INCORPORATED COUNTY OF LOS ALAMOS RESOLUTION NO. 25-03

A RESOLUTION RELATING TO THE NATURAL GAS SUPPLY AGREEMENT BETWEEN THE INCORPORATED COUNTY OF LOS ALAMOS AND THE NEW MEXICO MUNICIPAL ENERGY ACQUISITION AUTHORITY, AS AMENDED BY A FIRST AMENDMENT AND SECOND AMENDMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD AMENDMENT TO THE NATURAL GAS SUPPLY AGREEMENT; AUTHORIZING 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 Incorporated County of Los Alamos (the "County") is an incorporated county organized and existing pursuant to the laws of the State of New Mexico (the "State"); and

WHEREAS, the County, through its Department of Public Utilities, owns and operates a natural gas distribution utility system ("Gas Utility") that supplies gas to customers of the Gas Utility within the boundaries of, or in proximity to, the County; and

WHEREAS, in November 2009, the County, by Resolution No. 08-19, entered into a natural gas supply agreement ("Gas Supply Agreement") for the County's Gas Utility with the New Mexico Municipal Energy Acquisition Authority ("Authority"), a joint powers authority organized pursuant State law for the purpose of financing and acquiring long-term natural gas supplies for its public body member and contract purchasers, including the County; and

WHEREAS, on July 8, 2014, the County council approved, by Resolution No. 14-11, the First Amendment to the Gas Supply Agreement (the “First Amendment”); and

WHEREAS, the natural gas deliveries made by the Authority to the County pursuant to the Gas Supply Agreement were originally financed with proceeds of the Authority's Gas Supply Revenue Bonds, Series 2014 (the "2014 Bonds"), which 2014 Bonds were subject to mandatory redemption on August 1, 2019, and were refinanced by the issuance of the Authority’s Gas Supply Revenue Bonds, Series 2019 (the “2019 Bonds”) in order to enable the Authority to continue to deliver natural gas to the County at a discount; and

WHEREAS, on July 9, 2019, in connection with the issuance of the 2019 Bonds, the County approved by Resolution 19-16, and the County and the Authority executed, 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, since the issuance of the 2019 Bonds, the natural gas deliveries made by the Authority to the County pursuant to the Gas Supply Agreement have been financed with proceeds of the 2019 Bonds, which 2019 Bonds must either be redeemed or refinanced on May 1, 2025, and must be refinanced in order to enable the Authority to continue to deliver natural gas to the County at a discount; and

WHEREAS, the Gas Supply Agreement, as amended by the First Amendment and Second Amendment, provides that the County may elect to have all or a portion of its Daily Contract Quantities remarketed for the Remaining Term in the event that Available Discount is less than the Minimum Discount as defined in the Gas Supply Agreement, as amended (a "Remarketing Election"); and

WHEREAS, the amount of discount that will be available through the refunding and refinancing of the 2019 Bonds (the "2025 Refunding Transaction") is a function of the pricing and final terms of the 2025 Refunding Bonds under the bond market conditions in effect on the day of pricing of the 2025 Refunding Bonds and will be determined at the time the 2025 Refunding Bonds are sold to Royal Bank of Canada (the "Gas Supplier"); and

WHEREAS, the available discount will be increased by extending the term of the Gas Supply Agreement for up to an additional fifteen (15) years and providing for the delivery of additional volumes of natural gas through the issuance by the Authority of bonds to finance the prepayment for those additional volumes (the "2025 New Money Transaction" and, together with the 2025 Refunding Transaction, the "2025 Transaction"); and

WHEREAS, the 2025 Refunding Transaction cannot proceed if the County makes a Remarketing Election; and

WHEREAS, it is in the best interest of the County and its Utility customers that the County not make a Remarketing Election if the conditions specified in Section 2 of this Resolution are satisfied; and

WHEREAS, 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 October 1, 2009, as amended by First Amendment, dated August 1, 2019, and Second 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, the Authority retained the Majors Group as its Municipal Advisor in connection with the issuance of the 2025 Bonds, and has retained the Majors Group for the 2025 Transaction; and

