

**MINUTES OF THE COUNCIL OF THE TOWN OF SILVER CITY  
SPECIAL COUNCIL MEETING  
City Hall Annex, 1203 N. Hudson St., Silver City, NM  
September 1, 2015, 8:00 a.m.**

**Present:**

Michael S. Morones, Mayor  
Cynthia Ann Bettison, District 1  
Lynda D. Aiman-Smith, District 2  
Jose A. Ray, Jr., District 3  
Guadalupe Cano, District 4

**Also Present:**

Alex C. Brown, Town Manager-Finance Director  
Anita Norero, Deputy Finance Director  
Ann L. Mackie, Town Clerk

**1. CALL TO ORDER/PLEDGE OF ALLEGIANCE** – Mayor Morones called the meeting to order at 8:00 a.m. Councilor Bettison and Councilor Aiman-Smith were present telephonically.

**2. NEW BUSINESS**

**A. Approval / Disapproval of Ordinance No. 1240: concerning the Municipal Joint Utility System of the Town of Silver City, NM; providing for the issuance of the Town's (I) Joint Utility System Improvement Revenue Bonds (Qualified Energy Conservation Bonds - Direct Payment), Taxable Series 2015A in the aggregate principal amount of \$3,910,000, to (a) acquire, install, retrofit and replace water meters for the Town's Joint Utility System under the Town's Green Community Program, and (b) pay costs of issuance of the Series 2015A Bonds, and (II) Joint Utility System Refunding Revenue Bonds, Tax-Exempt Series 2015B in the aggregate principal amount of \$905,000 to (a) refund, redeem and pay the Town's outstanding loan agreement, as amended, with the NM Environment Department and (b) pay costs of issuance of the Series 2015B Bonds; providing that the Series 2015 Bonds shall be payable out of the net revenues to be derived from the operation of such Joint Utility System and that the Series 2015A Bonds shall also be payable from the Federal subsidy payments from the United States Treasury; providing for the disposition of the revenues to be derived from the operation of such Joint Utility System; providing the form, terms and conditions of the Series 2015 Bonds, the method of paying such and the security therefor; prescribing other details concerning the Joint Utility Revenues and the Joint Utility System, including but not limited to covenants and agreements in connection therewith and with future financing therefor; ratifying action previously taken in connection therewith; and repealing all ordinances in conflict herewith.** Mayor Morones gave the floor to Manager Brown who then introduced Mark Valenzuela and Chris Muirhead, and asked them to explain the details about the financing. Mr. Valenzuela, First Vice President of George K. Baum and Company, said he served as the financial advisor for the Town of Silver City. He said several months ago they met to talk about the Qualified Energy Conservation Bonds that were a means to lower the interest rate on the financing of the water meter project. He said since that time they had worked with Town staff to sell those bonds. He said they took the transaction to market on August 31st and sold them for an interest rate lower than 2 percent. He said there was a good reception on the bonds; investors bought 80 percent of the transaction and then the bank that was underwriting it for the Town bought 20 percent. He said the interest rate for the taxable was 4.48 percent and with the net subsidy back from the federal government the net cost of the whole transaction from an interest rate perspective was about 1.5 percent on 20 year financing. He said it was a very strong financing from his view and as their financial advisor he recommended they approve the transaction because it had met all of the requirements that they had hoped to achieve. There were no questions.

Chris Muirhead, Attorney with Modrall Sperling, said he was the bond counsel for the transaction. He said the ordinance was all inclusive and laid out all of the terms of the bonds, how it was structured, the pricing and terms. He said the transaction was structured in 2 parts; the first part was the new money part for the \$3,910,000 taxable series 2015A with the federal program for the Qualified Energy Conservation Bonds, and the second part of the transaction was for the refunding of the New Mexico Environment Department loan in the amount of \$905,000. He reviewed the ordinance document and provided further explanation. There was further discussion and Mr. Muirhead stated it was the first Qualified Energy Conservation Bond in the state. Councilor Aiman-Smith commented that a number of citizens

previously spoke about having Green Community Projects and that they were very positive about the entire project and water conservation. Mayor Morones stated that from an accounting perspective and a government perspective it was a wonderful financing opportunity for the Town of Silver City because they would be able to implement their Green Community Program that had been in place for a couple of years and was policy. He said staff had to work toward developing the program, and to be able to do so at such a rate was wonderful. He said other financing alternatives would be more expensive and burdensome. He said he believed it was a huge benefit to the community financially and by policy.

