Tyrone Water & Wastewater Association
MONTHLY BOARD MEETING
OCTOBER 21, 2026, 6:30 pm
DRAFT MINUTES

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1. President Alan Berg called the meeting to order at 632 pm. Members present at 50 Malachite Avenue: Alan Berg, Roger Cruzan and Nate Siqueiros, Elizabeth Gonzales was present on Zoom. Berg declared that a quorum was present.
2. President Berg entertained a motion to approve the agenda with the deletion of 7. New Business Paragraph b, the consideration of a bid from Beasley, Mitchell & Co. Roger Cruzan made a motion to accept the amended agenda which was seconded by Nate Siqueiros. Berg asked if there was any further discussion on the agenda; hearing none, he asked for a voice vote to approve the modified agenda. The motion was passed unanimously by voice.
3. Approval/disapproval of minutes of September 16, 2026, Board Meeting. Nate Siqueiros made a motion to accept the September 16, 2026 minutes as presented. The motion was seconded by Roger Cruzan. The motion passed unanimously by a voice vote.
4. President Berg entertained a motion to approve the September 2026 financial report from Western Bank. Roger Cruzan made a motion to approve the September 2026 financial report. Nate Siqueiros seconded the motion. Berg called for the question and the motion passed unanimously by a voice vote. The credits and debits for the month of September 2026 are detailed within. (attached to the draft minutes).
5. Approval/disapproval of Local Government Budget Management System (LGBMS) reconciliation statement prepared by High Desert CPAs. President Berg detailed the budgeting sequence for the LGBMS. Step 1: the draft budget is submitted to the membership in May each year at the annual membership meeting. Step 2: is the draft budget that is submitted to the LGBMS analyst assigned to our entity. This is submitted in June of each year. Step 3: the final budget is submitted to LGBMS before July of each budget year. TWWA is on a fiscal business calendar, therefore our current budget year; fiscal year 2027 started on July 1, 2026. Step 4: the budget analyst reviews the ending cash and beginning cash for each fiscal year. The LGBMS team reviewing our budget will not approve our budget until the ending cash and beginning cash are reported as the same amount. One of the problems that we face is that we have changed from accrual accounting to cash accounting. President Berg read the resolution and Nate Siqueiros

made a motion to accept Resolution 2027-05. Roger Cruzan seconded the motion and further discussion was held on how the $92,099.02 difference in cash was reconciled. Antonio Baca CPA with High Desert CPAs came online and explained how he came up with the resolution in the difference in ending cash for FY 2025 and beginning cash for FY 2026. Antonio was asked numerous questions regarding the elements of the difference accounts and how the issue was resolved. Board members had several questions and there was some concern that the Board was uncomfortable in approving the motion. President Berg called for the question and the motion failed unanimously by a roll call vote. President Berg recommended that we take on this issue in another session when we have the time and background information to make an informed decision on Resolution 2027-05.

6. Old Business
    - **a.** Update on water system construction was provided by President Berg, Roger Cruzan, and Nate Siqueiros relating their observations or comments from residents.
    - **b.** Complaints/compliments from owners/residents related to several leaks caused by construction activities; mainly vibrations from the compaction machines.
    - **c.** Construction schedule is now extended to June 2027

7. New Business
    - **a.** President Berg entertained a motion for a $200,000 grant identified as Resolution 2027-04 A RESOLUTION AUTHORIZING PROJECT SAP 26-K2429-GF and the assignment of authorized officers and agents. Roger Cruzan made a motion to adopt Resolution 2027-05. Nate Siqueiros seconded the motion. President Berg explained the details of the 100% grant from the State of New Mexico and administered by the Department of the Environment. These funds will be used for water meter installation as the existing meters are 10 years old and have reached their expected life. TWWA has introduced the concept of TWWA purchasing water directly from the Town of Silver City and taking over billing our residents and receiving revenue from the sale of water. Currently, the Town of

Silver City receives all revenue from the sale of water to Tyrone. President Berg called for the question and the motion passed unanimously by a roll call vote of all four members of the Board.

b. ~~Approval/disapproval of bid from Beasley Mitchell and Co for Fiscal Year 2026 audit (AUP-6)~~

c. President Berg explained that the Tyrone Community Association (TCA) and TWWA co-own the parking lot/playground parcel and there have been certain persons who think the gravel parking lot is their personal sandbox and cut "cookies" which impacts the gravel surfaces. Additionally, our surveillance camera has taken photographs of people conducting unknown business during nighttime hours. Most Tyrone residents and school buses use the lot during daylight hours and shutting the gates between sundown and sunup seems prudent. The Board supported the closing of the gates and TWWA will coordinate with TCA on who will lock the gates and who will open the gates in the morning.

8. Report and Approval of Officers and Committees

a. President's Report-TWWA and the State of New Mexico Environment Department had a conference call on Tuesday October 17, 2026 for the purpose of evaluating our projects, projects costs, and our ability to repay existing and future loans. The State's spreadsheet that shows all our historic and current budgets; our revenue and expenses; and potential project costs, indicate to them that we have a negative loan payment to revenue ratio. It is likely that this analysis will result in the recommendation that TWWA raise rates to cover the expenses/revenue ratio. One option is not to undertake large projects where there is a loan component such as the replacement of all the clay wastewater lines. The current engineer's estimate for that potential project is $13,000,000. The State also recommended updating our rate analysis that was conducted by RCAC last year. They also recommended that we develop a financial plan for all our assets and liabilities.

b. Vice President's Report-none

c. Treasurer's Report-none

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d. Roger Cruzan-member-no report
e. Elizabeth Gonzales-member-no report
f. Water Operator - Eddie Mendoza-no report

9. Input from property owners and residents-none

10. President Berg entertained a motion to adjourn which was made by Roger Cruzan and seconded by Nate Siqueiros. Motion passed by a unanimous voice vote at 740 pm.

11. Attachments:

a. September 2026 Western Bank Statement
b. A RESOLUTION AUTHORIZING PROJECT SAP 26-K2429-GF
c. Reconciliation Statement for LGBMS Fiscal Year 2027 Final Budget

NEW MEXICO CAPITAL OUTLAY GRANT AGREEMENT
CAPITAL APPROPRIATION PROJECT

THIS AGREEMENT is made and entered into by and between the State of New Mexico, New Mexico Environment Department, ("**Department**") and Tyrone Water and Wastewater Association, ("**Grantee**") (individually "**Party**" and collectively "**Parties**"). This Agreement shall be effective as of the date the Department executes it ("**Effective Date**").

WITNESSETH

WHEREAS, in the Laws of 2026, Chapter 71, Section 43, Subsection 40, the Legislature made an appropriation to the Department, funds from which the Department is making available to the Grantee pursuant to this Agreement; and

WHEREAS, the Department is granting to Grantee, and the Grantee is accepting the grant of funds from this appropriation, in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties hereby mutually agree as follows:

AGREEMENT

I. PROJECT DESCRIPTION, GRANT AMOUNT, AND REVERSION

A. SAP 26-K2429-GF ("**Project**") **June 30, 2030** ("**Reversion Date**"). Laws of 2026, Chapter 71, Section 43, Subsection 40, Two Hundred Thousand Dollars, ($200,000.00), to plan, design, construct, furnish and equip water system improvements for the Tyrone water and wastewater association in Grant county;.

B. Grantee's total reimbursements shall not exceed Two Hundred Thousand Dollars $200,000.00 ("**Appropriation Amount**") minus the allocation for Art in Public Places ("**AIPP amount**"), if applicable, No Dollars, $0.00, which equals Two Hundred Thousand Dollars, $200,000.00 ("**Adjusted Appropriation Amount**").

C. In the event of a conflict among the Appropriation Amount, the Reversion Date, as defined herein and/or the purpose of the Project, as set forth in this Agreement, and the corresponding appropriation language in the laws cited above in this Article I, the language of the laws cited herein shall control.

The information contained in Article I is referred to collectively as the "**Project Description**."

II. DISBURSEMENT LIMITATION

A. Upon the Effective Date, the Grantee shall submit to the Department a comprehensive procurement plan and expenditure plan, detailing a Project timeline with milestones, required procurements, and identifying expected expenditures per milestone (collectively, "**Project Budget**"). The Department shall review and approve the Project Budget by approving a Notice of Department's Obligation ("**Notice of Obligation**"), in accordance with the Project Description, a sample of which is attached hereto as **Exhibit B** and incorporated herein by reference. After receipt of approved Notice of Obligation, the Grantee may be reimbursed for allowable costs up to the Adjusted Appropriation Amount. This Agreement and any reimbursements up to the Adjusted Appropriation Amount are expressly conditioned upon the following:

a. Irrespective of any Notice of Obligation, Grantee's expenditures shall be made in accordance with the Project Budget, on or before the Reversion Date and/or, if applicable, any Early Termination Date; and
b. The total amount received by Grantee shall not exceed the lesser of:
    i. the Adjusted Appropriation Amount identified in Article I (B) herein; or
    ii. the total of all amounts stated in the Notice(s) of Obligation evidencing the Department has received and accepted Grantee's Third Party Obligation(s); and
c. Grantee's expenditures are made and accounted for pursuant to the State Procurement Code, State's Model Accounting Practices, and execution of binding written obligations or purchase orders with third-party contractors or vendors for the provision of services, including professional services, or the purchase of tangible personal property and real property for the Project ("**Third Party Obligations**"); and
d. Grantee's submittal of timely Requests for Payment and supporting documentation in accordance with the procedures set forth in this Agreement; and
e. In the event capital assets acquired with Project funds are to be sold, leased, or licensed to or operated by a private entity, the sale, lease, license, or operating agreement:
    i. must be approved by the applicable oversight entity (if any) in accordance with §§ 13-6-2, 13-6-2.1, and 13-6-3; or
    ii. If no oversight entity is required to approve the transaction, the Department of Finance and Administration's Infrastructure Planning Development Division (IPDD) must approve it as complying with the law.

