

RESOLUTION NO. 2016-1606

PERTAINING TO ISSUANCE OF THE CITY'S POLLUTION CONTROL REVENUE REFUNDING BONDS 2016 SERIES A (PUBLIC SERVICE COMPANY OF NEW MEXICO SAN JUAN AND FOUR CORNERS PROJECTS), 2016 SERIES B (PUBLIC SERVICE COMPANY OF NEW MEXICO SAN JUAN AND FOUR CORNERS PROJECTS), INCLUDING BUT NOT LIMITED TO ESTABLISHING THE RESPECTIVE PRINCIPAL AMOUNTS THEREOF AND SPECIFYING CERTAIN MATTERS WITH RESPECT THERETO, AUTHORIZING THEIR SALE; AUTHORIZING EXECUTION AND DELIVERY OF CERTAIN INSTRUMENTS IN CONNECTION THEREWITH; RELATING TO THE PRIOR BONDS BEING REFUNDED BY THE AFORESAID BONDS; AND RATIFYING CERTAIN ACTIONS TAKEN PREVIOUSLY

WHEREAS, the City Council has heretofore adopted resolutions determining to issue and, subject to certain conditions agreeing to issue under the Act revenue bonds to finance or refinance the cost to Public Service Company of New Mexico, a corporation organized and existing under the laws of the State of New Mexico (the "Company"), of certain facilities for the abatement control reduction, abatement or prevention of air and water pollution and pollution caused by the operation of, and solid waste disposal at the San Juan Generating Station and Four Corners Generating Station (the "Plants") located in San Juan County New Mexico; and

WHEREAS, pursuant to Ordinance No. 2003-1139, adopted on March 25, 2003, (the "2003A Ordinance"), the City has heretofore issued and sold \$46,000,000 aggregate principal amount of its Pollution Control Revenue Refunding Bonds, 2003 Series A, (Public Service Company of New Mexico San Juan and Four Corners Projects) (the "2003A Bonds"), to refund certain outstanding bonds that were issued to refund certain outstanding bonds that were issued to defray a portion of the cost to the Company of acquiring, constructing, reconstructing, improving, maintaining, equipping or furnishing certain air and water pollution control facilities at the Plants; and

WHEREAS, pursuant to Ordinance No. 2003-1140 adopted on March 25, 2003 (the "2003B Ordinance"), the City has heretofore issued and sold \$100,000,000 aggregate principal amount of its Pollution Control Revenue Refunding Bonds, 2003 Series B (Public Service Company of New Mexico San Juan and Four Corners Projects) (the "2003B Bonds", and collectively with the 2003A Bonds, the "Refunded Bonds"), to refund certain outstanding bonds that were issued to refund outstanding bonds that were issued to refund bonds that were issued to defray a portion of the cost to the Company of acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing certain solid waste pollution control facilities at the Plants; and

WHEREAS, on August 23, 2016, the City Council passed Ordinance No. 2016-1291 (the "2016A Ordinance") authorizing the issuance of a series of revenue bonds which were to be designated "Pollution Control Revenue Refunding Bonds, 2016 Series A (Public Service Company of New Mexico San Juan and Four Corners Projects)" to be issued in an aggregate principal amount of \$46,000,000 (the "2016 Series A Bonds") under the Act. The proceeds of the 2016 Series A Bonds (other than an accrued interest on such bonds) are to be used to refund the outstanding \$46,000,000 principal amount of the outstanding 2003A Bonds; and

WHEREAS, on August 23, 2016, the City Council passed Ordinance No. 2016-1292 (the "2016B Ordinance") authorizing the issuance by the City of its revenue bonds designated "Pollution Control Revenue Refunding Bonds, 2016 Series B (Public Service Company of New Mexico San Juan and Four Corners Projects)" to be issued in an aggregate principal amount of \$100,000,000 (the "2016 Series B Bonds" and, collectively with the 2016 Series A Bonds, the "2016 Bonds") under the Act. The proceeds of the Series B Bonds (other than any accrued interest on such bonds) are to be used to refund the outstanding \$100,000,000 principal amount of the outstanding 2003B Bonds; and

