	≥ \$58 million	▲
	Pipe Infrastructure Emergency vs. Planned Spending	87% Planned 13% Emergency	≥ 50% Planned ≤ 50% Emergency	▲
	Cash Reserves (Days)	354 days	≥ 350 days	▲
	Revenue to Expenditures	95%	≥ 100%	▲
	Expenditures to Budget	99%	≤ 100%	▲

Performance Key

▲
On Target/Target Achieved

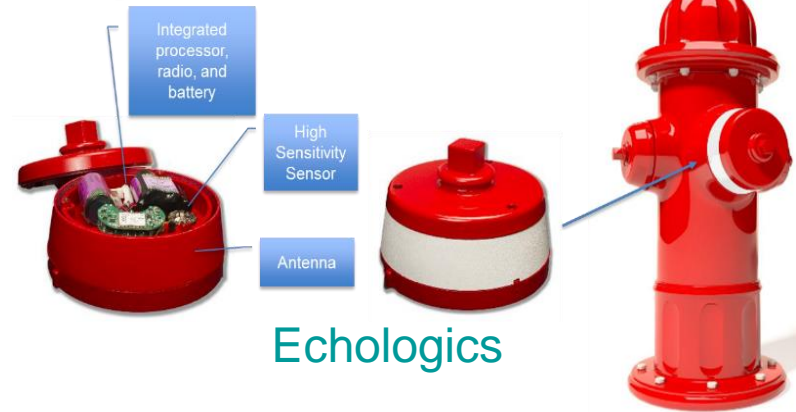
■
Work in Progress / Below Target

▼
Target Not Met

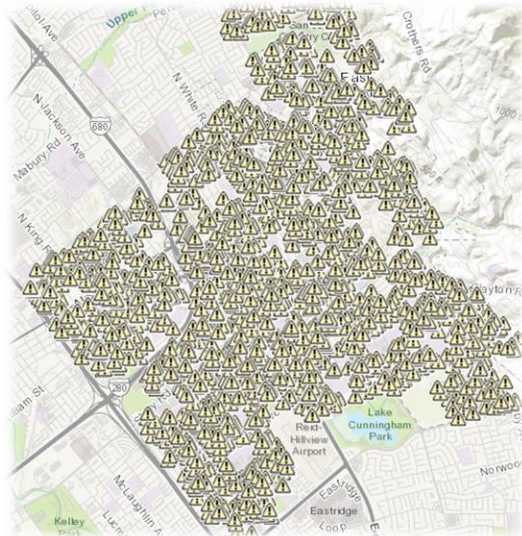
Water Line System Optimization



Outcomes

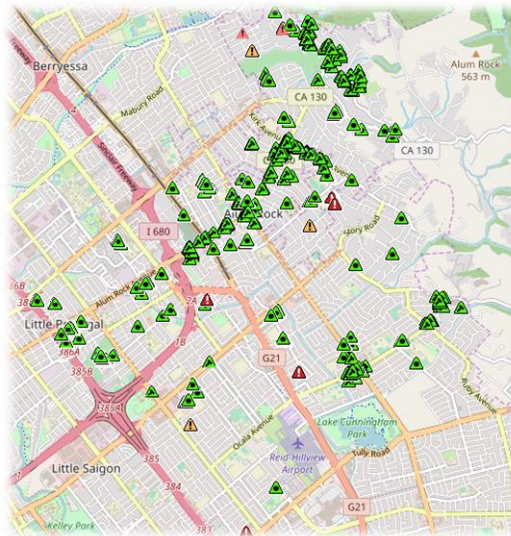