B. Prior to the sale, lease, license, or operating agreement being approved pursuant to Articles II(A)(e) (i) or (ii) herein, the Department may, in its sole and absolute discretion, unless inconsistent with State Board of Finance imposed conditions, reimburse Grantee for necessary expenditures incurred to develop the Project sufficiently to make the sale, lease, license, or operating agreement commercially feasible, limited to planning and design expenditures; and

C. Grantee's submission of documentation of all Third Party Obligations and amendments thereto (including terminations) to the Department and the Department's issuance of a Notice of Obligation for a particular amount in accordance with the terms of this Agreement shall be governed by the following:

a. Grantee is authorized to budget the particular amount set forth in the Notice of Obligation, execute the Third Party Obligation, and request the Third Party to begin work after issuance of a Notice of Obligation by the Department.
b. Grantee acknowledges and agrees that any Third Party Obligations agreed to prior to receiving a Notice of Obligation are its sole responsibility.
c. Grantee shall submit to the Department one copy of all Third Party Obligations and amendments thereto (including terminations) as soon as possible after execution by the Third Party but prior to execution by the Grantee.
d. Department may, in its sole and absolute discretion, issue a Notice of Obligation for the particular amount of a Third Party Obligation that only obligates the Department to reimburse Grantee's expenditures made on or before the Reversion Date or an Early Termination Date. The current Notice of Obligation form is incorporated herein and attached hereto as **Exhibit B**.

D. Grantee shall provide all necessary qualified personnel, materials, and facilities to implement the Project. The Grantee shall finance its share (if any) of the costs of the Project, including all Project overruns.

E. Prior to entering into this Agreement, the Department conducted a risk assessment on the Grantee and a project readiness review for the Project. In accordance with State Model Accounting Practices, FIN 9.2, if the Department determines that the expenditure of Project funds by the Grantee requires special

conditions, those conditions are identified and listed in **Exhibit C**, which is attached and incorporated by reference. The Parties agree that, to the extent the Department, in its sole and absolute discretion, determines additional special conditions are necessary or that existing special conditions are no longer required, it may update **Exhibit C** from time to time without the need for a formal amendment of this Agreement.

F. Project funds shall not be used for purposes other than those authorized by the Department in accordance with the Project Description.

G. Project funds cannot be used to reimburse the Grantee for indirect Project costs unless specifically allowed by law.

III. NOTICES

The following provisions shall apply whenever written notices, including written decisions, are to be given or received related to this Agreement.

A. The Grantee designates the person(s) listed below, or their successor, as their official representative(s) concerning all matters related to this Agreement:

Grantee: Tyrone Water & Wastewater Association
Name: Alan Berg
Title: President Board of Directors
Address: 50 Malachite Avenue Tyrone, New Mexico 88065-0570
Email: tyronenmwaterandwastewaterassn@gmail.com
Telephone: (575) 654-0391

B. The Grantee designates the person(s) listed below, or their successor, as their Fiscal Officer or Fiscal Agent concerning all matters related to this Agreement:

Grantee: Tyrone Water & Wastewater Association
Name: Nathaniel Siqueiros
Title: Vice-President Board of Directors
Address: 50 Malachite Avenue Tyrone, New Mexico 88065-0570
Email: nate.siq@icloud.com
Telephone: (575) 313-7629 (701) 651-1206

C. The Department designates the persons listed below, or their successors, as the Points of Contact for matters related to this Agreement.

Environment Department
Name: Nicholas Kennedy
Program Administrator
NMENV-cpbsap@state.nm.us or nicholas.kennedy@env.nm.gov
Telephone: 505-670-3583

Environment Department
Name: Steven Deal
Project Manager
Email: steven.deal@env.nm.gov
Telephone: 505-670-2926

Environment Department
Sara Rhoton
Technical Section Manager
Sara.rhoton@env.nm.gov
Telephone: 505-469-2687

The Parties agree that all notices, including written decisions, related to this Agreement shall be sent to the persons named above by email or regular mail. For mailings, notices shall be deemed to have been given and received upon the date of the receiving party's actual receipt or five (5) calendar days after mailing, whichever shall first occur. In the case of email transmissions, the notice shall be deemed to have been given and received on the date reflected on the delivery receipt of the email.

IV. TERM & DEADLINE TO EXPEND FUNDS

A. The term of this Agreement shall begin on the Effective Date and terminate on the 30th day of June during the calendar year of the Reversion Date unless Terminated Before Reversion Date ("**Early Termination**") pursuant to Article V herein (collectively "**Term**").

B. The Project's funds must be expended on or before the Reversion Date and, if applicable, the Early Termination Date of this Agreement.

   a. For purposes of this Agreement, it is not sufficient for the Grantee to encumber the Project funds on its books on or before the Reversion Date or Early Termination Date.
   b. For purposes of this Agreement, an expenditure of funds has occurred on the date the particular quantity of goods is delivered to and received by the Grantee, title to the goods is transferred to the Grantee, and/or as of the date particular services are rendered to and accepted by the Grantee.
   c. For purposes of this Agreement, an encumbrance of funds pursuant to a contract or purchase order with a third party does not qualify as an expenditure.

V. EARLY TERMINATION

A. General Provision. The Department may terminate this Agreement before the Reversion Date based on the Completion of the Project, Complete Expenditure of the Adjusted Appropriation, and/or Violation of this Agreement. Early Termination hereunder includes:

   a. Termination due to completion of the Project before the Reversion Date;
   b. Termination due to complete expenditure of the Adjusted Appropriation Amount before the Reversion Date;
   c. Termination for violation of the terms of this Agreement; or
   d. Termination for suspected mishandling of public funds, including but not limited to fraud, waste, abuse, and conflicts of interest.

B. Non-appropriation. This Agreement is expressly contingent upon the New Mexico State Legislature making sufficient appropriations and authorizations for the Project Description.

a. If the Legislature does not appropriate the Appropriation Amount, this Agreement shall terminate upon the Department giving the Grantee written notice of such termination. Such termination shall be effective as of the effective date of the law making the non-appropriation.
    i. The Department's decision as to whether sufficient appropriations or authorizations are available shall be final. Grantee hereby waives any rights to assert an impairment of contract claim against the State of New Mexico in the event of Early Termination of this Agreement.
b. As used herein, "non-appropriate" or "non-appropriation" includes the following actions by the New Mexico Legislature:
    i. Deauthorization, reauthorization, or revocation of a prior authorization.

C. Grant Disbursements in the Event of Early Termination. In the event of Early Termination, the Department's sole and absolute obligation to reimburse the Grantee is expressly conditioned upon the limitations set forth in Article II above.

D. Notice. Either Party may terminate this Agreement prior to the Reversion Date by providing the other Party with a minimum of fifteen (15) days advance written notice of the Early Termination. Grantee hereby waives any rights to assert an impairment of contract claim against the State of New Mexico in the event of Early Termination of this Agreement by the Department.

VI. SUSPENSION OF NEW OR FURTHER OBLIGATIONS

A. Department, in its sole and absolute discretion, may provide written notice to Grantee to suspend entering into further obligations. Upon the receipt of such written notice by the Grantee:

a. Grantee shall immediately suspend entering into new or further written obligations with third parties;
b. Department will suspend the issuance of any new or further Notice of Obligation under this Agreement; and
c. Department may direct the Grantee to implement a corrective action plan in accordance with Article VI (D) herein.

B. In the event of Suspension of this Agreement, the Department's sole and absolute obligation to reimburse the Grantee is expressly conditioned upon the limitations set forth in Article II herein.

C. A suspension of new or further obligations under this Agreement shall remain in effect unless or until the date the Grantee receives written notice given by the Department informing the Grantee that the Suspension has been lifted or that the Agreement has been Early Terminated in accordance with Article V herein. If the Suspension is lifted, the Department will consider further requests for a Notice of Obligation.

D. Corrective Action Plan in the Event of Suspension. Where the Department, in its sole and absolute discretion, directs Grantee to suspend entering into new or further written obligations with third parties pursuant to Article VI(A), the Department may, but is not obligated to, require the Grantee to develop and implement a written corrective action plan to remedy the grounds for the Suspension.

a. Such a corrective action plan must be approved by the Department and be signed by the Grantee.
b. Failure to sign a corrective action plan or meet the terms and deadlines set forth in the signed corrective action plan is hereby deemed a violation of the terms of this Agreement for purposes of Early Termination, Article V(A)(c).

c. A corrective action plan shall be in addition to, and not in lieu of, any other equitable or legal remedy authorized hereunder or at law, including but not limited to Early Termination.

VII. AMENDMENTS

Unless expressly stated otherwise herein, this Agreement shall not be altered, changed, or amended except by an instrument in writing duly executed by both parties hereto with the same formalities as this agreement.

VIII. REPORTING

A. Database Reporting

a. Grantee shall provide the Department with quarterly reports of Project activity, entering the required Project information directly into a database required by the Department.
b. Additionally, Grantee shall certify on each Request for Payment form, attached hereto as **Exhibit A** and incorporated herein, that all information provided in the database is true and accurate, updates to the database have been maintained, and all Project activity complies with applicable law and the terms of this Agreement.
c. Grantee hereby acknowledges that failure to perform and/or certify updates to the database will jeopardize the reimbursement of funds. The Department shall give Grantee a minimum of fourteen (14) days' advance written notice of any changes to the information the Grantee is required to report.
d. At the Department's discretion, all reports required hereunder may be directed to and facilitated through an electronic database.
e. Quarterly reports shall be due on the last day of the month, that is, 30 days prior to the end of the quarter following the execution of this Agreement by the Department and ending during the quarter of the submission of the final request for reimbursement for the Project, or the following quarter.

B. Requests for Additional Information/Project Inspection

During the term of this Agreement and during the period of time during which the Grantee must maintain records pursuant to Article VIII, the Department may:

i. request such additional information regarding the Project as it deems necessary; and
ii. conduct, at reasonable times and upon reasonable notice, onsite inspections of the Project.