WHEREAS Morgan Stanley and Co., LLC, on behalf of itself and group of underwriters (collectively, the "2016A Bond Underwriters") has submitted to the City a proposal to purchase the 2016 A Bonds authorized to be issued under the 2016A Ordinance, in the form of a 2016A Bond Purchase Agreement between the Underwriters and the City, in reliance

upon a Series 2016A Representation and Indemnity Agreement from the Company and addressed to the City and the Underwriters (the "2016A Representation and Indemnity Agreement"); and

WHEREAS J.P. Morgan Securities Inc., on behalf of itself and group of underwriters (collectively, the "2016B Bond Underwriters" and, together with the 2016A Bond Underwriters, the "Underwriters") has submitted to the City a proposal to purchase the 2016 B Bonds authorized to be issued under the 2016B Ordinance, in the form of a 2016B Bond Purchase Agreement between the Underwriters and the City, in reliance upon a Series 2016B Representation and Indemnity Agreement from the Company and addressed to the City and the Underwriters (the "2016B Representation and Indemnity Agreement" and, together with the 2016A Representation and Indemnity Agreement, the "Representation and Indemnity Agreements"); and

WHEREAS there have been prepared and submitted to the City the following:

(a) a proposed 2016A Bond Purchase Agreement in the form of Exhibit A-1 hereto and a proposed 2016B Bond Purchase Agreement in the form of Exhibit A-2 hereto (collectively, the "Bond Purchase Agreements");

(b) a proposed 2016 Series A Representation and Indemnity Agreement in the form of Exhibit B-1 hereto and a proposed 2016 Series B Representation and Indemnity Agreement in the form of Exhibit B-2 hereto (collectively, the "Representation and Indemnity Agreements");

(c) a proposed Third Amended and Restated Installment Sale Agreement, dated as of September 1, 2016, amending and restating the Second Amended and Restated Installment Sale Agreement dated as of April 1, 2003, amending and restating the 1992 Installment Sale Agreement dated as of December 1, 1992, which amended and restated the Installment Sale Agreement dated as of April 1, 1976, between the City, as Vendor, and the Company, as Vendee relating to the San Juan Generating Station, Unit 3 in the form of Exhibit C hereto (the "2016 Installment Sale Agreement - A");

(d) a proposed Third Amended and Restated Installment Sale Agreement, dated as of September 1, 2016, amending and restating the Second Amended and Restated Installment Sale Agreement dated as of April 1, 2003, amending and restating the 1992 Installment Sale Agreement dated as of December 1, 1992, which amended and restated the Installment Sale Agreement dated as of May 15, 1980, between the City, as Vendor, and the Company, as Vendee relating to the Four Corners Generating Station, Units 4 and 5 in the form of Exhibit D hereto (the "2016 Installment Sale Agreement - B");

(e) a proposed Third Amended and Restated Installment Sale Agreement, dated as of September 1, 2016 amending and restating the Second Amended and Restated Installment Sale Agreement dated as of May 1, 2003 between the City, as Vendor, and the Company, as Vendee, amending and restating the 1993 Installment Sale Agreement dated as of August 15, 1993, which amended and restated the Installment Sale Agreement, dated as of October 1, 1983 relating to the San Juan and Four Corners Projects in the form of Exhibit E hereto (the "2016 Installment Sale Agreement - C", together with the 2016 Installment Sale Agreement - A and 2016 Installment Sale Agreement - B, the "Installment Sale Agreements");

(f) a proposed Official Statement to be used in connection with the sale of the 2016 Bonds in the form of Exhibit F hereto (the "Official Statement"); and