Echologics



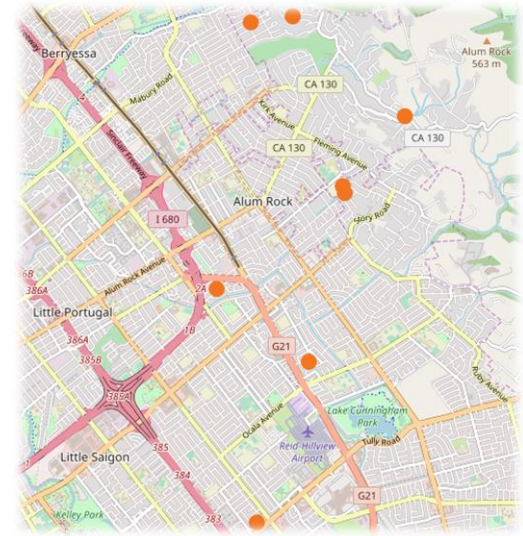
Data

29,297 Network Noises



Information

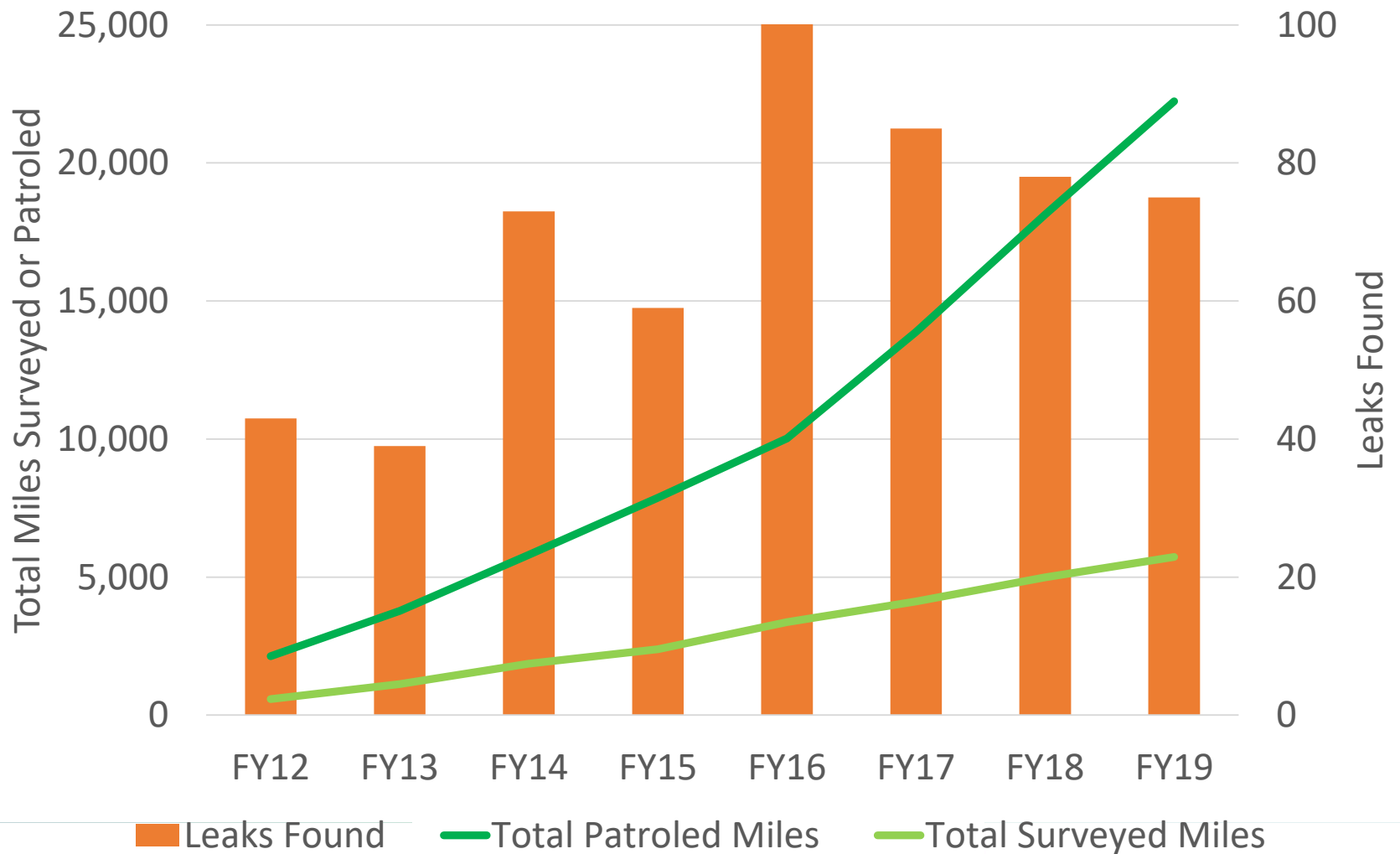
555 Persistent Noises



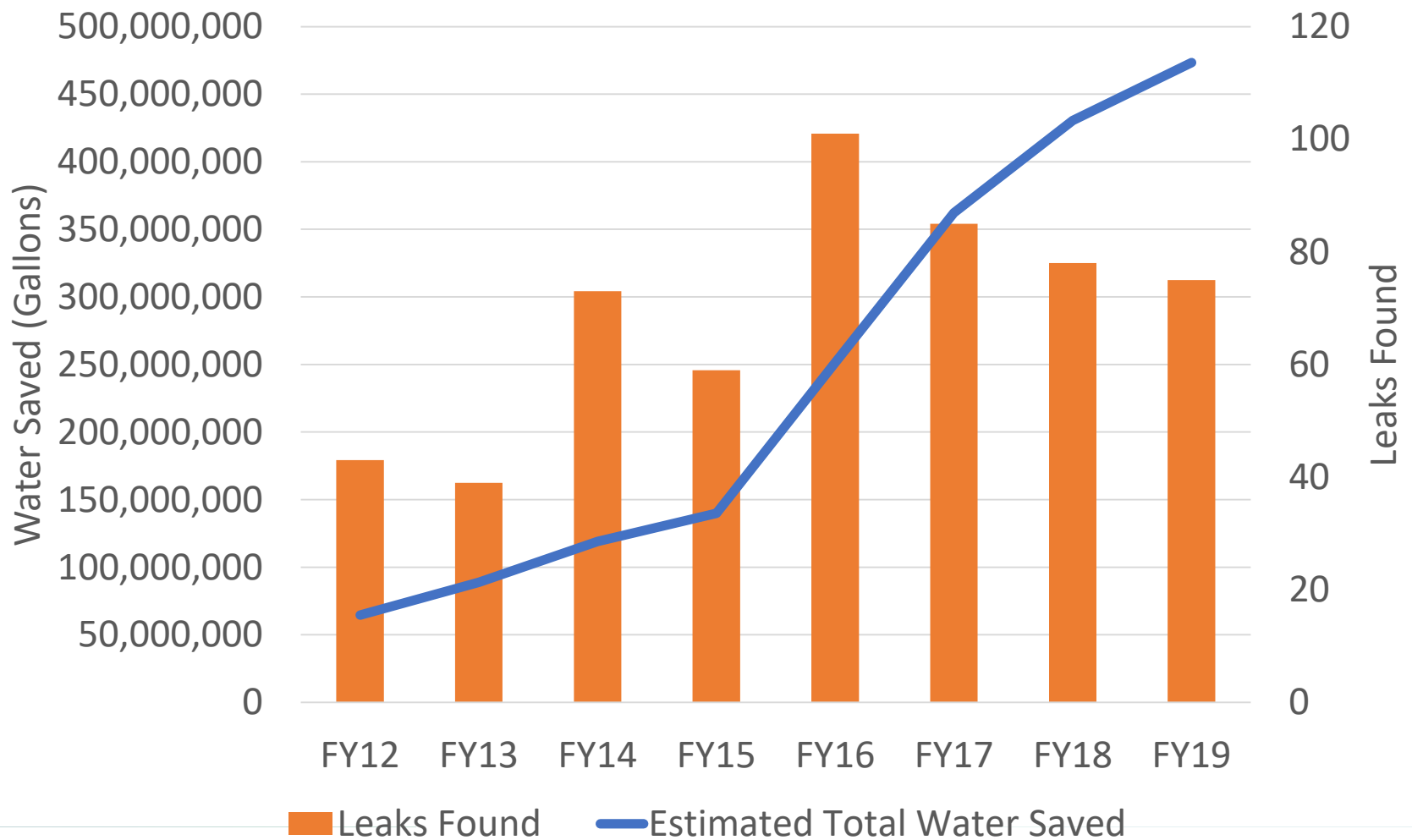
Insight

8 Investigation Sites

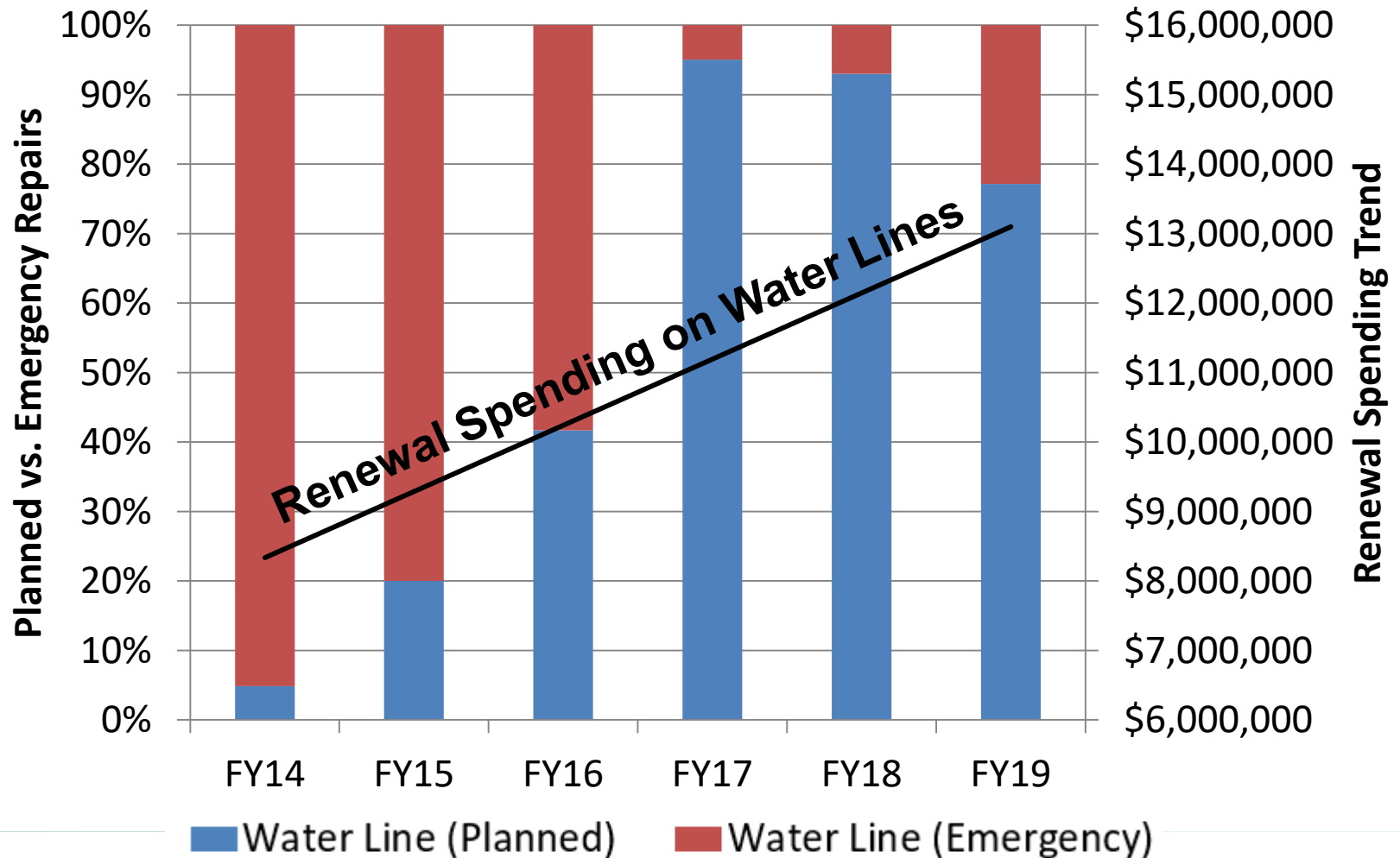
Leak Detection Program Statistics



Leak Detection Success



Renewal Trends for Water Lines



Meeting Date: December 4, 2019
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: C-19-40 - FY20 First Quarter Operating Financial Reports

ACTION: Receipt be Noted

SUMMARY:

Submitted to the Board for review and informational purposes are the financial reports for the quarter ended September 30, 2019. The reports provide a year-to-date comparison between the approved FY20 budget and actual expenses through September 30, 2019. The reports also include revenue and expense projections to June 30, 2020. The projections are based on actual, trend, and historical information. As with any estimates, this information is subject to change.