Grantee shall respond to such requests for additional information within a reasonable period of time, as established by the Department.

B. Requests for Additional Information/Project Inspection

a. During the term of this Agreement and the Record Retention Period, the Department may:
    i. Request additional information regarding the Project as it deems necessary and
    ii. Conduct on-site inspections of the Project at reasonable times and upon reasonable notice.
b. Grantee shall respond to such requests for additional information within the time established by the Department.

IX. REQUEST FOR PAYMENT PROCEDURES

A. Grantee shall request payment by submitting the form attached hereto as **Exhibit A**. Payment requests are subject to the following procedures:

a. Each Request for Payment must be in accordance with the Project Budget and contain proof of payment by the Grantee or liabilities incurred by the Grantee.
    i. Proof of payment must demonstrate the validity of an expenditure or liabilities incurred by Grantee.
    ii. However, Grantee may be reimbursed for unpaid liabilities only if the Department, in its sole and absolute discretion, agrees to do so and in accordance with any special conditions imposed by the Department.
    iii. The Grantee shall make payment to those contractors or vendors within five (5) business days from the date of receiving reimbursement from the Department or in a shorter period than the Department may prescribe in writing.
    iv. The Department reserves the right to make such payments directly to the contractors or vendors as a special condition under this Agreement.
    v. The Grantee is required to certify to the Department proof of payment to the third-party contractor or vendor within five (5) business days from the date the Department reimburses the Grantee.

B. Until the Project is fully planned, designed, and all necessary procurements identified in the Project Budget are completed, Grantee's reimbursements will be limited to the planning, design, and procurement costs outlined in the Project Budget. Once the planning, designing, and procuring stages are complete, the Grantee must obligate at least ten percent (10%) of the Adjusted Appropriation Amount within one (1) year and must have utilized at least eighty-five percent (85%) of the Adjusted Appropriation Amount six (6) months before the reversion date.

C. Deadlines. Grantee shall submit requests for Payments to the Department on the earlier of:

a. Immediately as Grantee receives them, but at a maximum of thirty (30) days from when Grantee incurred the expenditure or liability; or
b. Twenty (20) days from the date of Early Termination or Reversion Date for expenditures or liabilities incurred before the Early Termination date or Reversion Date.

D. Grantee's failure to abide by the requirements set forth in Article II and Article IX herein may result in the denial of its Request for Payment. Department reserves the right to reject a payment request for the Project unless and until it is satisfied that the expenditures or liabilities are for permissible purposes within the meaning of the Project Description, identified within the Project Budget, and that the Grantee is otherwise in compliance with this Agreement.

a. Department's authority to reject any Request for Payment is in addition to, and not in lieu of, any other legal or equitable remedy available to the Department under this Agreement, at law, or in equity.

X. PROJECT CONDITIONS AND RESTRICTIONS

A. The following general conditions and restrictions shall apply to the Project:

a. The Project's funds must be spent in accordance with all applicable state laws, regulations, policies, and guidelines, including, but not limited to, the State Procurement Code.
b. The Project's expenditures and liabilities must be accounted for in accordance with the State's Model Accounting Practices, as amended from time to time.

c. The Project must be implemented in accordance with the New Mexico Public Works Minimum Wage Act, Section 13-4-10 through 13-4-17 NMSA 1978, as applicable.
d. The Project must provide a public benefit above and beyond any incidental benefit to private entities in accordance with applicable law, including, but not limited to, Article IX, Section 14 of the Constitution of the State of New Mexico.
e. Without prior written approval from the Department and State Board of Finance, for the useful life of any asset purchased under this Agreement, Grantee shall not convert any property acquired, built, renovated, repaired, designed, or developed with Project funds to uses other than those specified in the Project Description.
    i. In addition to other remedies available at law or in equity, any disposal or conversion of property acquired, built, renovated, repaired, designed, or developed with Project funds without the Department's and the Board of Finance's express written approval will trigger the Department's right to reimbursement from Grantee of the Appropriated Amount, transfer proceeds from any disposition of property to the State, or otherwise provide consideration to the State for the Appropriated Amounts.
f. Grantee shall comply with all applicable federal and state laws, rules, and regulations pertaining to civil rights and equal employment opportunity.
    i. In accordance with all such laws, rules, and regulations, the Grantee agrees to assure that no person shall, on the grounds of race, color, national origin, sex, sexual preference, age, or handicap, be excluded from participation in the Project, use of the Project, employment with Grantee, or otherwise be denied benefits/subject to discrimination for any activity performed under this Agreement.
g. Where the Department, in its sole and absolute discretion, determines Grantee has failed to comply with the above conditions and restriction, Grantee agrees to take appropriate steps to correct any deficiencies immediately. The Grantee's failure to implement such appropriate steps within a reasonable time, but no longer than thirty (30) days after notice from the Department, constitutes a breach of this Agreement and grounds for Early Termination.

XI. REPRESENTATIONS AND WARRANTIES

A. Reliance by Department.
    a. Grantee expressly acknowledges that the Department relies on the representations and warranties made by Grantee in this Agreement. Grantee acknowledges that such representations and warranties are a material inducement for the Department to enter into this Agreement and provide the Appropriated Amount.
    b. Grantee shall ensure all representations and warranties provided herein are true, accurate, and complete as of the date of the Effective Date and shall remain so throughout the Term of this Agreement. Grantee is responsible for promptly notifying the Department in writing of any changes or inaccuracies in the representations and warranties contained herein.

B. Grantee hereby represents and warrants the following:

    a. Grantee has taken all necessary steps to attain the legal authority to receive and expend the Project's funds.
    b. Grantee has duly authorized this Agreement, and the person executing it has authority to do so. Once executed by Grantee, this Agreement shall constitute a binding obligation of Grantee, enforceable according to its terms.
    c. Grantee's obligations hereunder do not conflict with any law, ordinance, or resolution applicable to Grantee, Grantee's charter (if applicable), or any judgment or decree to which Grantee is subject.

d. Grantee has independently confirmed that the Project Description, including, but not limited to, the Appropriated Amount and Reversion Date, is consistent with the underlying appropriation in law.
e. Grantee's governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the person identified as the official representative of the Grantee to sign and submit Requests for Payment on behalf of Grantee.
f. Grantee will abide by New Mexico laws regarding conflicts of interest, governmental conduct, and whistleblower protection.
    i. Grantee agrees explicitly none of its officers or employees or its designees or agents, no member of the governing body, and no other public official of Grantee who exercises any function or responsibility with respect to this Agreement, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for the Project.
    ii. Further, Grantee will require all of its contractors to incorporate the language set forth in this paragraph prohibiting conflicts of interest in all subcontracts.
g. No funds have been paid or will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of the State, any agency, or body in connection with the awarding of any Third Party Obligation.
    i. Grantee will require certifying language prohibiting lobbying to be included in the award documents for all subawards, including subcontracts, loans, and cooperative agreements.

C. Consequences of False or Misleading Representations. If any representation or warranty made by Grantee is found to be false or misleading, the Department shall have the right to exercise any or all of the following remedies:

a. **Termination of Agreement:** Department may terminate this Agreement immediately upon written notice to the Grantee.
b. **Repayment of Grant Funds:** Grantee shall repay all Appropriated Amounts disbursed under this Agreement, upon demand by the Department.
c. **Other Remedies:** Department may pursue any other remedies available at law or in equity.

D. Survival of Representations and Warranties. The representations and warranties made by the Grantee shall survive the Early Termination or expiration of this Agreement.

XII. PROJECT RECORDS

A. Grantee shall be strictly accountable for receipts and disbursements relating to the Project's funds. The Grantee shall follow generally accepted accounting principles and the State's Model Accounting Practices and, if feasible, maintain a separate bank account or fund with a separate organizational code to ensure separate budgeting and accounting of the funds.

B. For six (6) years following the Project's completion ("**Record Retention Period**"), Grantee shall maintain all Project-related records, including, but not limited to, all financial records, requests for proposals, invitations to bid, selection and award criteria, contracts and subcontracts, advertisements, minutes of pertinent meetings, as well as records sufficient to fully account for the amount and disposition of the Appropriated Amount from all sources budgeted for the Project, the purpose for which such funds were used, and such other records as the Department may prescribe.

C. Grantee shall make all Project records available to the Department, the Department's Independent Public Accountant, and the New Mexico State Auditor upon request. With respect to the funds that are the subject of this Agreement, if the State Auditor or the Department finds any funds were improperly expended, Grantee shall be required to reimburse the State all amounts found to be improperly expended.

XIII. IMPROPERLY REIMBURSED FUNDS

If the Department determines part or all of the Appropriation Amount was improperly reimbursed to Grantee, including but not limited to funds reimbursed to Grantee based upon fraud, mismanagement, misrepresentation, misuse, violation of law by the Grantee, after ten (10) days' notice to Grantee and the opportunity to return such funds to the Department, the Department may offset any funds due to Grantee from the State, until the Appropriation Amount is fully repaid.

XIV. LIABILITY

Neither Party shall be responsible for liability incurred as a result of the other Party's acts or omissions in connection with this Agreement. Any liability incurred in connection with this Agreement is subject to immunities and limitations of the New Mexico Tort Claims Act.

XV. SCOPE OF AGREEMENT

This Agreement constitutes the entire and exclusive agreement between the Parties concerning the subject matter hereof. The Agreement supersedes all prior or contemporaneous agreements, understandings, discussions, communications, and representations, written or verbal.

XVI. REQUIRED NON-APPROPRIATIONS CLAUSE

A. Grantee acknowledges and agrees to include a "non-appropriations" clause in all contracts between it and other parties that are (i) funded in whole or part by funds made available under this Agreement and (ii) entered into after the effective date of this Agreement that states:

   a. "The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of the State of New Mexico ("**Legislature**") for the performance of this Agreement.
   b. If the Legislature does not make sufficient appropriations and authorization, Tyrone Water and Wastewater Association may immediately terminate this Agreement by giving Contractor written notice of such termination.
   c. Tyrone Water and Wastewater Association's decision as to whether sufficient appropriations are available shall be final and accepted by the Contractor. Contractor hereby waives any rights to assert an impairment of contract claim against the Tyrone Water and Wastewater Association or the State of New Mexico in the event of immediate or Early Termination of this Agreement by the Tyrone Water and Wastewater Association or the State Department of Finance and Administration."