(g) form of proposed Guaranty of the Company relating to the 2016 Series A Bonds, dated as of September 1, 2016, between the Company and the Trustee, in the form of Exhibit G-1 hereto and a form of proposed Guaranty of the Company relating to the 2016 Series B Bonds, dated as of September 1, 2016, between the Company and the Trustee, in the form of Exhibit G-2 hereto;

(h) a form of proposed Remarketing Agreement relating to the 2016 Series A Bonds, dated as of September 1, 2016, between the Company and Remarketing Agent, in the form of Exhibit H-1 hereto and a

form of proposed Remarketing Agreement relating to the 2016 Series B Bonds, dated as of September 1, 2016, between the Company and Remarketing Agent, in the form of Exhibit H-2 hereto.

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

Section 1. Pursuant to Section 2.02 of the 2016A Ordinance, there is hereby authorized to be issued: (i) "Pollution Control Revenue Refunding Bonds, 2016 Series A (Public Service Company of New Mexico San Juan and Four Corners Projects)" to be issued in an aggregate principal amount of \$46,000,000 (the "2016 Series A Bonds"). The 2016 Series A Bonds shall be dated as of the date of issuance and shall mature on April 1, 2033. The 2003A Bonds shall be refunded with the proceeds of the 2016 Series A Bonds, as provided the Series A Ordinance. Pursuant to Section 2.02 of the Series B Ordinance, there is hereby authorized to be issued the "Pollution Control Revenue Refunding Bonds, 2016 Series B (Public Service Company of New Mexico San Juan and Four Corners Projects)" to be issued in an aggregate principal amount of \$100,000,000 (the "2016 Series B Bonds"). The 2016 Series B Bonds shall be dated as of the date of issuance and shall mature on April 1, 2033. The 2003B Bonds shall be refunded with the proceeds of the 2016 Series B Bonds. Except as defined herein, capitalized terms shall have the meaning ascribed to such terms in the Series A Ordinance and the Series B Ordinance, as applicable.

Section 2. The portion of the proceeds of the 2016A Bonds corresponding to principal shall be deposited into the Redemption Fund with BOKF, NA (formerly known as Bank of Albuquerque, N.A.), (as Trustee for the 2003A Bonds under the 2003A Ordinance) and applied towards the redemption of the 2003A Bonds on September 28, 2016 or such later date as may be legally permissible in accordance with the provisions of the 2003A Ordinance.

Section 3. The portion of the proceeds of the 2016B Bonds corresponding to principal shall be deposited into the Redemption Fund with BOKF, NA (formerly known as Bank of Albuquerque, N.A.), (as Trustee for the 2003B Bonds under the 2003B Ordinance,) and applied towards the redemption of the 2003B Bonds on September 28, 2016 or such later date as may be legally permissible in accordance with the provisions of the 2003B Ordinance.

Section 4. It is hereby found and determined that the amount necessary in each year to pay the interest on and the principal of the Bonds of each Series is the portion of the applicable Purchase Price of the applicable Project (as defined in each of the Installment Sale Agreements, as applicable) for such Series in each such year and interest thereon required to be paid by the Company by Section 5.02(a) of the applicable Installment Sale Agreement, until maturity or redemption in accordance with the terms and conditions of the Series A Ordinance or the Series B Ordinance, whichever may be applicable, as more specifically set forth in Schedules I and II, as applicable, each attached hereto and considered part hereof. The 2016 Series A Bonds shall be issued in the Multiannual Mode with an Initial Rate Period beginning upon the date of issuance and ending on September 30, 2021, bearing interest during such period at the rate of 1.875% per annum. Such 2016 Series A Bonds are subject to mandatory tender for purchase on October 1, 2021. The 2016 Series A Bonds are not subject to optional or extraordinary optional redemption during the Initial Rate Period. The interest payment dates for the 2016 Series A Bonds shall be April 1 and October 1 of each year, commencing April 1, 2017. The 2016 Series B Bonds shall be issued in the Multiannual Mode with an Initial Rate Period beginning upon the date of issuance and ending on September 30, 2021, bearing interest during such period at the rate of 1.875% per annum. Such 2016 Series B Bonds are subject to mandatory tender for purchase on October 1, 2021. The 2016 Series B Bonds are not subject to optional or extraordinary optional redemption during the Initial Rate Period. The interest payment dates for the 2016 Series B Bonds shall be April 1 and October 1 of each year, commencing April 1, 2017.