These reports have been reviewed and approved by the State Department of Finance and Administration Local Government Division and by the Water Authority's Internal Auditor.

Fund 21 General Operating Fund

Revenues:

First Quarter rate revenues are \$1.5 million above the actuals for the same period in FY19; the revenues reflect the increase of 482 MG of water produced during the first quarter. Revenues are projected be at the FY20 budgeted amount. This projection is based upon two and one-half months of actual consumption, and is subject to change.

First Quarter other revenue, which includes miscellaneous revenue, is \$0.3 million above the actuals for the same period in FY19.

Revenue budget amounts were derived with the expectation of very limited growth in the service area for the next several years coupled with a GCPD goal of 127 for FY20.

Expenses:

First Quarter total expenses are \$4.7 million above the actuals for the same period in FY19; primarily due to the increase in the transfer to the capital and debt service funds. The projected total expense at June 30, 2020 is estimated to be \$0.3 million under the FY20 budgeted amount.

Working capital or fund balance is projected to be \$49.2 million, compared to a

beginning balance in FY20 of \$53.6 million. The Rate Reserve balance for FY20 is \$9.0 million. The fund balance trend has reversed as planned and will meet the target of 1/12 of operating expenditures.

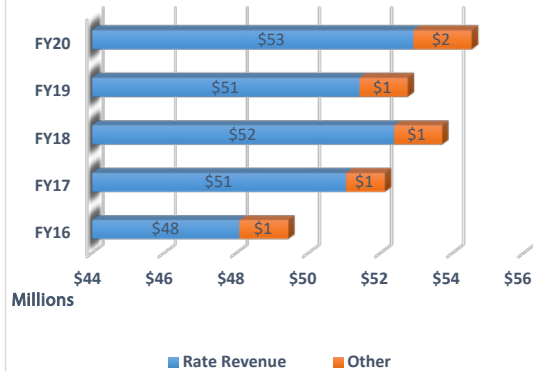
FISCAL IMPACT:

The reduction in consumption is a positive result for conservation goals, however, the costs of maintaining the utility are primarily fixed in nature and the revenue requirements for operating, debt service payments, reserves, and debt service coverage must be met. Consumption levels will continue to be monitored to ensure proper revenue levels are achieved.

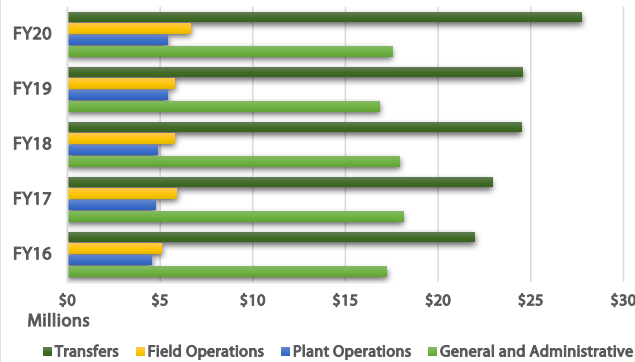
The Water Authority will continue to control operating expenditures to offset any reductions in Revenue. The balance for the Rate Reserve is now at \$9.0 million and earmarked for fluctuations in revenue which are not anticipated and to protect ratepayers from emergency rate adjustments.

FY20 - 1st Quarter Water Authority Financial Dashboard

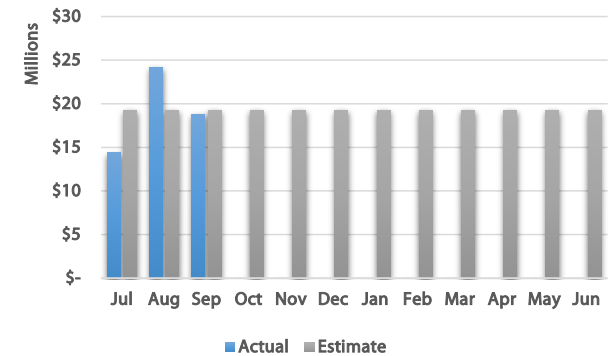
Year-To-Date Operating Revenues



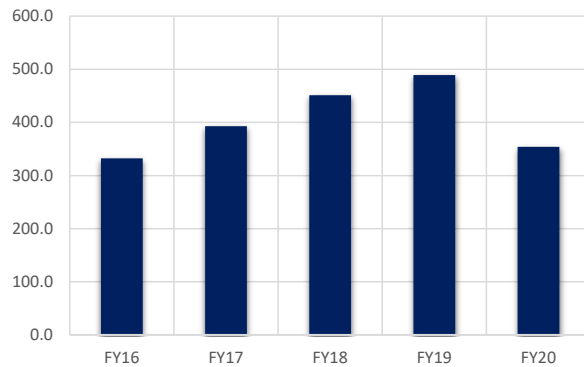
Year-To-Date Operating Expenses



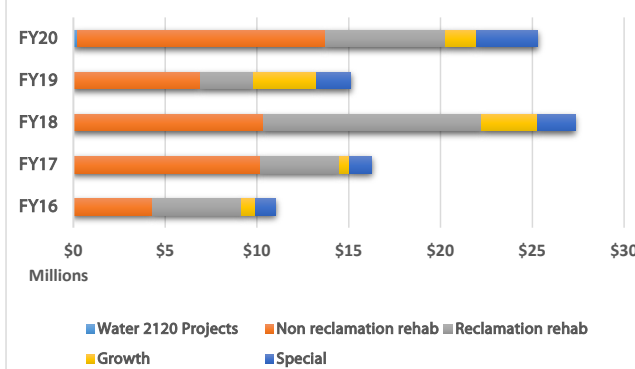
Operating Expenses by Month Compared to Estimate