XVII. REQUIRED TERMINATION CLAUSE

A. Grantee acknowledges and agrees to include the following termination clause in all contracts that are (i) funded in whole or part by funds made available under this Agreement and (ii) entered into after the effective date of this Agreement:

   a. "This contract is funded in whole or in part by funds made available by the State of New Mexico ("**State**"). Should the State terminate its Agreement with Tyrone Water and Wastewater Association, Tyrone Water and Wastewater Association may terminate this contract immediately by providing Contractor written notice of such termination.

b. In the event of termination pursuant to this paragraph, Tyrone Water and Wastewater Association only liability to Contractor shall be for goods and services delivered and accepted prior to the termination date."

XVIII. COMPLIANCE WITH UNIFORM FUNDING CRITERIA

A. Throughout the term of this Agreement, Grantee shall:

a. Submit all reports of annual audits and agreed-upon procedures required by § 12-6-3(A)-(B), NMSA 1978 by the due dates established in § 2.2.2 NMAC, reports of which must be a public record pursuant to § 12-6-5(A), NMSA 1978 within forty-five (45) days of delivery to the State Auditor;
b. Have a duly adopted budget for the current fiscal year approved by its budgetary oversight agency (if any);
c. Timely submit all required financial reports to its budgetary oversight agency (if any); and
d. Use accounting methods and procedures consistent with Generally Accepted Accounting Principles and the State's Model Accounting Principals to expend the Appropriated Amount in accordance with applicable law and account for and safeguard Project funds and assets acquired with Project funds.

B. In the event Grantee fails to comply with the requirements of subparagraph A of this Article XVIII, Department may take one or more of the following actions:

a. Suspend new or further obligations pursuant to Article VI(A) of this Agreement;
b. Require the Grantee to develop and implement a written corrective action plan pursuant to Article VI(D) of this Agreement to remedy the non-compliance;
c. Impose special conditions to address the non-compliance by giving Grantee notice of such special conditions in accordance with Article III of this Agreement;
    i. The Parties agree that any special conditions imposed to address non-compliance shall be incorporated into this Agreement, through **Exhibit C**, upon notice to Grantee, without need for formal amendment of this Agreement;
    ii. Special conditions shall be binding and effective on the date that notice is deemed to have been given pursuant to Article III or
d. Terminate this Agreement pursuant to Article V(A) of this Agreement.

XIX. SEVERANCE TAX AND GENERAL OBLIGATION BONDS

A. Grantee acknowledges and agrees that the underlying appropriation for the Project may originate from the issuance of tax-exempt severance tax bonds or general obligation bonds by the State. Proceeds from such bonds are administered by the New Mexico State Board of Finance ("**SBOF**"), an entity separate and distinct from the Department.

a. Grantee acknowledges and agrees:
    i. It is Grantee's responsibility to determine through SBOF what (if any) conditions are currently imposed on the Project;
    ii. Department's failure to inform Grantee of an SBOF-imposed condition does not affect the validity or enforceability of the condition;
    iii. The SBOF may in the future impose further or different conditions upon the Project;
    iv. All SBOF conditions are attached to the Project and Appropriation Amount without the need for formal amendment of this Agreement;

v. All applicable SBOF conditions must be satisfied before the SBOF will release to the Department funds subject to the condition(s) and
vi. The Department's obligation to reimburse Grantee from the Project is expressly contingent upon the satisfaction of the then-current SBOF conditions.

B. Grantee acknowledges and agrees SBOF may, at its sole and absolute discretion, require reimbursement or remove eligibility for bond proceeds for the Project if the Project doesn't proceed sufficiently.

a. Grantee must comply with the requirement to encumber five percent (5%) of Project funds within six months of bond issuance as certified by Grantee in the Bond Questionnaire and Certification documents submitted to the SBOF.
b. Failure to comply may result in the reassignment of the bond proceeds. Upon reassignment of bond proceeds, this Agreement will be suspended until the entity has demonstrated readiness as determined by the SBOF and the Department.

C. Grantee acknowledges and agrees that this Agreement is subject to the SBOF's Bond Project Disbursements rule, § 2.61.6, NMAC, as may be amended from time to time or re-codified.

XX. GENERAL PROVISIONS

A. Assignment: Grantee's rights and obligations under this Agreement are personal and may not be transferred or assigned without the prior written consent of the State. Any attempt at assignment or transfer without such consent shall be void. Any assignment or transfer of Grantee's rights and obligations approved by the State shall be subject to the provisions of this Agreement.

B. Subcontractors: Grantee shall not enter any subgrant or subcontract in connection with its obligations under this Agreement without the prior written approval of the State. Upon request, Grantee shall submit to the Department a copy of each such subgrant or subcontract.

C. Binding Effect: Except as otherwise provided, all provisions of this Agreement, including the benefits and burdens, shall extend to and be binding upon the Parties' respective successors and assigns.

D. Authority: Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations have been duly authorized.

E. Captions and References: The captions and headings in this Agreement are for the convenience of reference only and shall not be used to interpret, define, or limit its provisions. All references in this Agreement to sections (whether spelled out or using the § symbol), subsections, exhibits, or other attachments are references to sections, subsections, exhibits, or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.

F. Counterparts: This Agreement may be executed in multiple, identical, original counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute the same agreement.

G. Digital Signatures: If any signatory signs this agreement using a digital signature in accordance with the State Policies regarding the use of digital signatures, then any agreement or consent to use digital signatures within the electronic system through which that signatory signed shall be incorporated into this Agreement by reference.

H. Modification: Except as otherwise provided in this Agreement, any modification to this Agreement shall only be effective if agreed to in a formal amendment, properly executed and approved in accordance with applicable New Mexico law and State fiscal policies and rules. Modifications permitted under this Agreement, other than Agreement amendments, shall conform to the policies issued by the State.

I. Statutes, Regulations, Fiscal Rules, and Other Authority: Any reference in this Agreement to a statute, regulation, policy, or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended after the Effective Date of this Agreement.

J. External Terms and Conditions: Notwithstanding anything to the contrary herein, the State shall not be subject to any provision included in any terms, conditions, or agreements appearing on Grantee's or a subcontractor's website or any provision incorporated into any click-through or online agreements related to the Work unless that provision is specifically referenced in this Agreement.

K. Severability: The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect, provided that the Parties can continue to perform their obligations under this Agreement in accordance with its intent.

L. Survival of Certain Agreement Terms: Any provision of this Agreement that imposes an obligation on a Party after the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement and shall be enforceable by the other Party.

M. Third Party Beneficiaries: Except for the Parties' respective successors and assigns described in this Agreement, it does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties. Enforcement of this Agreement and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits that third parties receive as a result of this Agreement are incidental to this Agreement and do not create any rights for such third parties.

N. Waiver: A Party's failure or delay in exercising any right, power, or privilege under this Agreement, whether explicit or by lack of enforcement, shall not operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise of such right, power, or privilege.

O. Standard and Manner of Performance: Grantee shall perform its obligations under this Agreement in accordance with the highest standards of care, skill, and diligence in Grantee's industry, trade, or profession.

P. Licenses, Permits, and Other Authorizations: Grantee shall secure, prior to the Effective Date, and maintain at all times during the term of this Agreement, at its sole expense, all licenses, certifications, permits, and other authorizations required to perform its obligations under this Agreement and shall ensure that all employees, agents, and subcontractors secure and maintain at all times during the term of their employment, agency or subcontractor, all license, certifications, permits and other authorizations required to perform their obligations in relation to this Agreement.

Q. Publicity: Any Publicity regarding the subject matter of this Agreement may not be released without prior written approval from the Department. For purposes of this agreement, "**Publicity**" means notices, informational pamphlets, press releases, email responses, research, reports, signs, and similar public notices prepared by or for the Grantee or jointly with others.

    a. Grantee shall obtain written approval prior to issuing any press release or making any public announcement regarding this agreement. Grantee agrees to obtain approval of the Department in advance with respect to all Public Relations, all communications with media, or all

communications with any other member of the public with respect to this agreement, except to acknowledge that an agreement does exist.

b. For purposes of this agreement, “Public Relations” includes community relations and means those activities dedicated to maintaining the Department's image or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

c. Violations of either Article XX (Q)(a) or (b) shall constitute a material Breach of Agreement.

R. Data Sharing: The State intends to secure and collate specific data generated by Grantee under this Agreement to use in support of the State’s organizational, policy-making, and management of public resource functions. State, in accordance with **Exhibit E**, attached hereto and incorporated herein by reference, reserves the right to require Grantee and/or its subcontractors to provide specific data relevant to the above-listed functions. Data provided by Grantee may be incorporated into existing or future developed State integrated analysis tools or databases, including but not limited to geographic information system (GIS) networks and databases accessible by the public. Dissemination of data collected may include historical data and projections based on such historical data.

a. To the extent any data transferred as part of this Agreement is legally determined to be the property of Subrecipient or its subcontractors, Subrecipient and/or its subcontractors grants State a nonexclusive, fully paid-up right and license to reproduce, use, distribute, do derivative works based on, and archive data transferred as part of this Agreement.

S. Venue and Choice of Law: This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico, without regard to any conflict of law provisions. Any legal suit, action, or proceeding arising out of or related to this Agreement shall be instituted exclusively in the district courts located in Santa Fe, New Mexico. The Parties hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such suit, action, or proceeding. The Parties waive any objection to the laying of the venue of any such suit, action, or proceeding in the district courts of Santa Fe, New Mexico, and irrevocably waive and agree not to plead or claim in any such court that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum.