WHEREAS, the Authority expects to execute and deliver a bond purchase Agreement with RBC Capital Markets for the sale of the Authority's Gas Supply Revenue Refunding and Acquisition Bonds, Series 2025 in an original aggregate principal amount not to exceed Eight Hundred Ninety Five Thousand Dollars ($895,000,000) (the "2025 Refunding Bonds"), pursuant to which the Available Discount shall be determined based on the written opinion of The Majors Group, provided to the Authority and the County, that such discount amount is comparable to the highest discount reasonably achievable under then-current market conditions, and is in the best interest of the Authority and the County (the "2025 Discount"); and

WHEREAS, in order for the County to obtain the 2025 Discount, it is necessary that the County execute and deliver a Third Amendment to the Gas Supply Agreement (the "Third Amendment") to establish the natural gas quantities to be delivered for the remainder of the term of the Gas Supply Agreement, as amended, and other related adjustments; and

WHEREAS, in connection with the 2025 Transaction, it will be necessary for authorized officers of the County to execute and deliver certain closing certificates and agreements, including but not necessarily limited to a general County certificate and a continuing disclosure certificate or agreement and such other certificates and agreements that may be necessary or appropriate

to the County'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 County Council desires to authorize the execution, delivery and performance by the County of the Closing Documentation, the Third Amendment, and related documentation by the County Utilities Manager.

NOW, THEREFORE, be it resolved by the County Council of the Incorporated County of Los Alamos, New Mexico:

Section 1. Determination of Best Interest of Los Alamos County. The County Council finds and hereby determines that it is in the best interest of the County and its Gas Utility customers for the County to continue to obtain a discount to its natural gas costs, and that terminating deliveries of natural gas from the Authority by making a Remarketing Election is not in the best interest of the County if the discount is reasonable based on current market conditions.

Section 2. No Remarketing Election upon Satisfaction of Condition. The County will not make a Remarketing Election if, at the time that the final terms of the 2025 Transaction are established, the Majors Group, as Municipal Advisor to the Authority, provides a written opinion, addressed to the Authority and the County (which may include the other member-local governments of the Authority), that the discount amount is comparable to the highest discount reasonably achievable under then-current market conditions and is otherwise in the best interests of the Authority and the County as such interests are understood by the Majors Group; provided that the discount amount shall not be less than Fifteen Cents ($0.15) per MMBtu.

Section 3. Delegation of Authority to Effect the 2025 Transaction. The Utilities Manager of the County is hereby authorized and directed to take all action necessary or appropriate under the Gas Supply Agreement and in connection with the Remarketing Election, to effectuate the 2025 Transaction, including, without limiting the generality of the foregoing, the execution of the Closing Documentation, subject to the provisions of Section 4 of this Resolution.

Section 4. Authorization of Third Amendment to Gas Supply Agreement. The Utilities Manager of the County is hereby 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 Third Amendment to the Gas Supply Agreement.

Section 5. Additional Delegation and Authority The Los Alamos County Department of Public Utilities (DPU), New Mexico Municipal Energy Acquisition Authority (NMMEAA) voting member, Ben Olbrich, who is also the current Secretary of NMMEAA, shall decide for the County, by his NMMEAA vote regarding the “available discount” for the gas purchase issue, after consulting with the Majors Group consultants and the DPU Utilities Manager, whether the Gas Supply discount available to the NMMEAA members on or about the day the Gas Supply Agreement is to be renewed, is in the best interest of the DPU and the DPU customers. The smallest or least discount (the floor) the DPU is seeking is described in Section 2 above.

Section 6. Ratification. All prior action of the County and the respective officers, agents or employees of the County taken in connection with 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 7. 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 8. 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 9. Limited Obligations. All financial obligations incurred hereunder are limited to revenues of the County's Gas Utility.

Section 10. Effective Date. This Resolution shall be effective immediately upon adoption.

PASSED AND ADOPTED this 25th day of February 2025.

COUNCIL OF THE INCORPORATED
COUNTY OF LOS ALAMOS

_____
Theresa Cull,
Council Chair

ATTEST:

_____
Michael D. Redondo,
Los Alamos County Clerk