

Work Session of the City Council, City of Farmington, New Mexico, held Tuesday, January 17, 2023 at 9:00 a.m. in the Executive Conference Room at City Hall, 800 Municipal Drive, Farmington, New Mexico, in full conformity with the rules, regulations and ordinances of the municipality.

At such meeting the following were present, constituting a quorum:

MAYOR	Nate Duckett
COUNCILORS	Linda G. Rodgers Jeanine Bingham-Kelly Janis Jakino
PRESENT BY ELECTRONIC MEANS (ZOOM) PURSUANT TO RESOLUTION NO. 2013-1483	Sean E. Sharer

constituting all the members of the Governing Body.

Also present were:

CITY MANAGER	Rob Mayes
ASSISTANT CITY MANAGER	Julie Baird
CITY ATTORNEY	Jennifer Breakell
CITY CLERK	Andrea Jones
DEPUTY CITY CLERK	Anita Vigil

ANNUAL AUDIT/COMPREHENSIVE ANNUAL FINANCIAL REPORT/
RESOLUTION NO. 2023-1883

Administrative Services Director Teresa Emrich introduced Chris Garner of Pattillo, Brown & Hill, LLP. Utilizing a PowerPoint presentation, Mr. Garner explained that the audit's purpose is to form and express an opinion about whether the financial statements prepared by the City are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP") and to provide reasonable assurance on whether the financial statements are free of material misstatement. He provided the audit's required communications and any findings, and he reported that the City's Fiscal Year 2022 audit resulted in an unmodified or "clean" opinion. He pointed out that the City has once again submitted an annual comprehensive financial report (ACFR), going "above and beyond" required GAAP reporting standards and has received the Government Finance Officers Association certificate of achievement for Excellence in Financial Reporting for 28 years.

Mayor Duckett thanked Mr. Garner for his presentation and he asserted "28 years of Excellence" informs the public that money is properly accounted for using all the appropriate methodologies and procedures.

Councilor Rodgers echoed the Mayor's sentiments and she congratulated Ms. Emrich and the Administrative Services team on their award. Ms. Emrich recognized her staff members Brooke Quintana, Naline Jose and Cory LeClaire who were present in the audience.

Thereupon, a motion was made by Councilor Rodgers, seconded by Councilor Jakino to pass and adopt Resolution No. 2023-1883 accepting and approving the Fiscal Year 2022 audit, as presented. The roll was called with the following result:

Those voting aye:	Linda G. Rodgers Sean E. Sharer Jeanine Bingham-Kelly Janis Jakino
Those voting nay:	None

The presiding officer thereupon declared that four Councilors having voted in favor, the said motion carried and Resolution No. 2023-1883 was duly passed and adopted.

PRESENTATION/COLD MILLED STREETS PROGRAM

Providing opening remarks, Community Works Director David Sypher praised the Streets Division for being two years ahead of schedule on the Cold Milled Streets Program and he introduced City Engineer Isaac Blue Eyes to provide an informational update. Utilizing a PowerPoint presentation, Mr. Blue Eyes explained the Council adopted the 20-year program in 2017 for the purpose of paving all dirt streets within the city-limits by 2037. He reported the dirt streets list is continually updated and he reviewed the mandatory prerequisites and ranking matrix employed in scoring the list. Providing a sequence of events leading up to paving, Mr. Blue Eyes explained that staff verifies the dirt streets have met prerequisites before sending surveys the affected property owners 60 days prior to paving. He pointed out that 50 percent concurrence is required for paving and if more than 50 percent of those respondents are against the project then the street is removed from the list. Mr. Blue Eyes advised that paving begins in April or May, each street is typically closed for a one hour duration, and notification of that closure is provided on all message boards one week in advance and to affected parties' 48 hours in advance using door-hanger notices. He reviewed the street construction process and provided a cost comparison of maintaining cold mill paved streets to a dirt street, pointing out that the payback period is approximately 6.1 years. Concluding the presentation, Mr. Blue Eyes announced that Washington Avenue, Illes Avenue, Gila Street and English Road are proposed for 2023 and he provided before and after photos of recently completed streets.

Responding to a question from Councilor Rodgers, Mr. Blue Eyes affirmed the dirt streets being considered must already be maintained by the City for at least five years.

FARMINGTON LAKE/DAM RAISE STUDY

Mr. Sypher explained that today's presentation addresses the City's long-term need to meet future regional water demands, observing that local studies for new dam locations yielded few sites at tremendous cost and daunting "regulatory humps", and he opined that few options could be more impactful than raising the dam at Lake Farmington. To underscore the importance of undertaking a project that will span decades and cost an estimated \$100 million, Mr. Sypher reviewed area drought conditions, decreasing snowpack and the precipitation outlook. He provided comparable reservoir statistics and photographs of Navajo Lake, Lake Mead and Lake Powell, having reached 50, 27 and 26 percent capacity, respectively, last year and he pointed out that much of Farmington's allotted water rights "flow by" without a place to capture the water. Referring to a Phase 1 study completed in 2017, Mr. Sypher noted a complete review of existing data and preliminary development concepts provide a scope of work for the next phase of study being proposed today to raise Lake Farmington's dam by 25 feet for a 73 percent increase in capacity. He announced the next study would garner geological data, qualify the dam for grants and essentially "pre-design" the project for construction. Mr. Sypher advised that staff is recommending application to the New Mexico Finance Authority ("NMFA") for the estimated phase study cost of \$5 million, an additional application to the NMFA for the allowable \$2.5 million in loan forgiveness and application to the San Juan Water Commission ("SJWC") for a \$2.5 million grant, subject to several federal loan forgiveness programs. Mr. Sypher explained the next phase study is designed for generational use with some components remaining valid forever and he thanked the Council for their "vision" of Farmington's future.