Mayor Morones said he would allow the public to make comments, but he asked them to keep it very brief and to the point about the bond. He asked that they give the Council new information because they had received a tremendous amount of information over the last couple of years and more specifically over the last couple of months. He stated most of that information led them, and himself specifically, to believe that they made the right decision in 2013. He said there had been a tremendous amount of benefit, and not pushing the program forward would be detrimental to their citizenry, their 10,000 customers, and thousands of others who also relied on the Town's water system. He invited anybody from the public to speak. Rick Foxx and Elysia Drew spoke individually against the water meter project which was being paid for by the bonds under consideration.

Mayor Morones asked the Council if they had any comments. Councilor Ray said he studied the Smart Meters, and in hearing the testimonies there was some affects to it, but there was also some sort of protection to Smart Meters that people could buy for a cost of about \$90. He said there was a lot of radiation out there in the things they did, saw, and ate. He said it was a difficult decision and they did not always make a popular decision, but it would help the town and the water consumption. He said he believed the program should be implemented. Councilor Cano said the decision was actually made 2 years ago and the meeting was about funding the decision. She said she was not on the Council 2 years ago, but the Councilor that preceded her was now the Mayor and that he went through the whole process and made the decision that he thought was good for their Town and their district, and she supported it. She said the funding was necessary for the Town staff to do their job and she supported the staff in what they were doing because she knew they had researched it very well and they would not get them into something that was not good for them. Councilor Ray stated it would also provide a more accurate account of the water consumption, and over a 10 year period the water wells for Silver City were at 50 percent capacity so the Smart Meters may allow it to go lower than that. Councilor Bettison said she was on the Council when they originally approved the Water Conservation Plan and gave direction to staff to move forward on looking at various methods, including Smart Meters, to assist with water conservation in the area. She said water was an incredibly important resource to all of them in the southwest and she thought that moving forward with their Green Community Program and using the financing package was really an option that she supported; that it was critical to the continuing benefit of the town and its citizens. She said she had many folks, not just the Town citizens, but folks they provided water to, that were looking forward to being able to accurately understand what and how they were using water so they could continue conserving water and adjusting their use accordingly. She said she wholeheartedly supported it, and that overall the benefits outweighed any potential affects that may exist. Councilor Aiman-Smith reaffirmed that when they originally spoke about the financing a few months ago that were a number of citizens that spoke highly in favor of the Water Conservation Plan and getting financing for a Green Community Program. She said those citizens did not appeared at this meeting because they had already spoken in favor of it; that a number of citizens and personally and publically supported this action.

Mayor Morones said he would entertain a motion. Councilor Ray moved to approve Ordinance No. 1240: concerning the Municipal Joint Utility System of the Town of Silver City, NM; providing for the issuance of the Town's (I) Joint Utility System Improvement Revenue Bonds (Qualified Energy Conservation Bonds - Direct Payment), Taxable Series 2015A in the aggregate principal amount of \$4,185,000, to (a) acquire, install, retrofit and replace water meters for the Town's Joint Utility System under the Town's Green Community Program, and (b) pay costs of issuance of the Series 2015A Bonds, and (II) Joint Utility System Refunding Revenue Bonds, Tax-Exempt Series 2015B in the aggregate principal amount of \$595,000 to (a) refund, redeem and pay the Town's outstanding loan agreement, as amended, with the NM Environment Department and (b) pay costs of issuance of the Series 2015B Bonds; providing that the Series 2015 Bonds shall be payable out of the net revenues to be derived from the operation of such Joint Utility System and that the Series 2015A Bonds shall also be payable from the Federal subsidy payments from the United States Treasury; providing for the disposition of the revenues to be derived from the operation of such Joint Utility System; providing

