

RESOLUTION NO. 2014-6

**A RESOLUTION BY THE BOARD OF TRUSTEES OF THE TOWN OF HOLLY, COLORADO
REAFFIRMING ITS OBLIGATIONS TO THE ARKANSAS RIVER POWER AUTHORITY,
A SEPARATE GOVERNMENTAL ENTITY AND POLITICAL SUBDIVISION OF COLORADO**

WHEREAS, the Town of Holly, Colorado (the "Town") is a member of the Arkansas River Power Authority, a separate governmental entity and political subdivision of the State of Colorado (the "Authority or ARPA"), having heretofore executed and delivered the Organic Contract Creating and Establishing the Arkansas River Power Authority as a Separate Governmental Entity and amendments thereto (collectively, the "Organic Contract") dated November 8, 1979; and

WHEREAS, the Authority is presently comprised of the City of Las Animas, Colorado, the City of La Junta, Colorado, the City of Lamar, Colorado, the City of Trinidad, Colorado, the Town of Holly, Colorado, and the Town of Springfield, Colorado (the "ARPA member municipalities"); and

WHEREAS, the Authority was established to plan, develop and acquire the electric power resources needed by its members to reliably serve their electricity customers; and

WHEREAS, the Town is also a party to the December 13, 1983 Agreement for the Supply of Electric Power and Energy to Municipal Members of the Arkansas River Power Authority, as amended (the "Power Supply Agreement"), pursuant to which the Town and other ARPA member municipalities agreed to purchase their electricity requirements from ARPA; and

WHEREAS, the Town is aware that the parties to *City of Trinidad, Colorado v. Arkansas River Power Authority, Case No. 2011CV30, Dist. Ct. Las Animas, County, Colo.* and *Syncora Guarantee Inc. v. City of Trinidad, Case No. 13-CV01332, D. Colo.*, have settled their respective litigation on terms contained in a July 23, 2014 Settlement Agreement, a copy of which is attached hereto (the "Settlement"); and

WHEREAS, as part of the Settlement, the Town will receive a payment from Syncora in the amount of \$57,078 (the "Settlement Payment") upon the approval by at least five of the six ARPA member municipalities of a resolution reaffirming the Organic Contract and the Power Supply Agreement; and

WHEREAS, the Town will hereby relinquish any claim or action at law or equity it may have against ARPA or Syncora Guarantee Inc. existing as of the date of this resolution challenging the Organic Contract, as amended, and/or the Power Supply Agreement and will release any claims the Town may have related to the Lamar Repowering Project or any bonds issued by ARPA (the "ARPA Bonds"), and

WHEREAS, being duly advised, and after consideration of information presented to the Board of Trustees; now

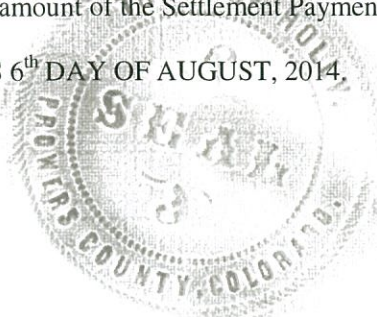
THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF HOLLY, COLORADO, A STATUTORY TOWN:

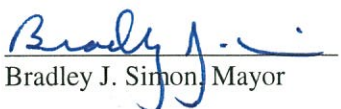
1. The Town of Holly hereby releases all claims existing as of the date of this Resolution, and will take no legal action, at law or equity, of any kind or character, nor join in any action as a Party Plaintiff or otherwise, with respect to any claim accruing on or before the date of this resolution against the Arkansas River Power Authority or Syncora Guarantee, Inc., concerning the validity of, or in any way involved with or relating to, the Organic Contract, as amended, the Power Supply Agreement, as amended, the Lamar Repowering Project or the ARPA Bonds.
2. The Town of Holly agrees that the Organic Contract, as amended, and the Power Supply Agreement, as amended, are legally valid and binding obligations of the Town of Holly and are in full force and effect, and that it will continue to perform its obligations under the Organic Contract, as amended, and the Power Supply Agreement, as amended. The Town of Holly agrees that if, from the date of this Resolution through July 23, 2017 the Town asserts any claim for rescission of the Organic Contract or the Power Supply Agreement, or otherwise seeks to terminate its relationship with ARPA or its obligation to purchase its wholesale electricity requirements from ARPA under those agreements, the Town shall repay to Syncora the full amount of the Settlement Payment which, for the avoidance of ambiguity, is \$57,078.

PASSED AND APPROVED THIS 6th DAY OF AUGUST, 2014.

ATTEST:


Mary Rushton, Clerk/Treasurer




Bradley J. Simon, Mayor