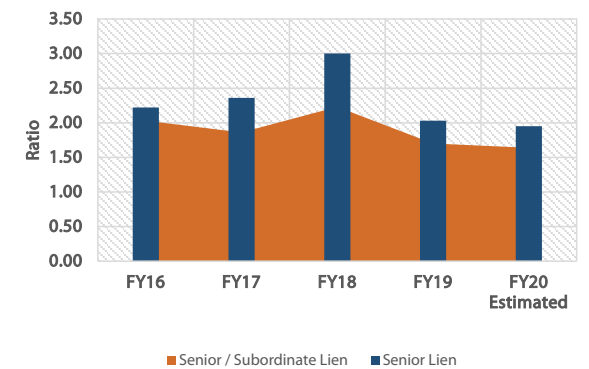
Days Cash on Hand



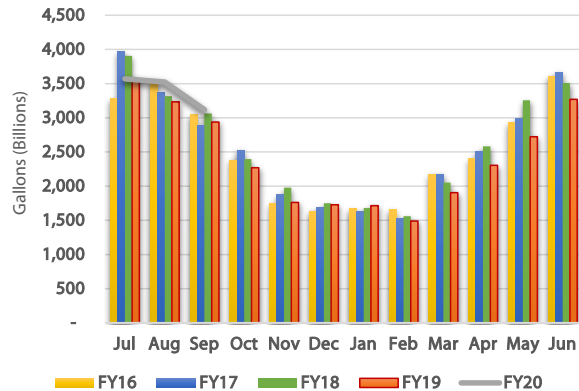
Year-To-Date Capital Expenses



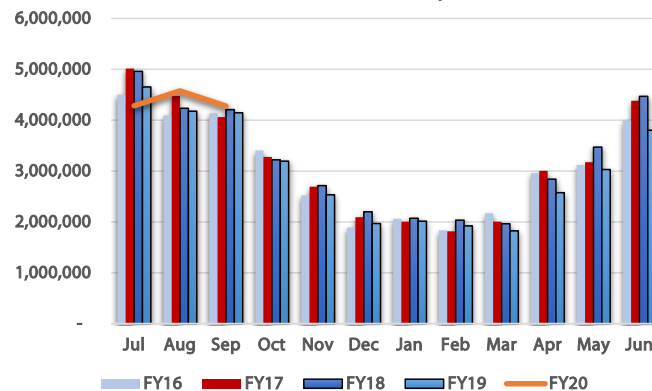
Debt Coverage Ratio



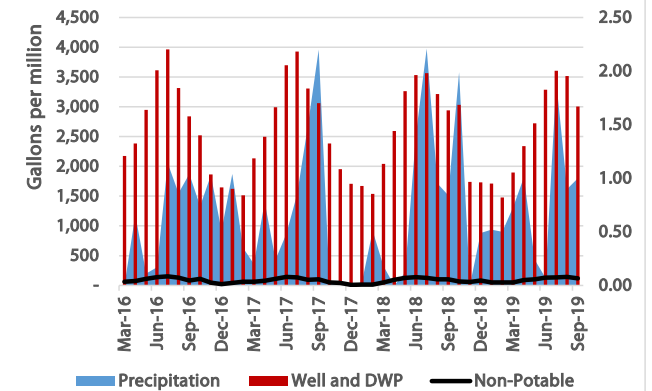
Water Use Production



Water Consumption



Precipitation vs Production



Meeting Date: December 4, 2019
Staff Contact: Diane Agnew, Environmental Manager

TITLE: OB-19-20 – Status Update for the Kirtland Air Force Base Bulk Fuels Facility Fuel Leak Cleanup

SUMMARY:

The Water Authority continues to monitor the progress of corrective action activities being conducted by the U.S. Air Force and the Air Force Civil Engineering Center (AFCEC) to address the Bulk Fuels Facility (BFF) jet fuel leak that has contaminated the aquifer near the Ridgecrest Well Field. Recent activities have included the continued operation of the pump and treat interim measure, testing of the bioventing interim measure, and continued quarterly sampling of groundwater and soil vapor. The Air Force submitted a *Source Zone Characterization Report* that is currently in review with the NMED; Water Authority is reviewing and will submit comments to the NMED.

Water Authority staff continue to review data, work plans, and reports submitted by the Air Force to the NMED. The concerns identified in the Water Authority board's letter to the Air Force in June 2019 remain:

- 1) *Uncertainty in the budget allocated for the site* – Without a budget breakdown it is not possible to verify the Air Force statements that there is enough budget for ongoing site activities (e.g., monitoring, pump and treat, etc.). The budget number provided by the Air Force of \$1.3M is a substantial decrease in funding from previous years.
- 2) *No source area interim measures* – Despite multiple datasets indicating persisting contamination in the source area, on and off base, no additional remediation is being discussed or planned. Until the source area is remediated contamination of groundwater will continue.
- 3) *Flawed Air Force groundwater model* – The Air Force continues to use a groundwater model that likely overstates the effectiveness of capture and progress of plume collapse. Critical concerns include the lack of model calibration, biased-high pumping rates, and lack of independent review.
- 4) *Data gaps in characterization of contamination* – The Water Authority provided comment on the 2017 RCRA Facility Investigation (RFI) Report. A revised RFI Report, titled *Phase I RFI Report*, was submitted in 2018 and none of the comments or concerns submitted by the Water Authority were addressed. This document remains in review with the NMED. It is unclear how the concerns in technical analysis and data gaps will be addressed to reach a final RFI Report. An

NMED-approved, final RFI Report is the critical step to proceeding with the Corrective Measures Evaluation.