Section 5. It is hereby determined that each series of the 2016 Bonds shall be authenticated and delivered to the Owners on original issuance on September 27, 2016 or such other date as the Mayor of the City, the Company and the Underwriters shall mutually agree upon.

Section 6. The Bond Purchase Agreements and Representation and Indemnity Agreements, as submitted to this meeting and attached hereto as Exhibits A (A-1 and A-2) and B (B-1 and B-2) and made part of this Resolution as though set forth in full herein are hereby approved. The Bonds of each Series are to be sold to the respective Underwriters at a purchase price of 100% of the principal amount thereof: (i) an aggregate of \$46,000,000 for 2016 Series A Bonds, (ii) an aggregate of \$100,000,000 for 2016 Series B Bonds, on the terms and conditions set forth in the applicable Bond Purchase Agreement, and the Mayor of the City is hereby authorized and directed to execute the Bond Purchase Agreements and the Representation and Indemnity Agreements with such changes, insertions and omissions as may be approved by him, such execution being conclusive evidence of such approval, and to deliver the same to the Underwriters. The City understands that the Underwriters shall receive payment from the Company of the underwriting commission pursuant to the terms of the Bond Purchase Agreements.

Section 7. The Installment Sale Agreements (including but not limited to the provision that they be dated as of September 1, 2016), as submitted to this meeting and attached hereto as Exhibits C, D and E, and made part of this Resolution as though set forth in full herein, are hereby approved, and the Mayor of the City is hereby authorized and directed to execute and deliver such Installment Sale Agreements with such changes, insertions and omissions as may be approved by him, such execution being conclusive evidence of such approval, and to deliver the same to the Company and the City Clerk is hereby authorized to affix the corporate seal thereto and attest to said execution by the Mayor.

Section 8. The use by the Underwriters of the Official Statement in connection with the sale of the 2016 Bonds, as submitted to this meeting and attached hereto as Exhibit F, is hereby acknowledged; provided, however that neither the City nor any official, officer or employee thereof has or shall assume any responsibility as to the accuracy or completeness of the information in said Official Statements.

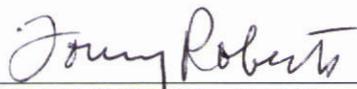
Section 9. All action taken by City officials in connection with the notices by publication which were published in the Farmington Daily Times on September 2, 2016 which notices set forth the title and general subject matter of the Series A Ordinance and the Series B Ordinance as proposed, is hereby approved, ratified and confirmed.

Section 10. BOKF, NA, the principal corporate trust office of which is located in Albuquerque, New Mexico, is hereby designated and appointed Trustee, Paying Agent and Registrar under the Series A Ordinance and under the Series B Ordinance. Except as otherwise provided in the Series A Ordinance or the Series B Ordinance, all notices, certificates, requests or other communications by the City or the Company shall be sufficiently given and shall be deemed given when mailed by registered mail postage prepaid addressed to the Trustee, Paying Agent, or Registrar, as applicable, as follows:

BOKF, NA
100 Sun Avenue NE, Suite 500
Albuquerque, NM 87109

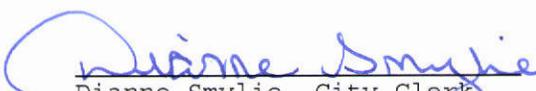
This Resolution shall become effective immediately.

PASSED, ADOPTED, SIGNED AND APPROVED this 22nd day of September, 2016.


Tommy Roberts, Mayor

SEAL

ATTEST:


Dianne Smylie, City Clerk