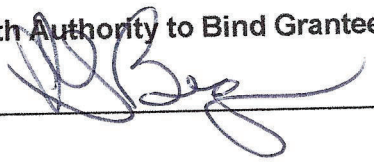
[SIGNATURE PAGE AND EXHIBITS FOLLOW]
[THIS SPACE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Department's date of execution.

APPROVED BY GRANTEE:

Tyrone Water & Wastewater Association
Entity Name

Official with Authority to Bind Grantee:



Signature

Alan G. Berg
(Print Name)

President Board of Directors
(Title)

October 2, 2026
Date

Fiscal Officer or Chief Financial Officer: (OPTIONAL)

Signature

(Print Name)

(Title)

Date

Legal Counsel: (OPTIONAL)

Signature

(Print Name)

(Title)

Date

APPROVED BY DEPARTMENT:

New Mexico Environment Department



Digitally signed by Dennis Romero
Date: 2026.10.26 08:39:41 -06'00'

Dennis Romero, P.E., Bureau Chief, NMED Construction Programs Bureau

Signed pursuant to the July 20, 2026, Secretary of Environment Delegation Order

EXHIBIT A

Request for Payment Form and Certification

Rev. July 2025

NEW MEXICO ENVIRONMENT DEPARTMENT

CONSTRUCTION PROGRAMS BUREAU

NMED DISBURSEMENT REQUEST

SPECIAL APPROPRIATIONS PROGRAM (SAP)

A. NAME OF ENTITY

B. PROJECT NUMBER

C. DISBURSEMENT REQUEST NUMBER

D. GRANT AMOUNT

	PROJECT BUDGET		PREVIOUS EXPENDITURES		CURRENT EXPENDITURES		CUMULATIVE		FUNDS REMAINING	
	NMED PROGRAM	OTHER FUNDS	NMED PROGRAM	OTHER FUNDS	NMED PROGRAM	OTHER FUNDS	NMED PROGRAM	OTHER FUNDS	NMED PROGRAM	OTHER FUNDS
Engineer Fees										
Other Professional										
Service Fees										
Inspection Fees										
Property Acquisition										
Construction Cost										
Planning Cost										
Equipment										
Other Costs (specify)										
Contingencies										
TOTAL										

Article IX.A. (iii). By checking this box you are stating that payment has NOT been paid to the vendors associated with this request. Upon receipt of payment from NMED, certification of payment will be sent within 10 days from the date of receiving reimbursement.

Article IX. A. (ii). By checking this box you are certifying that the vendors associated with this request have been paid.

Certification: I hereby certify that all conditions and requirements for Payments outlined in the Agreement have been met, including but not limited to:

a. ☐Submission and approval of a Project Budget as per Article IV. Section A of the Agreement.

b. ☐Compliance with the Project Budget and expenditure of funds in accordance with the State Procurement Code and the State's Model Accounting Practices.

c. ☐Submission of supporting documentation as required by the Agreement.

d. ☐Maintenance of all necessary records and documentation as stipulated in the Agreement.

Certification: I attest that the information provided is correct; expenditures are properly documented and valid or actual receipts; and that the activity fully complies with Article IX, Sec. 14 of the New Mexico Constitution, known as the "anti-donation" clause.

Certification: I hereby certify that all representations and warranties made in the Agreement remain true, accurate, and complete as of the date of this request, and will continue to be so throughout the term of the Agreement. I acknowledge that these representations and warranties are a material inducement for the Department to approve this pay request.

Reporting Certification: I hereby certify to the best of my knowledge and belief, that the database reporting is up to date; to include the accuracy of the expenditures and grant balance, project status, project phase, achievements and milestones, and in compliance with Artile VIII of the Capital Outlay Grant Agreement.

	Signature of Official Representative:	Typed or Printed Name:	Phone:	Date:
	X			

EXHIBIT B

NOTICE OF OBLIGATION TO REIMBURSE GRANTEE
EXHIBIT B

Notice of Obligation to Reimburse Grantee # _____

DATE: _____

TO: Department Representative: _____, Grant Manager

FROM: Grantee Entity: _____

Grantee Official Representative: _____

SUBJECT: Notice of Obligation to Reimburse Grantee

Grant Number: _____

Grant Termination Date: _____

As the designated representative of the Department for Grant Agreement number _____ entered into between Grantee and the Department, I certify that the Grantee has submitted to the Department the following third party obligation executed, in writing, by the third party's authorized representative:

Vendor or Contractor: _____

Third Party Obligation Amount: _____

Vendor or Contractor: _____

Third Party Obligation Amount: _____

I certify that the State is issuing this Notice of Obligation to Reimburse Grantee for permissible purposes within the scope of the project description, subject to all the terms and conditions of the above referenced Grant Agreement.

Grant Amount (Minus AIPP if applicable): _____

The Amount of this Notice of Obligation: _____

The Total Amount of all Previously Issued Notices of Obligation: _____

The Total Amount of all Notices of Obligation to Date: $ 0.00

Note: Contract amounts may exceed the total grant amount, but the invoices paid by the grant will not exceed the grant amount.

Department Rep. Approver: _____

Title: Grant Manager

Signature: _____

Date: _____

1 Administrative and/or Indirect Cost – generally, the legislation authorizing the issuance of bonds prohibits the use of its proceeds for indirect expenses (e.g. penalty fees or damages other than pay for work performed, attorney fees, and administrative fees). Such use of bond proceeds shall not be allowed unless specifically authorized by statute.

Revised 7/2025

EXHIBIT E

Data Sharing Provisions

Data Sharing Provisions for New Mexico Capital Outlay Agreements

I. Introduction:

This Data Sharing Provisions Exhibit ("Exhibit") is incorporated into the New Mexico Capital Outlay Agreements ("Agreements") between the State of New Mexico ("State") and [Insert Partner Name] ("Partner"). This Exhibit outlines the terms and conditions under which data will be shared between the Parties to ensure compliance with New Mexico state laws and regulations, focusing on data privacy, security, and compliance.

II. Definitions:

a. Authorized User: An employee, agent, assign, representative, independent contractor, or other person or entity authorized by Partner or State to access, use, or disclose information through this exhibit.

b. Confidential Information: All data or information shared in confidence, with the expectation that it will not be disclosed in an identifiable form. This includes data that is exempt from public disclosure under the New Mexico Inspection of Public Records Act (§ 14-2-1 et seq. NMSA 1978) or other relevant laws.

c. Data Storage: Electronic media that hold recorded information.

d. Data Transmission: The process of moving information over a network from its source to one or more destinations.

e. Direct Identifier: Records or data containing personal identifiers such as names, addresses, and social security numbers.

f. Disclosure: Permission to access, release, transfer, or otherwise communicate confidential information by any means to any third party, except as authorized by the Party that controls the record.

g. Encryption involves using algorithms to encode data, rendering it unreadable without a specific key. It may be necessary during data transmission and/or storage.

h. Information: Any data, figures, statistics, or other facts provided or learned about someone or something, including Confidential Information, that may be legally transmitted under this Exhibit.

i. Limited Dataset: A data file that omits Direct Identifiers.

j. Protected Personally Identifiable Information: Sensitive personal details such as social security numbers and financial account numbers, with specific exclusions as outlined in the Agreements.

III. Purpose:

The purpose of this exhibit is to promote transparency, facilitate information sharing between the parties, support better policy and decision-making, and enhance public services through collaborative data analysis from various sources.

IV. Use of Information:

a. Use of Information obtained or created under this exhibit shall be strictly limited to the purposes stated herein and in the agreements. The parties agree not to sell Information to third parties or use it for commercial, solicitation, or political purposes.

b. Each Party shall serve as the custodian of the Information and comply with all conditions for its use, including security measures to prevent unauthorized access.

c. The Parties shall follow all relevant federal and state laws and regulations governing the use of such Information.

V. Safeguarding Information:

a. Confidentiality: Access to Confidential Information shall be limited to the minimum necessary to accomplish the purposes of this Exhibit. Authorized Users must adhere to the confidentiality requirements.

b. Security: Security practices shall comply with the requirements of the New Mexico Department of Information Technology Act and related regulations. The Parties agree to notify each other within three business days of any suspected or actual security breach.

c. Information Storage and Transmission: Data Storage and Transmission shall take place on an encrypted server with appropriate security controls.

VI. Re-Disclosure of Information:

The Parties agree not to disclose Information except as required by law or with prior written approval of the other Party. If there is a public records request, the Party receiving it shall notify the other Party within three business days.

VII. Ownership of Information:

Legal title to Information shall remain with the provider. The Partner grants the State a royalty-free, non-exclusive, non-transferable license to use the Information in furtherance of the purposes outlined in this Exhibit.

Capital Appropriations Certification Document

Article IX. A. (ii) and (iii)

(Tyrone Water and Wastewater Association SAP 26-K2429-GF)

Payment Request No_____

I certify that payment to all vendors on the above referenced payment request were paid no more than ten (10) days after receiving reimbursement from NMED.

Official Representative, Signed Name, Printed Name, Date

ATTACHMENT A

NEW MEXICO ENVIRONMENT DEPARTMENT
CONSTRUCTION PROGRAMS BUREAU

PROJECT BUDGET

GRANTEE: Tyrone Water and Wastewater Association

PROJECT NO: SAP 26-K2429-GF

Please provide a comprehensive procurement plan and expenditure plan, detailing a Project timeline with milestones, required procurements, and identifying expected expenditures per milestone, referred to collectively as the "Project Budget." While it can be difficult to estimate costs and timelines, setting a plan for these can help keep realistic expectations and goals to keep a project moving forward to achieve the project scope and objectives. Contact your NMED-CPB Project Manager with questions.

1) **Expenditure Plan.** Indicate what expenses funding will be used.