No technical working group meetings have occurred since August 6, 2019. The Air Force has held one public meeting since their last presentation to the Water Authority governing board in August 2019.

STAFF COMMENTS:

Water Authority staff have identified questions and concerns in the groundwater data and performance modeling that warrants a technical working group discussion. The Water Authority is an advocate for reconvening the informal, technical discussions for the project. These technical discussions provide an efficient and effective forum for evaluating data and determining a path forward, keeping a pace of rapid progress on the site. There are currently no technical working group meetings scheduled.

FISCAL IMPACT:

None



Customer Assistance Programs

Low Income Credit Program



Benefits



- Monthly bill credit of up to \$21.93
- Good for one year
- May be renewed annually

Eligibility



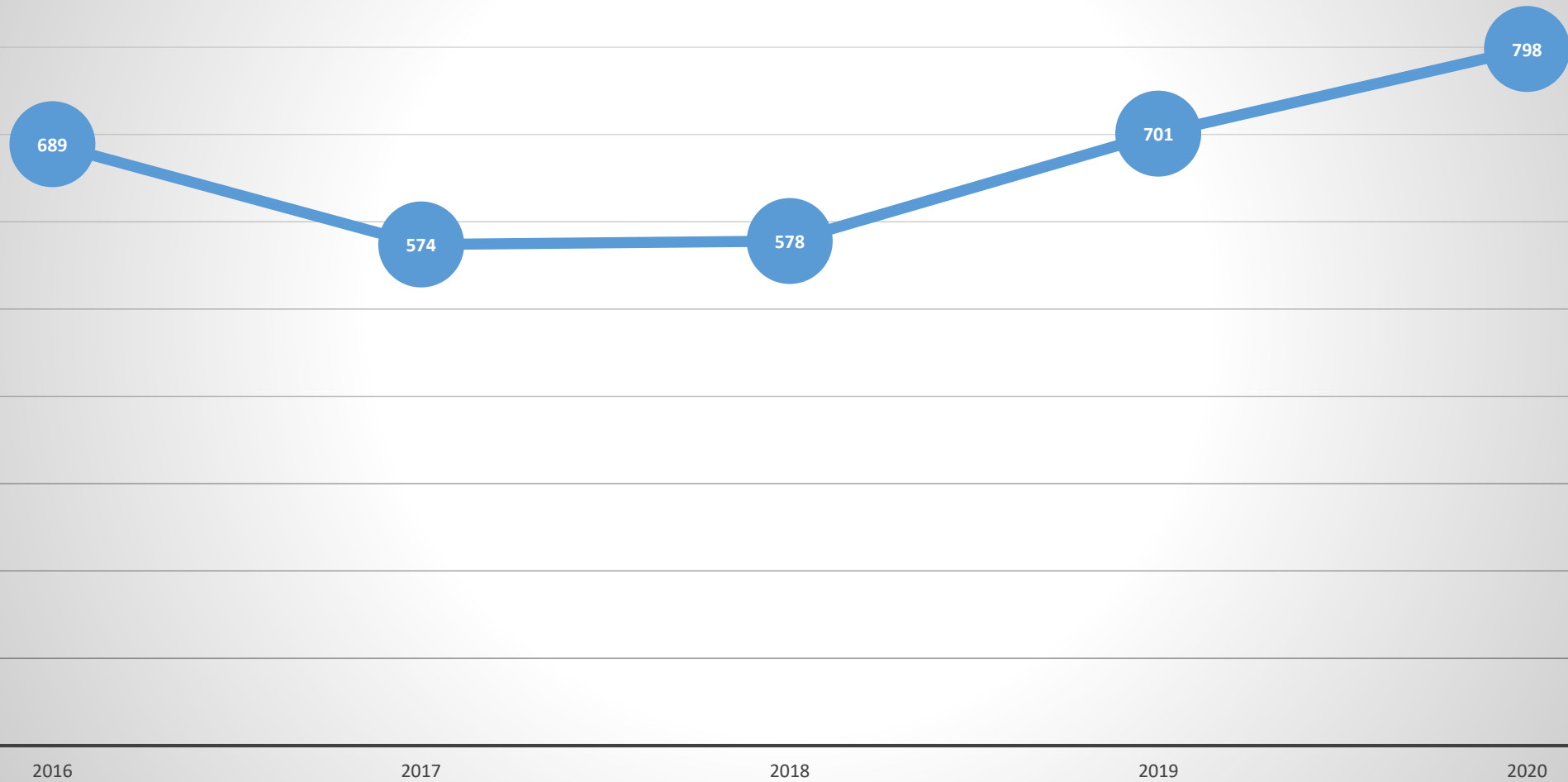
- Be property owner and occupant
- Income is at 150% of poverty level
- Account must be current

