

CITY OF AZTEC
SPECIAL COMMISSION MEETING MINUTES
June 20, 2016

I. CALL TO ORDER

Mayor Burbridge called the Meeting to order at 7:03 am at the Aztec City Commission Room, City Hall, 201 W. Chaco, Aztec, NM.

II. INVOCATION

The Invocation was lead by Mayor Pro-Tem Sherri Sipe

III. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Commissioner Sheri Rogers

IV. ROLL CALL

Members Present: Mayor Sally Burbridge; Mayor Pro-Tem Sherri Sipe; Commissioner Sheri Rogers; Commissioner Katee McClure; Commissioner Austin Randall

Members Absent: None

Others Present: City Manager Joshua Ray; City Clerk Karla Saylor; Project Manager Ed Kotyk (see attendance sheet)

V. AGENDA APPROVAL

MOVED by Mayor Pro-Tem Sipe, SECONDED by Commissioner Randall to Approve the Agenda as presented

VI. BUSINESS ITEMS

A. Purchase Power Contract Amendment #1

Josh mentioned that all of the items on today's agenda go along with the purchase power agreement between the City of Aztec and Guzman Energy. This is amendment #1 which will allow Guzman to recover the costs of ancillary services. These services were previously going to be acquired by Aztec directly from WAPA. Josh mentioned that it is more efficient for Guzman to procure these services on Aztec's behalf and then to recover those costs from Aztec as part of the monthly billing process. The ancillary services are provided to schedule, insure, and to make sure the delivery of service occurs for the City of Aztec.

Edwin Reyes Jr. of Enchantment Energy Consulting mentioned that the amendment was on section 3 to add 3.8(f) that Guzman shall be responsible for obtaining operating reserve spinning and operating reserve supplement services pursuant to a confirmation agreement between Western RMR in accordance with the Western States Power Pool Agreement to which both Western RMR and Guzman are parties, the costs of which shall be borne by Aztec as set forth in section 6.2. Section 6 of the agreement which adjustments for Aztec Imbalance Charges; Spinning Reserve Service and Supplemental Reserve Service. Guzman shall be responsible with section 3.8 for Aztec's imbalance charges and Aztec shall provide the latest invoice for ancillary services from WAPA under the NITS agreement including energy imbalance charges to Guzman. Guzman shall reimburse Aztec an amount equal to the amount charged for such Energy minus the cost incurred by Guzman for operating reserve spinning and supplement services under the confirmation agreement. Ken George Electric Director mentioned that there will be no additional costs to the City.

MOVED by Commissioner Rogers, SECONDED by Mayor Pro-Tem Sipe to Approve Purchase Power Contract Amendment #1 Between Guzman Energy LLC and the City of Aztec

All Voted Aye; Motion Passed Five to Zero

B. Purchase Power Contract Amendment #2

Josh mentioned that Guzman Energy originally had a financial backer for the solar project and the next three items on the agenda relate back to the solar field. He mentioned that the transaction that Guzman had with the backer was too complicated for them so Guzman had to go back out and borrow money to do the solar field and in doing that it changed the mechanisms on what was agreed on in the first agreement. So in order to provide adequate protection certain provisions must be included with the agreement to allow for the lender to step into the ownership position in the event of a project default. The consent and assignment agreement and the solar PPS are attached as vehicles to allow for the transfer of the project to the lender or successor and provide for continuation of service from the solar facility. If Guzman defaults our contract will be the same through the lender and all would remain the same.

MOVED by Commissioner Randall, SECONDED by Mayor Pro-Tem Sipe to Approve Purchase Power Contract Amendment #2 Between Guzman Energy LLC and the City of Aztec

All Voted Aye; Motion Passed Five to Zero

C. Consent to Collateral Assignment

Josh mentioned that this item is a continuation of Item B and allows the solar field project to be part of the collateral for the loan. This item is the backing for which the loan is created.

MOVED by Mayor Pro-Tem Sipe, SECONDED by Commissioner Randall to Approve the Consent to Collateral Assignment

All Voted Aye; Motion Passed Five to Zero

D. Solar Power Purchase Agreement

Josh mentioned that this item is a Solar PPA with the lender in the effect that the lender becomes the owner of the solar field we will need this agreement in place with us and the lender so that the lender can therefore sell power back to the City of Aztec. Josh mentioned that this item will not be an active agreement until the other mechanisms are engaged so until a default happens then this item would be an active document for the City and the lender.

MOVED by Commissioner Rogers, SECONDED by Mayor Pro-Tem Sipe to Approve the Solar Power Purchase Agreement.

All Voted Aye; Motion Passed Five to Zero

E. Farmington Electric Utility System/City of Aztec Electric Transmission Agreement

Josh mentioned that this steps into the actual transmission between the point of delivery and the City of Aztec so what Guzman will do is they will get power to one point then it will transmit from that point through Farmington's Electric Utility System's transmission lines to our point where we will receive that power. We have had this agreement throughout the PNM contract. Josh mentioned that the extension before you is a continuation of the current schedule we are using with the City of Farmington that we have used for the last 10 years with the PNM agreement.

MOVED by Commissioner Randall, SECONDED by Mayor Pro-Tem Sipe to approve a 90 Day Transmission Agreement between Farmington Electric Utility System and the City of Aztec

All Voted Aye; Motion passed Five to Zero

VII. ADJOURMENT

Moved by Mayor Burbridge, SECONDED by Mayor Pro Tem Sipe to adjourn the meeting at 7:42 a.m.



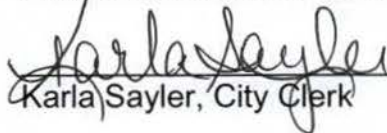
Mayor, Sally Burbridge

ATTEST:



Karla Sayler, City Clerk

MINUTES PREPARED BY:



Karla Sayler, City Clerk