Detailed Expenditure Plan CF 6493		
USES OF FUNDS	**NMED PROGRAM**	**OTHER FUNDS**
Engineer Fees		374,850.00
Other Professional		
Service Fees		
Inspection Fees		
Property Acquisition		
Construction Cost		$5,472,550.00
Planning Cost		
Equipment	$200,000	
Other Costs (specify)		
Contingencies		950,918
TOTAL	$ 200,000	$ 6,798,318

2) **Procurement Plan.** Describe how engineering or professional services, construction contractors, equipment, or other goods or services will be procured.

Chief Procurement Officer

All Public Bodies are required by 13-1-95.2 NMSA 1978 to have a Chief Procurement Officer to conduct all procurement activities.

Who is your Chief Procurement Officer (CPO)? Alan G. Berg_____

Describe how you will secure CPO services, if you currently do not have a CPO. _____

_____

Professional Services

Have engineering or professional services already been procured and contracted? Yes_____

If not, describe how you will procure engineering or professional services_____

Reminders:

- COSTS ABOVE $60,000, require solicitation of services via a Request for Proposal (RFP).
- COSTS BELOW $60,000 must adhere to 13-1-125 NMSA 1978 and procurements cannot be artificially divided into smaller units to circumvent legal requirements, such as formal solicitation.
- MULTI-TERM CONTRACTS can be renewed for up to four years 13-1-150 NMSA 1978. Monitor the remaining time on your contracts and plan for renewal in advance.

Construction

Contractors must be hired using a public bidding process for any project over $60,000 (13-1-125 NMSA 1978) and procurements cannot be artificially divided into smaller units to circumvent legal requirements, such as formal solicitation.

Equipment Purchase

Equipment purchase must follow proper procurement code. Please see Chapter 13 Public Purchase and Property NMSA 1978.

3) Project Timeline. Setting a timeline can help keep a project on track to meet required expenditure deadlines. *(An example schedule is provided below.)*

Project Timeline:

OVERALL – MILESTONES		EXPECTED EXPENDITURE PER MILESTONE
ESTIMATED START DATE	December 1, 2026	
5% FUNDS OBLIGATED*	January 15, 2027	$ 10,000
ESTIMATED END DATE	June 30, 2027	$190,000
DETAILED – PHASES		
Develop specifications	1 month	$ 5,000
Advertise for Bids	2 months	$ 5,000
Install meters	6 months	$190000
TOTAL		$ 200,000

***Disclaimer:** You have accepted grant funds on the condition that 5% of these funds are to be obligated in a Notice of Obligation within 6 months of bond issuance in accordance with XIX.B.(STB's only) and at least 10% within one (1) year in accordance with IX.B (all projects).

You can obligate funds by entering into a contract with an engineer or contractor. State Procurement Code must be followed for the purchase of all goods and services.

Your NMED-CPB project manager will be happy to help you navigate these requirements, so that your grant money can be spent, and your project successfully completed.

Example Timeline:

OVERALL – MILESTONES		*EXPECTED EXPENDITURE PER MILESTONE*
ESTIMATED START DATE	Month 0	
5% FUNDS OBLIGATED*	+ 6 months from start date = Month 6	$100,000
ESTIMATED END DATE	Use detailed schedule below. 2.5- 3 years	
DETAILED – PHASES		
HIRE AN ENGINEER	4 months	
PLANNING DOCUMENT	6 months	$25,000
DESIGN, PERMIT	9 months	$60,000
ADVERTISE FOR BID, AWARD PROJECT	6 months (allow for rebid)	
CONSTRUCTION AND ENGINEERING CONSTRUCTION PHASE SERVICES (START TO FINISH)	Varies widely. 6 months to a year, or more.	$750,000 and $15,000
CLOSEOUT CONSTRUCTION/ FUNDS	1 month at end of construction schedule.	
TOTAL		$850,000

4) **Additional Information.** Please use this space below to provide any additional details about your project you would like to share to show your project plan and readiness.

Grantee Signatory Authority

Alan G Berg

Print Name

ATTACHMENT B
TECHNICAL REQUIREMENTS
NEW MEXICO ENVIRONMENT DEPARTMENT
CAPITAL OUTLAY

ARTICLE 1 REVIEW

Upon execution of the grant agreement, the Grantee will follow the procedures listed below unless waived in writing by the New Mexico Environment Department (NMED) (payment may be withheld if any of these procedures are not followed by the Grantee).

A. The Grantee must submit copies to NMED of all unexecuted contracts or quotes the Grantee intends to enter in that are related to the project for the creation of a notice of obligation. Only approved eligible expenditures incurred after the effective date of the Grant Agreement shall be reimbursed or paid from these funds.

B. If grant funds are used for construction, a site certificate must be submitted prior to project bid advertisement that certifies all necessary easements, rights-of-way, and/or property upon or through which the project is being constructed have been obtained. The Site Certificate must be signed by an attorney, engineer, surveyor, or title abstractor.

C. If grant funds are used for meter installation, the Grantee must follow the NMED Guidelines for Meter Upgrade Projects. Meters must be installed before payment can be made. Request a copy of the Guidelines from your NMED Project Manager.

D. If grant funds are used for construction, the Grantee will submit notice of the award and a copy of the executed construction contract documents.

E. The Grantee will provide a full-time construction inspector during construction of the project unless NMED determines that part time inspection is adequate for the project. This must be requested and approved by NMED prior to the start of construction.

F. All daily construction inspection reports shall be made available to the NMED upon request.

G. Notwithstanding the inspections performed by the Grantee and its engineer, NMED will have the right to examine all installations comprising the project, including materials delivered and stored on-site for use on the project. Such examinations will not be considered an inspection for compliance with contract plans but will be a general NMED review as described in Article 2 below.

ARTICLE 2 NMED OVERSIGHT

NMED oversight is only for purposes of compliance with applicable state grant requirements, procedures, statutes, and regulations. NMED approval will not be interpreted as a warranty or guarantee of any kind. Responsibility for the design of the project will lie solely with the engineer of record. All defects and their correction will be the responsibility of the Grantee and its contractors and engineers or consultants. Any questions raised by NMED during its inspections and reviews shall be resolved exclusively by the Grantee. The Grantee and its contractors and engineers or consultants will remain responsible for the completion and success of the project. No action by NMED shall relieve the owner, engineer, or contractor of legal responsibilities for the overall integrity of the project, adequacy of the design, safety, or compliance with all applicable regulations.

ARTICLE 3 CLOSEOUT

A. The project will not be considered complete until the work as defined in this agreement has been fully performed, and finally and unconditionally accepted by the Grantee and the engineer of record.

B. If the grant funds are used for purchase of equipment, final payment will be made after receipt of the equipment and equipment title, if applicable. Appraisal reports are required for the purchase of used equipment.

C. If the grant funds are used for construction, final payment will be made after the following items, unless waived by NMED, have been provided to NMED, and have been reviewed and approved by NMED:

i. A certificate of substantial completion including punch list items.

ii. A final certified construction pay request prepared by the Grantee's project engineer and approved by the Grantee.

iii. A written consent of the surety, if any, to final payment.

iv. Complete and legally effective releases or waivers (satisfactory to the Grantee) of all liens arising out of the contract documents and the labor services performed and the materials and equipment furnished there under. In lieu thereof and as approved by the Grantee, contractor(s) may furnish receipts or releases in full; an affidavit of contractor that the releases and receipts include labor, services, materials, and equipment for which a lien could be filed and that all payrolls, material and equipment bills, and other indebtedness connected with the work for which the Grantee or its property might in any way be responsible, have been paid or otherwise satisfied.

v. Certification letter by the Grantee and contractor that the Labor Standards Contract Provisions have been met.

vi. Certification letter of project acceptance by the Grantee and the Grantee's project engineer stating that work has been satisfactorily completed and the construction contractor has fulfilled all of the obligations required under the contract documents with the Grantee, or if payment and materials performance bonds are "called", an acceptance close-out settlement to the Grantee and contractors will be submitted to NMED.

vii. Certification letter from the Grantee confirming receipt and acceptance of the record drawings and operation and maintenance manuals.

TYRONE WATER & WASTEWATER ASSOCIATION
50 MALACHITE AVENUE TYRONE, NEW MEXICO 88065
RESOLUTION 2027-04

RESOLUTION AUTHORIZING PROJECT SAP 26-K2429-GF AS DESCRIBED IN ATTACHMENT A, and THE ASSIGNMENT OF AUTHORIZED OFFICER(S) AND AGENT(S).

Whereas, the Board of Directors of Tyrone Water & Wastewater Association, County of Grant, the State of New Mexico shall enter into a Grant Agreement with the State of New Mexico Environment Department, and

Whereas, the Agreement is identified as **Project Number** SAP 26-K2429-GF

NOW THEREFORE, BE IT RESOLVED by the named applicant that:

Alan G. Berg President Tyrone Water & Wastewater Association, or successor is authorized to sign the Grant Agreement for this project, and

Nate Siqueiros, Vice-President, Roger Cruzan, Member at Large or successors are the official representatives who are authorized to sign all other documents necessary to fulfill the Grant Agreement and the requirements (Project Description, Disbursements and to act as project contacts, and

Elizabeth Gonzales member at large of Tyrone Water & Wastewater Association or successor is the DFA Database contact who is designated to update the database quarterly per Article VIII. A. of the Intergovernmental Grant Agreement.

Eddie Mendoza, water system operator or successor is the contact who is designated to receive Notice of Obligations (NOO'S).

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY:
Section 1. That all lawful actions taken by the Governing Body and the Governmental Unit and their respective officers and employees in connection with the Application and the Project are hereby ratified, approved and confirmed at a regular monthly board meeting on October 21, 2026.