Funding

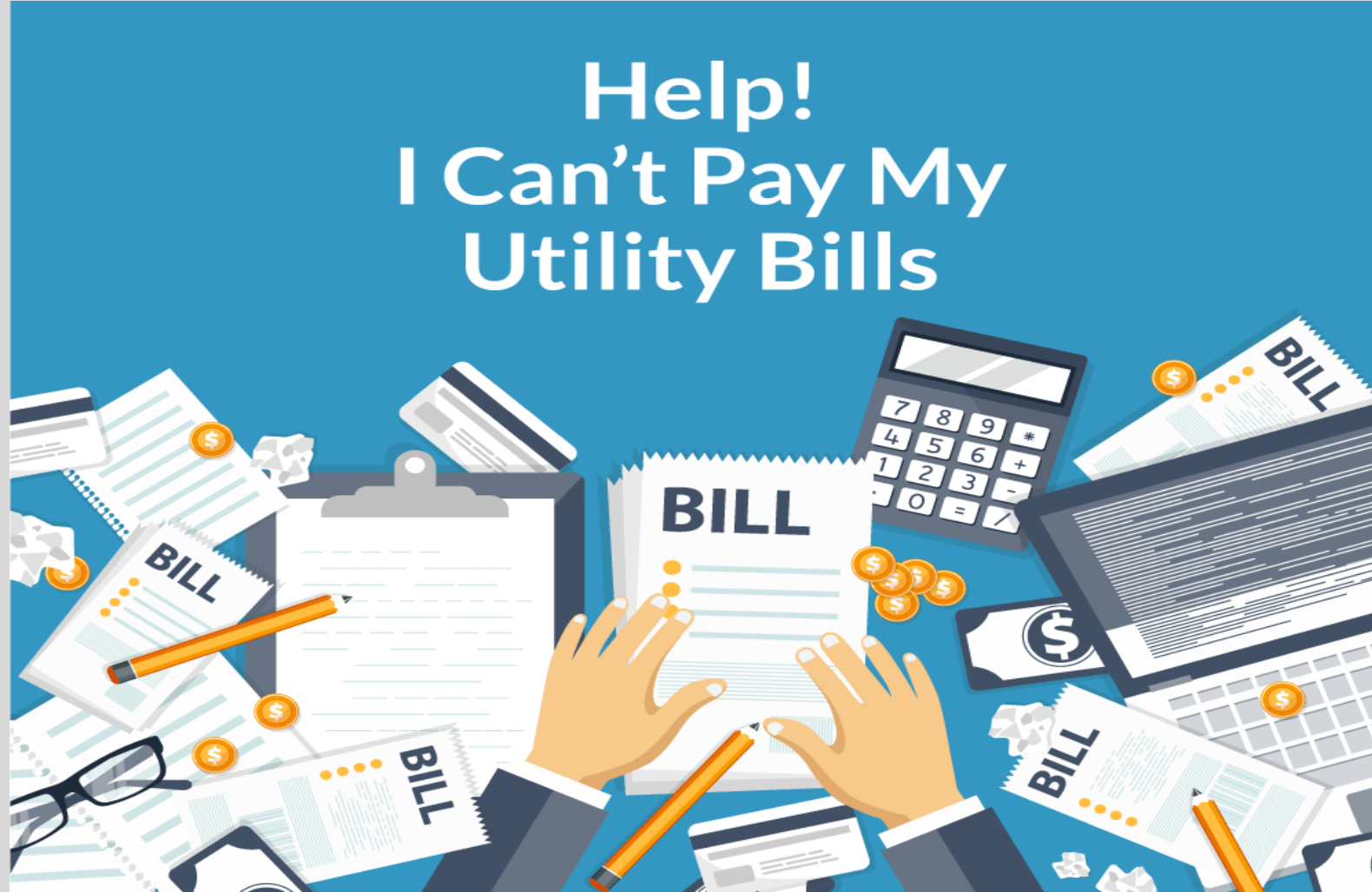


- Included in Rate Ordinance
- Benefits and administrative costs budgeted annually

Low Income Credit Accounts by Fiscal Year



Water Assistance Fund



Benefits



- Grant award up to \$150.00
- LIC participants may receive grant up to \$300 to remain on program

