

## RESOLUTION

2014-36

**WHEREAS**, on April 21, 2010, the Board of Directors for La Plata Electric Association, Inc., passed Resolution 2010-09 which authorized the LPEA staff to begin investigating the sale of LPEA 115 kV facilities to Tri-State Generation & Transmission, Inc. (“Tri-State”);

**WHEREAS**, the purpose and reason for the sale is that the Federal Energy Regulatory Commission (“FERC”) has imposed Reliability Standards applicable to LPEA 115 kV transmission facilities and LPEA would have to make a significant investment in additional staff or outside consulting services to maintain and document compliance with the applicable FERC Reliability Standards;

**WHEREAS**, Tri State, which also must comply with FERC Reliability Standards, elected to hire additional staff to handle compliance matters and offered to take over LPEA’s 115kV transmission facilities thus transferring the FERC Reliability Standards compliance burden;

**WHEREAS**, LPEA staff recognized the potential cost savings and removal of liabilities if the LPEA 115kV transmission facilities were transferred to Tri-State;

**WHEREAS**, after initial investigation and recommendation by LPEA staff, the LPEA Board of Directors passed Resolution 2012-04, which authorized LPEA to enter into Contract No. TS-11-LPO1 with Tri-State (“Contract”).

**WHEREAS**, the Contract called for the sale of the LPEA 115 transmission facilities to Tri-State at net book value, for reasonable due diligence to be conducted and then for closings on the transfer of the LPEA 115 transmission facilities over a period of time;

**WHEREAS**, LPEA and Tri-State have completed due diligence on 8 of 14 substations including the following 115kV transmission facilities (“Property”):

Bayfield Substation, Cascade Substation, Hesperus Substation, Iron Horse Substation, Piedra Substation, Shenandoah Substation, Spring Creek Substations, and Tamarron Substation;

**WHEREAS**, the LPEA staff recommends that the LPEA Board of Directors authorize the closing to occur for the Property and to authorize Chief Executive Officer Michael Dreyspring to execute all documents necessary to effect the closing for the Property, including but not limited to necessary releases from the Rural Utilities Service (“RUS”) and Cooperative Finance Corporation (“CFC”);

**WHEREAS**, the Board of Directors of LPEA finds that all necessary approvals have been or will be obtained where required by law or its Articles of Incorporation and Bylaws;

**WHEREAS**, the LPEA Board of Directors finds that the net book value for the Property as of June 30, 2014, from which the purchase price will be derived is \$4,496,049.58

**WHEREAS**, the LPEA Board of Directors of LPEA finds that the transfer of the Property will be in the best interest of LPEA;

**NOW, THEREFORE, BE IT RESOLVED** by the LPEA Board of Directors, that LPEA shall proceed with closings on the sale of the Property to Tri-State, and that CEO Michael Dreyspring be authorized to execute any and all documents necessary to effectuate the sale of the Property, including but not limited necessary documentation to obtain a release of the Property from security for mortgages LPEA has provided RUS and CFC; and

**IT IS FURTHER RESOLVED** that upon receipt of the proceeds of the sale of the Property, said proceeds shall be deposited in the LPEA Construction Fund Trustee Account.

I, Jeffrey Berman, Secretary of La Plata Electric Association, Inc., do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of La Plata Electric Association, Inc., at a regular meeting held in Durango, Colorado, on November 19th, 2014 at which meeting a quorum of directors was present and voting.

  
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Jeffrey Berman

Dated at Durango, Colorado this 19<sup>th</sup> day of November, 2014.