Alan Berg, President

Nate Siqueiros, Vice President

Roger Cruzan, Member

Elizabeth Gonzales, Member

(seal)

Name of Grantee: Tyrone Water and Wastewater Association Project Number: SAP 26-K2429-GF

Current Authorized Signatures (submit with Signature Resolution, update when necessary)

Authorized to Sign Agreement			
Name	Alan G. Berg	Name	
Title	President Board of Directors	Title	
Signature		Signature	
Address	50 Malachite Avenue	Address	
	Tyrone, New Mexico 88065		
Email	tyronenmwaterandwastewaterassn@gmail.com	Email	
Phone	(575) 654-0391	Phone	
Official Representatives authorized to sign Disbursement Requests and all other documents.			
Name	Nathaniel Siqueiros	Name	Roger Cruzan
Title	Vice-President Board of Directors	Title	Board Member at Large
Signature		Signature	
Address	50 Malachite Avenue	Address	50 Malachite Avenue
	Tyrone, New Mexico 88065		Tyrone, New Mexico 88065
Email	Nate.siq@icloud.com	Email	rdcruzan@hotmail.com
Phone	(701) 651-1206	Phone	(479) 244-6691
Alternate Official Representative, to sign Disbursement Requests and all other documents and act as the Point of Contact.			
Name		Name	
Title		Title	
Signature		Signature	
Address		Address	
Email		Email	
Phone		Phone	
Designated Agent or Employee that will make DFA database updates			
Name	Elizabeth Gonzales	Name	
Title	Board Member at Large	Title	
Signature		Signature	
Address	50 Malachite Avenue	Address	
	Tyrone, New Mexico 88065		
Email	lizmomd@yahoo.com	Email	
Phone	(575) 808-7766	Phone	
Notice of Obligations			
Name	Eddie Mendoza	Name	
Title	Water System Operator	Title	
Signature	No Signature Required	Signature	No Signature Required
Address	50 Malachite Avenue	Address	
	Tyrone, New Mexico 88965		
Email	Operator.emendoza@gmail.com	Email	
Phone	(575) 313-9829	Phone	

WesterniBank
PO Box 490 Lordsburg, NM 88045
Phone: 575-542-3521 • www.bootheelbank.com

MEMBER FDIC

00002445-0006659-0001-0003-TIMR8000540930263540

TYRONE WATER & WASTEWATER ASSOCIATION
PO BOX 570
TYRONE NM 88065

Account Number: [redacted]
Date 09/30/2026
Page 1 of 4

CHECKING PARTNERSHIP AND CORP — CYCLE-004 — 0000[redacted]

PREVIOUS STATEMENT BALANCE AS OF 08/31/26		**341,457.59**
PLUS	27 DEPOSITS AND OTHER CREDITS	41,119.94
LESS	23 CHECKS AND OTHER DEBITS	37,893.40
CURRENT STATEMENT BALANCE AS OF 09/30/26		**344,684.13**

NUMBER OF DAYS IN THIS STATEMENT PERIOD: 30

DEPOSITS / OTHER CREDITS

Date	Description	Amount
09/01	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	150.00
09/02	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	5.00
09/02	DEPOSIT	530.00
09/02	DEPOSIT	985.00
09/03	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	112.50
09/04	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	150.00
09/08	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	150.00
09/08	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	155.00
09/08	AC TWWA asses ONLINE TRFTYRONE WATER & WASTEW	975.00
09/09	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	75.00
09/10	AC Enchan ACH ONLINE TRFTYRONE WATER & WASTEW	150.00
09/10	AC State of New Mex VNDR PYMTD R #1 23 H2423 GF Invoice DR	18,643.10
09/15	DEPOSIT	1,581.34
09/16	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	75.00
09/17	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	75.00
09/18	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	100.00
09/18	DEPOSIT	1,670.00
09/21	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	78.00
09/21	AC BANKCARD DEP DEPOSITTYRONE WATER & WASTEWA	825.00
09/21	AC TWWA 19th ONLINE	13,050.00

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00002445-0006659-0001-0003-TIMR8000540930263540(00002445)-000006661

WesternBank
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[redacted]

MEMBER FDIC

Account Number: [redacted]
Date 09/30/2026

TYRONE WATER & WASTEWATER ASSOCIATION
PO BOX 570
TYRONE NM 88065

DEPOSITS / OTHER CREDITS

Date	Description	Amount
09/23	TRFTYRONE WATER & WASTEW AC BANKCARD DEP	50.00
09/24	DEPOSITTYRONE WATER & WASTEWA AC BANKCARD DEP	300.00
09/25	DEPOSITTYRONE WATER & WASTEWA AC BANKCARD DEP	150.00
09/28	DEPOSITTYRONE WATER & WASTEWA AC BANKCARD DEP	80.00
09/29	DEPOSITTYRONE WATER & WASTEWA AC BANKCARD DEP	100.00
09/30	DEPOSITTYRONE WATER & WASTEWA AC BANKCARD DEP	75.00
09/30	DEPOSITTYRONE WATER & WASTEWA DEPOSIT	830.00

ELECTRONIC / NON-CHECK TRANSACTIONS

Date	Description	Amount
09/02	AC BANKCARD MERCH	50.40
09/02	FEESTYRONE PROPERTY OWNERS AC BANKCARD MERCH	50.40
09/02	FEESTYRONE PROPERTY OWNERS AC Admin Supp ONLINE	253.20
09/02	TRFTYRONE WATER & WASTEW AC NM Finance PPRF WEB	1,630.34
09/02	PAYTyrone Water & Wastewa AC THE CINCINNATI I	1,736.00
09/04	BILLPAYALAN BERG AC Invoice ONLINE	200.52
09/04	TRFTYRONE WATER & WASTEW AC CIF6739 ONLINE	5,744.06
09/08	TRFTYRONE WATER & WASTEW AC INTUIT * QBooks	61.13
09/08	OnlTYRONE WATER AND WASTE AC BANKCARD DEP BILLING	129.70
09/09	METyrone water ORIGINATED ACH ITEM RETURNED	75.00
09/15	Adriane Torres G7 AC SWH2O reim ONLINE	405.34
09/15	TRFTYRONE WATER & WASTEW AC Operator ONLINE	2,843.75
09/16	TRFTYRONE WATER & WASTEW AC Office Adm ONLINE	195.00
09/16	TRFTYRONE WATER & WASTEW AC CESDeMent ONLINE	18,879.09
09/18	TRFTYRONE WATER & WASTEW AC PNM ELECTRIC SER ele/gs	620.34

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MEMBER FDIC

EQUAL HOUSING LENDER

TYRONE WATER & WASTEWATER ASSOCIATION
PO BOX 570
TYRONE NM 88065

Account Number: [redacted]
Date 09/30/2026

ELECTRONIC / NON-CHECK TRANSACTIONS

Date	Description	Amount
09/21	blTYRONE WATER AND WASTE AC WMN COMM BILLPAYTYRONE WATER WASTEWA	179.98
09/22	ORIGINATED ACH ITEM RETURNED Moly Pena P12	75.00
09/24	AC VERIZON WIRELESS PAYMENTS000000005713592780000l	99.40
09/30	AC Gracie P ONLINE TRFTYRONE WATER & WASTEW	225.00
09/30	AC Operator ONLINE TRFTYRONE WATER & WASTEW	2,843.75

CHECK TRANSACTIONS

Date	Serial	Amount	Date	Serial	Amount	Date	Serial	Amount
09/02	2549	511.06	09/08	2550	216.24	09/23	2551	868.70

(*) Asterisk denotes skip in check sequence

BALANCE BY DATE

Date	Balance	Date	Balance	Date	Balance	Date	Balance
08/31	341,457.59	09/01	341,607.59	09/02	338,896.19	09/03	339,008.69
09/04	333,214.11	09/08	334,087.04	09/10	352,880.14	09/15	351,212.39
09/16	332,213.30	09/17	332,288.30	09/18	333,437.96	09/21	347,210.98
09/22	347,135.98	09/23	346,317.28	09/24	346,517.88	09/25	346,667.88
09/28	346,747.88	09/29	346,847.88	09/30	344,684.13		

#EFFECTIVE JULY 1, 2025 WE HAVE INCREASED THE AMOUNT WE MAKE AVAILABLE FOR WITHDRAWAL ON THE NEXT BUSINESS DAY FOR CERTAIN CHECK DEPOSITS FROM $225 TO $275#

Tyrone Water and Wastewater Association

FY2026 Fourth Quarter (Q4M3) LGBMS Report Revision

Supporting Explanation and Schedules - Fund 52100 Joint Utility

To:	DFA Local Government Division - Budget and Finance Bureau analyst
Entity:	Tyrone Water and Wastewater Association
Report:	FY2026 Q4M3 Reporting Items and FY2027 Final Budget beginning balances
Date:	September 24, 2026
Prepared by:	_____ (contract bookkeeper)

1. Purpose

LGD notified the Association that FY2026 Q4 ending cash of $499,933.05 did not agree to FY2027 beginning cash and investments of $407,834.03, a difference of $92,099.02. The original Q4 report was prepared from a combined profit and loss statement that joined the prior bookkeeper's July-December 2025 report with the current January-June 2026 report. The Association has re-reconciled FY2026 to the cash-basis general ledgers of both QuickBooks files. This document explains the revised Q4 amounts, the cash adjustment, and the FY2027 beginning balances.

2. Reconciliation of the $92,099.02 difference

Cause	Amount
Expenditures under-reported on the original Q4 report (Schedule A)	59,254.22
Revenues under-reported on the original Q4 report (Schedule A)	(14,321.69)
QuickBooks conversion difference, 12/31/2025 to 1/1/2026	9,602.66
Undeposited Funds at 6/30/2026 (recorded as revenue, not deposited)	1,726.83
NMFA PPRF-6659 debt service reserve included in FY2026 beginning cash but omitted from FY2027 beginning cash	35,837.00
Total difference	**92,099.02**

The first two items are corrected by revising eight Q4 lines (Section 3). The next two are processed as a cash adjustment (Section 5). The NMFA reserve is added to FY2027 beginning restricted cash (Section 6).