the form, terms and conditions of the Series 2015 Bonds, the method of paying such and the security therefor; prescribing other details concerning the Joint Utility Revenues and the Joint Utility System, including but not limited to covenants and agreements in connection therewith and with future financing therefor; ratifying action previously taken in connection therewith; and repealing all ordinances in conflict herewith. Councilor Cano seconded. Councilor Bettison called a point of order and said the ordinance presented to them that morning had different numbers than those that were listed on the agenda. She stated those numbers were \$3,910,000 rather than the \$4,185,000 and the aggregate principal amount was supposed to be \$905,000 versus \$595,000. Manager Brown said it was correct; that they just needed an amendment to change the numbers. There was further discussion. Mayor Morones asked Councilor Ray and Councilor Cano if they agreed with the friendly amendment, and they said yes. Mayor Morones said they had a motion and a second as read into the record with a friendly amendment. He asked if there was any further discussion, and there was none. He asked for a roll call vote. Councilor Bettison voted aye; Councilor Aiman-Smith voted aye; Councilor Ray voted aye; and Councilor Cano voted aye. Motion carried. Manager Brown said it was a very technical process and he thanked Mark Valenzuela and his firm, George K. Baum, as well as Chris Muirhead and his staff. He said both companies took cuts in their regular fees even though it was a much more complex project, and he really appreciated it. He also thanked Anita Norero, Deputy Finance Director, and staff at City Hall because there was more information they had to put together than he had ever had to do on any financing project. He said everybody had done a lot of work gathering information and they went into the deal with a lot of information that under normal circumstances they would not have had.

**B. Approval / Disapproval of Resolution No. 2015-25: a Resolution adopting and approving continuing disclosure compliance procedures for bonds and loans of the Town; other matters relating thereto; and ratifying actions previously taken in connection therewith.** Chris Muirhead, Attorney with Modrall Sperling, said the Internal Revenue Service oversaw tax exempt bonds and the United States Securities and Exchange Commission oversaw public securities, and that they had developed best practices and policies that they liked to see issuers adopt so they were in compliance with the post-issuance compliance and the post-issuance tax compliance. He said both Resolution No. 2015-25 and 2015-26 adopted those standard practices and procedures that were required by the Internal Revenue Service and United States Securities and Exchange Commission. Mayor Morones asked if there were any questions, and there were none. He said he would entertain a motion. Councilor Cano moved to approve Resolution No. 2015-25: a Resolution adopting and approving continuing disclosure compliance procedures for bonds and loans of the Town; other matters relating thereto; and ratifying actions previously taken in connection therewith. Councilor Ray seconded. Mayor Morones said they had a motion and second as read into the record. There was no further discussion. He asked for a roll call vote. Councilor Bettison voted aye; Councilor Aiman-Smith voted aye; Councilor Ray voted aye; and Councilor Cano voted aye. Motion carried.

**C. Approval / Disapproval of Resolution No. 2015-26: a Resolution adopting and approving post-issuance tax compliance procedures for tax-exempt bonds and loans of the Town; other matters relating thereto; and ratifying actions previously taken in connection therewith.** Mayor Morones said it was the same information and same discussion that was just presented for Resolution No. 2015-25. He asked if there were any questions, and there were none. He said he would entertain a motion. Councilor Cano moved to approve Resolution No. 2015-26: a Resolution adopting and approving post-issuance tax compliance procedures for tax-exempt bonds and loans of the Town; other matters relating thereto; and ratifying actions previously taken in connection therewith. Councilor Ray seconded. Mayor Morones said they had a motion and second as read into the record. There was no further discussion. He asked for a roll call vote. Councilor Bettison voted aye; Councilor Aiman-Smith voted aye; Councilor Ray voted aye; and Councilor Cano voted aye. Motion carried.

**3. ADJOURNMENT** – Mayor Morones asked for a motion to adjourn. Councilor Ray moved to adjourn at 8:51 a.m., and Councilor Cano seconded. Mayor Morones stated there was a motion and a second to adjourn. He asked for a vote of all those in favor, and all 4 Councilors said aye. He asked if any were opposed, and there were none. Motion carried.

Attest:

/s/ \_\_\_\_\_  
Ann L. Mackie, Town Clerk

/s/ \_\_\_\_\_  
Michael S. Morones, Mayor