

EXHIBIT A

RESOLUTION NO. 2017-1

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE TOWN OF HOLLY, COLORADO APPROVING THE SETTLEMENT OF CERTAIN LITIGATION BETWEEN THE CITY OF LAMAR AND THE ARKANSAS RIVER POWER AUTHORITY

WHEREAS, the Town of Holly is a party to that certain Organic Contract Creating and Establishing the Arkansas River Power Authority (“ARPA”) as a Separate Governmental Entity dated October 24, 1979 (the “Organic Contract”). Pursuant to the Organic Contract, the Town of Holly has appointed two representatives to serve on the Board of Directors of ARPA.

WHEREAS, the Town of Holly is also a party to that certain Agreement for the Supply of Electric Power and Energy to Municipal Members of the Arkansas River Power Authority dated December 13, 1983 (“Power Supply Agreement”), which requires all of the Member Municipalities of ARPA to purchase all of their wholesale electricity requirements from ARPA, over and above certain specified member-owned generation.

WHEREAS, in 2004, ARPA and the City of Lamar (“Lamar”), a Member Municipality of ARPA, executed a Joint Operating Agreement between the City of Lamar, Colorado, the Lamar Utilities Board, and the Arkansas River Power Authority for the Development of the Lamar Repowering Project and Operations and Maintenance in Support of the Lamar Repowering Project, executed November 23, 2004 (the “Joint Operating Agreement”) for the purpose of jointly repowering Lamar’s 25 MW natural-gas fired steam electric generation station known as “Unit 6”, by the addition of a new coal-fired boiler, and additional steam turbine and generator and other equipment to increase its capacity to 44 MW, which was known as the “Lamar Repowering Project” (“LRP”). Pursuant to the Joint Operating Agreement, Lamar agreed to dedicate certain equipment from Unit 6, including the 25 MW steam turbine, electric generator, and associated equipment, to the LRP.

WHEREAS, also in 2004, Lamar and ARPA entered into a Lease Agreement Between the City of Lamar, Colorado and the Arkansas River Power Authority in Support of the Lamar Repowering Project executed December 13, 2004 (the “Lease Agreement”), pursuant to which ARPA leased certain land from Lamar for the construction of coal storage domes and coal handling equipment for use in connection with the LRP. ARPA subsequently constructed concrete domes, conveyors, dust collectors and other coal handling materials and equipment on the property subject to the Lease Agreement.

WHEREAS, in order to facilitate the permitting of the LRP, Lamar, through its electric utility, Lamar Utilities Board d/b/a Lamar Light and Power, voluntarily surrendered the air permit for Unit 6. As a result, Unit 6 was rendered in operable.

WHEREAS, the LRP has failed due to the inability of the boiler to meet emissions requirements under the terms of its air permit. As a result, ARPA has elected to pursue the sale of the LRP equipment to third parties, and ARPA does not intend to operate the LRP again in the future.

WHEREAS, in light of the failure of the LRP, Lamar no longer has an operating power plant, and has been deprived of the jobs previously provided by the existence of an operating power plant in its community.

WHEREAS, on or about July 14, 2014, Lamar commenced an action against ARPA in the Prowers County, Colorado District Court, case number 2014-CV-00031, asserting various breaches of contract against ARPA under the Organic Contract, Power Supply Agreement, Joint Operating Agreement and Lease Agreement (the “Litigation”), in which Lamar sought to terminate its relationship with ARPA and to recover damages for the loss of its Unit 6 power plant facilities.

WHEREAS, the loss of Lamar's participation in ARPA would have devastating consequences on the remaining ARPA communities, who would bear the additional debt service for the bonds issued to finance the LRP, which would be included in ARPA's wholesale electric rate.

WHEREAS, on February 22, 2017, ARPA and Lamar participated in mediation in Pueblo, Colorado in an effort to resolve all disputes related to the LRP, including all claims that were asserted or could have been asserted in the Litigation. The parties reached a settlement in principle during that mediation, pursuant to which, among other things, Lamar agreed to continue to purchase its electric power and energy requirements from ARPA and ARPA agreed to pay Lamar the sum of One Million Dollars (\$1,000,000.00) together with monthly compensation for the loss of Unit 6 in the sum of Thirty-Three Thousand, Three Hundred Thirty-Three and 33/100 Dollars (\$33,333.33) per month for 26 years from the effective date of the settlement, in exchange for a dismissal with prejudice of the Litigation, each party to bear its own costs and attorneys fees.

WHEREAS, ARPA is concurrently seeking to refund or refinance the bonds issued for the construction of the LRP, which refunding or refinancing is expected to more than offset the anticipated payments to Lamar under the settlement. However, such refunding or refinancing is unlikely to be possible unless the Litigation is promptly dismissed.

WHEREAS, continued litigation of the dispute with Lamar will cost the ratepayers of the Town of Holly a significant amount, as these legal fees and expenses would be passed along to the ARPA Member Municipalities as party of ARPA's wholesale electricity rate. Further, litigation of the dispute with Lamar would entail risk of an adverse result, as success cannot be guaranteed in any litigation.


WHEREAS, ARPA has requested that the Town of Holly give its approval of the proposed settlement with Lamar.

WHEREAS, the settlement between ARPA and Lamar will not be effective unless all of the ARPA Member Municipalities approve said settlement.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN OF HOLLY BOARD OF TRUSTEES THAT:

1. The Town of Holly Board of Trustees, having reviewed the proposed settlement terms and being fully informed of the premises and reasons upon which settlement is based, hereby determines that the settlement is in the best interests of the electric ratepayers of the Town of Holly. The settlement agreement is hereby APPROVED.
2. The Town of Holly's representatives on the ARPA Board of Directors are hereby authorized and directed to vote to approve the proposed settlement between Lamar and ARPA and to take such steps as may be necessary to give force and effect to its terms.

PASSED AND APPROVED THIS 3rd DAY OF MAY, 2017.



Tony Garcia, Mayor

ATTEST:



Megan Jara, Clerk/Treasurer