3. Revised Q4 amounts (eight lines revised; all other lines unchanged)

LGBMS account	Previously reported YTD	Change	Revised YTD
44230 Utility Service Fees	315,539.00	14,294.52	329,833.52
46030 Interest Income	810.00	27.17	837.17
54010 Maintenance & Repairs - Building/Structure	36,120.00	6,050.00	42,170.00
55030 Contract - Professional Services	70,298.00	(4,865.37)	65,432.63
57070 Insurance - General Liability/Property	29,504.00	21,133.69	50,637.69
57999 Other Operating Costs	25,182.00	2,268.49	27,450.49
58040 Infrastructure	45,844.00	27,353.67	73,197.67
59010 Debt Service - Principal Payments	7,644.00	7,313.74	14,957.74
Total revenues	**443,707.00**	**14,321.69**	**458,028.69**
Total expenditures	**309,935.00**	**59,254.22**	**369,189.22**

LGBMS account	Previously reported YTD	Change	Revised YTD
Net FY2026 activity	**133,772.00**	**(44,932.53)**	**88,839.47**

Classification carried from the original report and retained for FY2026: the July-December 2025 state grant ($25,980.23) is in 46900; July-December 2025 PPRF-6659 interest is in 57999; the March 2026 truck payment ($17,923.32) is in 58040; legal fees are in 55030. Beginning with FY2027 Q1 these items will be reported on their own LGBMS lines.

Schedule A - Why the original Q4 report differed: accrual and cash bases were mixed

LGBMS reporting is on the cash basis. The combined profit and loss used for the original Q4 report joined the prior bookkeeper's July-December 2025 report, which was on the accrual basis, with the current January-June 2026 report on the cash basis. At the seam, bills accrued in December 2025 and paid in January 2026 were counted twice, while June 2025 bills paid in July 2025 and cash collected on prior billings were left out. In addition, some January-June lines were not carried into the combined report, entries were posted after the 7/14/2026 report was run, and certain cash payments were recorded on the balance sheet in QuickBooks.

Cause	Revenues	Expenditures	Net effect on cash
1. Accrual/cash basis mix (July-December 2025)	9,892.51	17,548.29	(7,655.78)
2. Lines omitted when combining the two reports	8,668.50	4,047.64	4,620.86
3. Postings after the 7/14/2026 report was run	(4,266.73)	75.00	(4,341.73)
4. Cash paid but recorded on the balance sheet (prepaid insurance, loan principal)	-	37,556.74	(37,556.74)
5. Interest netted in prior file, reported gross	27.15	27.15	-
6. Rounding (LGBMS whole dollars vs QuickBooks cents)	0.26	(0.60)	0.86
Total	**14,321.69**	**59,254.22**	**(44,932.53)**

Detail of cause 1 - accrual/cash basis mix. Revenue: utility fees collected in cash July-December 2025 ($153,456.51) exceeded the accrual billings in the prior report ($143,564.00) by $9,892.51. Expenditures:

Item	Amount
Grant expense billed June 2025, paid July 2025 (58040)	19,709.64
Repair bills billed June 2025, paid July 2025 (54010)	6,049.64
Cincinnati Insurance payment in cash ledger, not in accrual report (57070)	1,440.00
Office supplies, postage and bank charges timing (57999)	255.15
December 2025 accounting accrued, paid January 2026 - counted twice (55030)	(4,865.00)
December 2025 insurance accrued, paid January 2026 - counted twice (57070)	(2,905.00)
December 2025 accrual of an additional PPRF-6659 interest payment not paid in 2025 (57999)	(2,136.14)
Net expenditure effect	**17,548.29**

Cause 2: April 2026 utility service fees ($8,668.50); June 2026 uncategorized expense ($2,849.94); propane ($757.70); July-December 2025 dues ($440.00). Cause 3: net changes to utility fee and unapplied payment postings ($4,266.73) and reconciliation discrepancies ($75.00) recorded after the 7/14/2026 report. Cause 4: Mahoney Group 3-year policy paid August 2025 ($22,599.00, recorded as prepaid insurance) and loan principal recorded against the loan liabilities (PPRF-6659 $11,262.58; CIF-5799 $3,695.16).

Schedule B - Composition of each revised line

LGBMS account	Components	Change
44230 Utility Service Fees	Cash collections vs accrual billings 9,892.51; April 44230 omitted 8,668.50; later postings (4,266.73); rounding 0.24	14,294.52
46030 Interest Income	Interest netted in prior file 27.15; rounding 0.02	27.17
54010 Maintenance & Repairs	June 2025 bills paid July 2025 6,049.64; rounding 0.36	6,050.00
55030 Professional Services	December 2025 accounting counted twice (4,865.00); rounding (0.37)	(4,865.37)
57070 Insurance	Prepaid 3-year policy 22,599.00; payment in cash ledger 1,440.00; December accrual counted twice (2,905.00); rounding (0.31)	21,133.69
57999 Other Operating Costs	Uncategorized 2,849.94; propane 757.70; dues 440.00; office/bank timing 255.15; later postings 75.00; interest gross-up 27.15; December interest accrual (2,136.14); rounding (0.31)	2,268.49
58040 Infrastructure	June 2025 grant expense paid July 2025 19,709.64; 4/28/2026 RIP00056 project payment reclassified from 59010 7,644.28; rounding (0.25)	27,353.67
59010 Principal	PPRF-6659 principal 11,262.58 and CIF-5799 principal 3,695.16 recorded against loan liabilities; RIP00056 payment moved to 58040 (7,644.28); rounding 0.28	7,313.74
Total revenue lines (44230, 46030)		**14,321.69**
Total expenditure lines (54010 through 59010)		**59,254.22**

4. Basis of the revised amounts

Revised totals equal the cash-basis general ledgers of both QuickBooks files (run 9/24/2026), mapped to LGBMS accounts, with these budgetary-basis adjustments: the prepaid insurance payment and loan principal payments are reported as expenditures when paid; journal entry 16 dated 1/1/2026, a non-cash reclassification of imported receivables, is excluded from revenue; Unapplied Cash Payment Revenue (customer payments received) is reported as utility service fees; and money market interest netted against interest expense in the prior file is reported gross. The account-level crosswalk and adjustment schedule are uploaded with this document.

5. FY2026 cash roll-forward and cash adjustment

Line	Amount
FY2026 beginning cash (7/1/2025)	366,161.05
Add revised revenues	458,028.69
Less revised expenditures	(369,189.22)
FY2026 ending balance before cash adjustment	**455,000.52**
Western Bank #7964 operations (book balance 6/30/2026)	322,761.88
Western Bank money markets #8277, #8286, #8295, #8268	85,072.15
NMFA PPRF-6659 debt service reserve (NMFA statement 6/30/2026)	35,837.00
Actual cash and investments, 6/30/2026	**443,671.03**
Cash adjustment (Reporting Module)	**(11,329.49)**

Line	Amount
QuickBooks conversion difference 12/31/2025 to 1/1/2026	(9,602.66)
Undeposited Funds at 6/30/2026	(1,726.83)

The cash adjustment reflects cash differences that are not current-year revenue or expenditures: book cash in the prior bookkeeper's file at 12/31/2025 ($358,783.28) exceeded the opening balances established in the current file ($349,180.62), and customer receipts of $1,726.83 recorded in Undeposited Funds were not in the bank at 6/30/2026. The Association will resolve both items in QuickBooks using the 12/31/2025 bank statements, including whether the January 2026 PPRF-6659 payment was recorded, and will report any resulting correction in FY2027.

6. FY2027 beginning balances

FY2027 final budget line	Current	Revised
10101 Unrestricted Cash	322,761.88	322,761.88
10102 Restricted Cash (NMFA debt service reserve)	0.00	35,837.00
10103 Investments (money markets)	85,072.15	85,072.15
FY2027 beginning cash and investments	**407,834.03**	**443,671.03**
59010 Debt Service - Principal Payments	16,514.16	16,572.00

Revised FY2027 beginning cash and investments ($443,671.03) equals the FY2026 ending balance after the cash adjustment. The principal budget is revised to the NMFA monthly schedule (PPRF-6659 $12,876.84 plus CIF-5799 $3,695.16). FY2026 was reported in fund 52100 Joint Utility and the FY2027 budget was entered in fund 11000 General Operating Fund; the Association requests LGD guidance on the fund to be used so beginning cash carries forward in the same fund.

7. Budget compliance

With the revisions, 55030 Professional Services ($65,432.63 vs budget $50,000.00) and 57070 Insurance ($50,637.69 vs budget $30,000.00) exceed their FY2026 adjusted budgets; 57070 includes a three-year policy paid in full in August 2025. Lines 56020, 57150 and 57170 were already reported above budget and are unchanged. The Association acknowledges these overexpenditures (Section 6-6-6 NMSA 1978) and will budget these costs at realistic levels and request budget adjustments before expending in FY2027.

8. Corrective actions

1. Prepare all quarterly reports from cash-basis QuickBooks reports only, and report FY2027 actuals at the individual LGBMS line level from a documented crosswalk.
2. Reconcile all bank accounts at 12/31/2025 and correct the QuickBooks opening balances; resolve Undeposited Funds.
3. Report prepaid insurance and loan principal payments as expenditures in LGBMS each quarter when paid.
4. Add the NMFA debt service reserve to the books and reconcile it to NMFA statements quarterly.
5. Confirm the classification of the 4/28/2026 RIP00056 payment ($7,644.28) and the NMFA PPRF-6659 payment history for January-February 2026.

9. Supporting documents uploaded

6. Option B keying and adjustment workbook (adjustments by cause, cash-basis GL crosswalk, cash roll-forward)
7. QuickBooks general ledgers, cash basis: July-December 2025 (prior bookkeeper) and January-June 2026 (current)
8. Combined profit and loss by month used for the original Q4 report
9. 6/30/2026 bank reconciliations: Western Bank #7964, #8277, #8286, #8295, #8268

10. NMFA PPRF-6659 debt service reserve statement at 6/30/2026; PPRF-6659 and CIF-5799 amortization schedules

Prepared by	Reviewed and approved by
Signature: _____	Signature: _____
Name: _____	Name / Title: _____
Date: _____	Date: _____