

## RESOLUTION NO. 2014-1511

RELATING TO THE NATURAL GAS SUPPLY AGREEMENT BETWEEN THE CITY OF FARMINGTON AND THE NEW MEXICO MUNICIPAL ENERGY ACQUISITION AUTHORITY; AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF (1) A FIRST AMENDMENT TO THE GAS SUPPLY AGREEMENT, AND (2) 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 law 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 (designated the "Utility 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 (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, Section 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, the City has been advised as follows:

- (1) The prepaid natural gas purchase and sale agreement (the "Prepaid Natural Gas Agreement") between the Authority and Royal Bank of Canada (the "Gas Supplier") allows the Gas Supplier to terminate the agreement upon a change in regulation that materially adversely affects the transaction in the judgment of the Gas Supplier; and
- (2) The Gas Supplier has determined that it will terminate the transaction unless the Authority refunds and restructures the revenue bonds ("Bonds") issued to purchase prepaid supply of natural gas, a portion of which is subject to the Gas Supply Agreement; and
- (3) The Authority will restructure its debt and such changes to the Bonds requires technical changes to the Gas Supply Agreement in the form of amendments ("Amendment"); and

WHEREAS, forms of the Amendment has been presented to the Council and is on file with the City Clerk; and

WHEREAS, in connection with the transaction contemplated by the Amendment, it will be necessary for authorized officers of the City to execute and deliver certain closing certificates and agreements, including but not necessarily limited to a general city certificate and a continuing disclosure certificate or agreement and such other certificates and agreements that may be necessary or appropriate to the City's participation with the Authority, including such certificates and agreements which may be reasonably requested in connection with the Bonds issued by the Authority (the "Closing Documentation"); and

WHEREAS, the Council desires to authorize the execution, delivery and performance by the City of the Amendment, and the Closing documentation.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF FARMINGTON, NEW MEXICO:

Section 1. Approval of Documents. The forms, terms and provisions of the Amendment are hereby authorized and approved and the City shall enter into the Amendment in substantially the form of each of such document presented to the Council at this meeting and on file with the City Clerk with only such changes therein as are not inconsistent herewith or as the Mayor or in his absence, the Mayor pro-tem shall determine are not adverse to the City; and the Mayor (or in his absence, the Mayor pro-tem) is hereby authorized to execute and deliver the Amendment.

Section 2. Delegate Authority to Effect the Transaction. The officer of the City be, and they hereby are, 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 of the documents referred to in Section 1 hereof including the Closing Documentation.

Section. 3. Ratification. All prior action of the City and the respective officers, agents or employees of the City taken in connection with the Amendment and the Closing Documentation is hereby ratified, approved and confirmed, except to the extent that such action is inconsistent with the provisions of this Resolution or the authorization contained herein to execute and deliver the Closing Documentation.


Section 4. 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 5. 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 6. Limited Obligations. All financial obligations incurred hereunder are limited to revenues of the City's electric Utility.

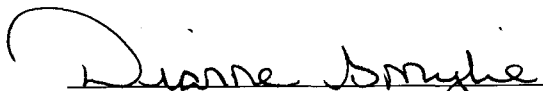
Section 7. Effective Date. This Resolution shall be effective immediately.

PASSED, ADOPTED, SIGNED AND APPROVED this 10th day of June 2014.

  
Dan Darnell, Mayor Pro Tem

SEAL

ATTEST:

  
Dianne Smylie, City Clerk