Eligibility



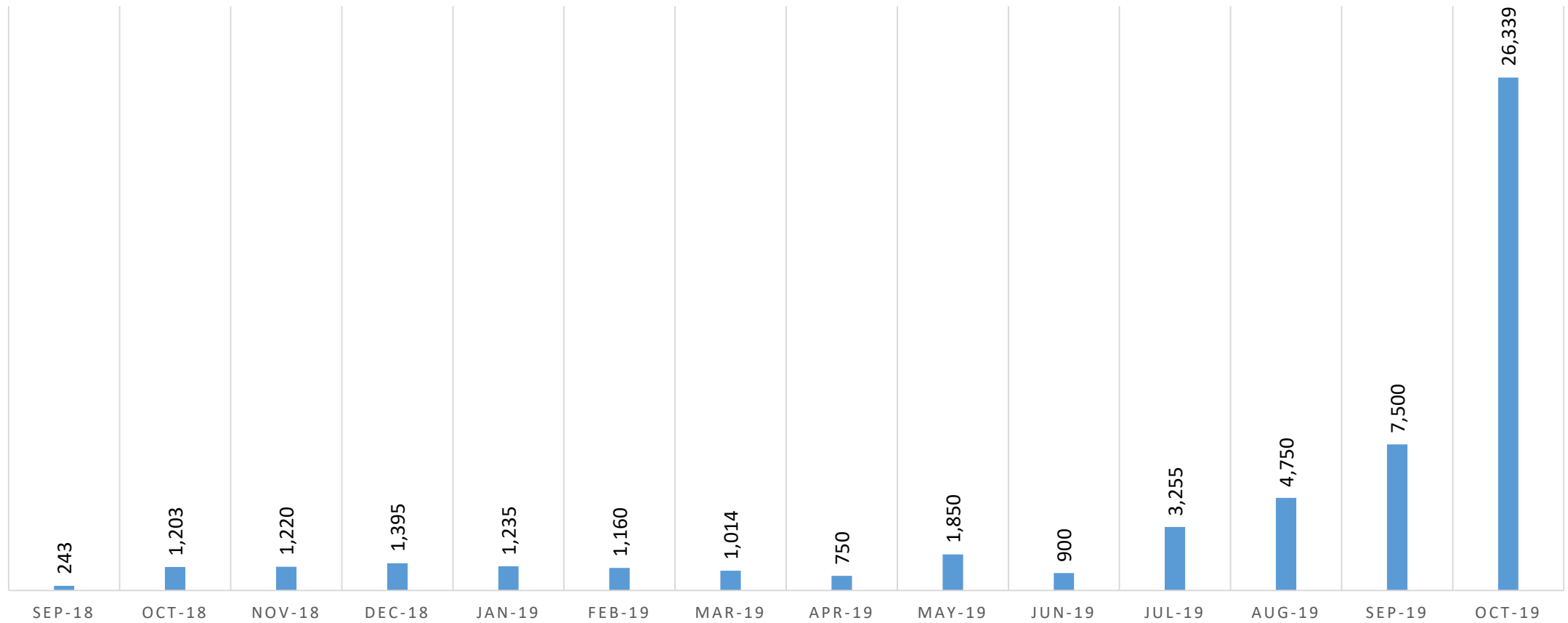
- Property owner-occupant OR tenant
- Income is at 150% of poverty level
- Must have had a qualifying emergency condition in the past 6 months
- Account is past due
- Has not received WAF grant in last 12 months

Funding

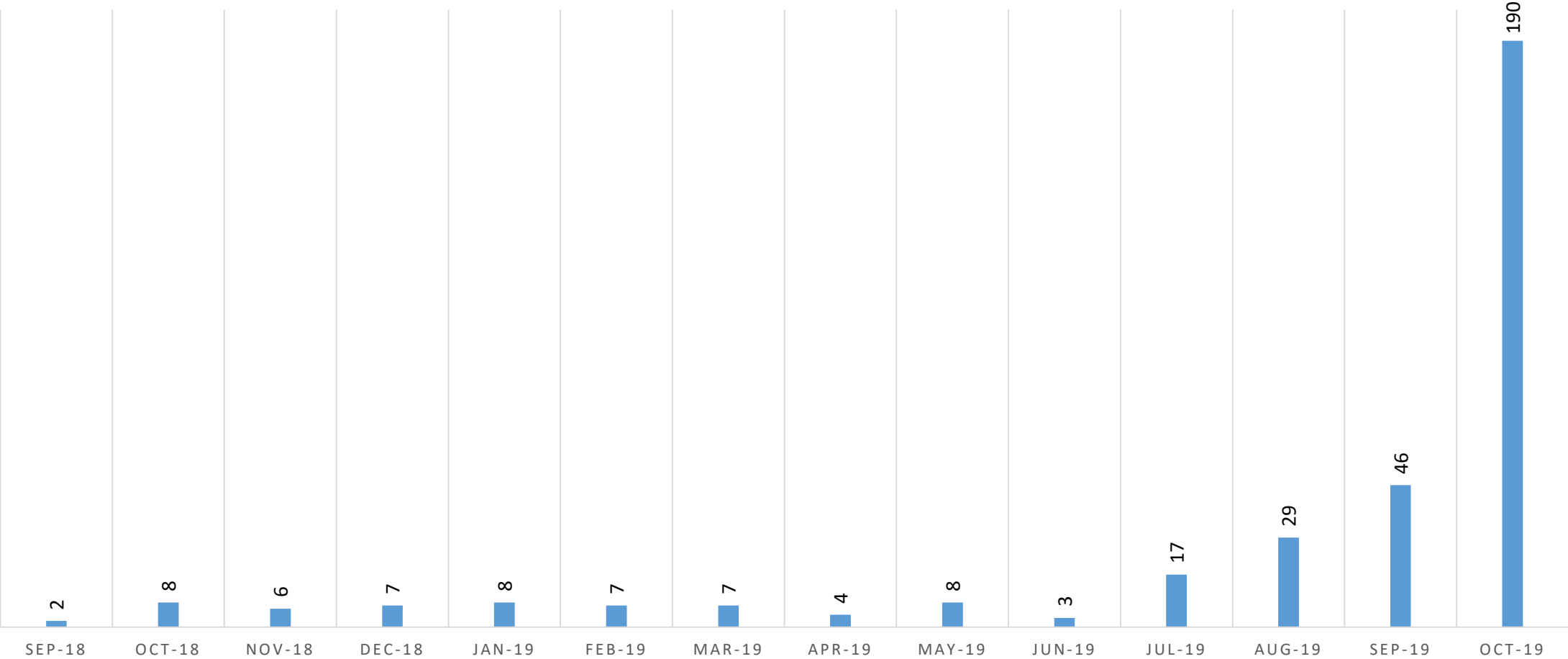


- **Customers** donate with their bill payments
- **Employees** donate through United Way
- **Board Members** authorize additional funds

Water Assistance Fund - Dollars



Water Assistance Fund - Grants



Customer Assistance Program Partners

