RESOLUTION NO. 2019-1720

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 2019-1710 RELATING TO THE NATURAL GAS SUPPLY AGREEMENT BETWEEN THE CITY OF FARMINGTON AND THE NEW MEXICO MUNICIPAL ENERGY ACQUISITION AUTHORITY, AS AMENDED BY A FIRST AMENDMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO THE NATURAL GAS SUPPLY AGREEMENT AND OTHER ACTION NECESSARY OR ADVISABLE TO OBTAIN A GAS DISCOUNT PURSUANT TO THE SUPPLY AGREEMENT, AS AMENDED, INCLUDING THE EXECUTION AND DELIVERY OF CERTIFICATES AND AGREEMENTS RELATING TO THE FOREGOING; RATIFYING, APPROVING, AND CONFIRMING PRIOR ACTION TAKEN RELATED TO THE FOREGOING; AND REPEALING ACTION INCONSISTENT HEREWITH

WHEREAS, the City of Farmington (the "City") is a municipal corporate and politic organized and existing pursuant to the laws of the State of New Mexico (the "State"); and

WHEREAS, the City owns and operates a municipal electric utility system (the "Electric Utility") which comprises a part of the City's joint electric light and power, water and sanitary sewer system that supplies electricity to customers of the Electric Utility within the municipal boundaries of, or in proximity to, the City; and

WHEREAS, the Electric Utility includes generating facilities which utilize natural gas for their operations; and

WHEREAS, the City entered into a "Natural Gas Supply Agreement" for the City Electric Utility, as amended by a First Amendment (as amended, the "Gas Supply Agreement"), with the New Mexico Municipal Energy Acquisition Authority (the "Authority"), a joint powers authority organized pursuant to the Joint Powers Agreements Act, Sections 11-1-1 through 11-1-7 NMSA 1978, for, among other things, the purpose of financing and acquiring long-term energy supplies, for its members, including the City; and

WHEREAS, on April 23, 2019 the City Council adopted Resolution No. 2019-1710, pursuant to which it authorized actions necessary to enable the Authority to issue refunding bonds (the "2019 Refunding Bonds") for the purpose of extending the prepaid natural gas deliveries made to the City pursuant to the Gas Supply Agreement (referred to in Resolution No. 19-05 as the "2019 Refunding Transaction"), including the execution and delivery of closing documents necessary to close the 2019 Refunding Transaction; and

WHEREAS, following adoption of Resolution No. 2019-1710, the Authority determined that the best Available Discount would be achieved by amending the Prepaid Natural Gas Supply Purchase and Sale Agreement with Royal Bank of Canada dated as of October 1, 2009, as amended by First Amendment dated August 1, 2019 (the "Original Prepaid Agreement") to provide for the acquisition of additional gas supplies and the corresponding reduction of the Original Gas Supply; and

WHEREAS, on June 11, 2019 the Authority executed and delivered a bond purchase Agreement with RBC Capital Markets for the sale of the Authority's Gas Supply Revenue Refunding and Acquisition Bonds, Series 2019 in an original aggregate principal amount of $616,210,000 (the "2019 Bonds"), pursuant to which the Available Discount was determined to be $2.297 per MMbtu (the "2019 Discount"), based on the written opinion of The Majors Group, provided to the Authority and the City, that such discount amount was comparable to the highest discount reasonably achievable under the-current market conditions, and is in the best interest of the Authority and the City; and

WHEREAS, in order for the City to obtain the 2019 Discount, it is necessary that the City execute and deliver a Second Amendment to the Gas Supply Agreement (the "Second Amendment") to provide for the acquisition of additional natural gas quantities, a corresponding reduction of natural gas quantities to have been delivered under the original Gas Supply Agreement, and other related adjustments; and

WHEREAS, the City Council desires to authorize the execution, delivery and performance by the City of the Second Amendment and related documentation by the Mayor or Mayor Pro-Tem on behalf of the City.
NOW, THEREFORE, be it resolved by the City Council that:

Section 1. Authorization of Second Amendment to Gas Supply Agreement. The Mayor (or in his absence, the Mayor Pro-Tem) be, and he hereby is, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution, including, without limiting the generality to the foregoing, the execution and delivery of the Second Amendment.

Section 2. Ratification. All prior action of the City and the respective officers, agents or employees of the City on behalf of the City taken in connection with Resolution No. 2019-1710 is hereby ratified, approved and confirmed, except to the extent that such action is inconsistent with the provisions of this Resolution.

Section 3. Severability. If any section paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 4. Repealer. All resolutions or parts, thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, or part thereof, heretofore repealed.

Section 5. Limited Obligations. All financial obligations incurred hereunder are limited to revenues of the City's Electric Utility.

Section 6. Effective Date. This Resolution shall be effective immediately.

PASSED, SIGNED, APPROVED AND ADOPTED this 9th day of July, 2019.

Nate Duckett, Mayor

SEAL

ATTEST:

Dianne Smylie, City Clerk