Lively conversation ensued with Mr. Sypher and City Manager Rob Mayes answering several questions from the Council. Mr. Mayes accredited today's excellent water capacity a result the foresight and planning efforts from the seating City Council in 1964.

Mr. Sypher commended Karen Walker in the Community Works Department for her excellent work on her first grant application.

Thereupon, a motion was made by Councilor Rodgers, seconded by Councilor Jakino to authorize applications to the NMFA and the SJWC to obtain funding for the next phase of study, estimated at \$5 million, and upon voice vote the motion carried unanimously.

Mayor Duckett thanked the Council and declared this one of the most important projects they could approve at this moment in time.

CITY ATTORNEY BUSINESS

City Attorney Jennifer Breakell requested permission to publish notice of intent to adopt a proposed ordinance authorizing the issuance of the City of Farmington, New Mexico Electric Utility Improvement Revenue Bonds, Series 2023, in an aggregate principal amount of \$40,000,000 for the extension, enlargement, betterment, repair and other improvement of the municipal electric system. The title of such ordinance being:

CONCERNING THE MUNICIPAL ELECTRIC SYSTEM (THE "SYSTEM") OF THE CITY OF FARMINGTON, NEW MEXICO (THE "CITY"); PROVIDING FOR THE ISSUANCE OF THE CITY OF FARMINGTON, NEW MEXICO ELECTRIC UTILITY IMPROVEMENT REVENUE BONDS, SERIES 2023, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000 FOR THE EXTENSION, ENLARGEMENT, BETTERMENT, REPAIR AND OTHER IMPROVEMENT OF THE SYSTEM; PROVIDING FOR THE DISPOSITION OF THE REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM INCLUDING THE PAYMENT OF DEBT SERVICE ON SYSTEM BONDS; PROVIDING FOR, OR THE METHOD OF DETERMINING, THE FORM, TERMS, REDEMPTION, PURCHASE, PAYMENT, EXECUTION AND OTHER PROVISIONS OF AND CONCERNING SYSTEM BONDS, AND THE SECURITY THEREFOR; PROVIDING FOR DISCLOSURE DOCUMENTS AND OTHER DOCUMENTS RELATING TO SYSTEM BONDS; PROVIDING OTHER DETAILS CONCERNING SYSTEM REVENUES, SYSTEM BONDS AND THE SYSTEM; AND RATIFYING ACTION PREVIOUSLY TAKEN.

Providing opening remarks, City Attorney Jennifer Breakell introduced Electric Utility Director Hank Adair to provide a summation of the intention to install two 9-megawatt reciprocating internal combustion engines to support the utility's existing and future customers. Mr. Adair advised the existing substation infrastructure at Bluffview Power Plant is "shovel-ready", the scope of work is completed and ready to bid, and the environmental studies and modeling are in progress. He explained this next step is to fund the project and he noted that Peter Franklin of Modrall Sperling Law Firm, the City's bond counsel, and Erik Harrigan of RBC Capital Markets, the City's contractual Financial Advisor, were present in the audience and available for comments or questions.

At Councilor Rodgers' request, Mr. Franklin explained that the proposed ordinance serves as both "master utility" and "bond parameters" ordinance and has two basic functions: to provide the framework for financing the improvements to the utility system and to define the net revenues available to pay debt service after deducting operations, maintenance, repairs and replacements. Further, the ordinance delegates authority to the City Manager and City Administrative Services Director to determine the final terms of the bond based on the pricing provided by the New Mexico Finance Authority ("NMFA").

Mr. Mayes pointed out the City is simultaneously pursuing \$40 million in monetary relief from the State for closing San Juan Generating Station ("SJGS") prematurely. He explained that such relief would be similar to that afforded to customers of exiting SJGS partner Public Service Company of New Mexico ("PNM"), would make the City less dependent on purchased power and would negate \$23 million in stranded assets.

Mr. Harrigan explained that the NMFA will meet on January 26, 2023, for a determination on the loan approval and be brought back to the Council for final consideration. He added that due to the loan size, the \$40 million transaction will be priced when the NMFA is "in market", probably April, 2023, and will likely close mid-May.

Thereupon, a motion was made by Councilor Rodgers, seconded by Councilor Jakino to direct staff to publish notice of intent to consider adoption of the proposed ordinance in accordance with State Statutes. The roll was called with the following result:

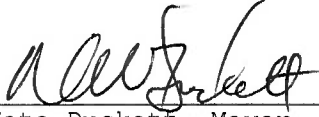
Those voting aye:	Linda Rodgers Sean E. Sharer Janine Bingham-Kelly Janis Jakino
Those voting nay:	None

The presiding officer thereupon declared that four Councilors having voted in favor thereof, the said motion carried.

There being no further business to come before the Council, a motion was made by Councilor Rodgers, seconded by Councilor Jakino to adjourn the meeting at 10:17 a.m., and upon voice vote the motion carried unanimously.

The City Clerk certified that notice of the foregoing meeting was given by posting pursuant to Resolution No. 2013-1466, et seq.

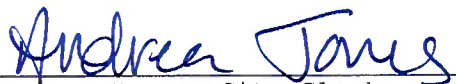
APPROVED this 14th day of February, 2023.



Nate Duckett, Mayor

SEAL

ATTEST:



Andrea Jones, City Clerk