

RESOLUTION NO. 2016-11-8

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING THE SALE OF THE GIBBONS CREEK STEAM ELECTRIC STATION AND THE 345 KV TRANSMISSION LINES AND SUBSTATIONS IN GRIMES, BRAZOS, AND ROBERTSON COUNTIES; DESCRIBING THE CONDITIONS AND CIRCUMSTANCES FOR THE SALES, AND THE PUBLIC PURPOSES THAT WILL BE ACHIEVED; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, as authorized by Section 163.073, Utilities Code, the Member Cities have, by the adoption of concurrent ordinances, elected for the Agency to be governed by Subchapter C-1, Utilities Code, effective April 30, 2016;

WHEREAS, Section 163.080 of Subchapter C-1 authorizes the Agency to "sell, lease, convey, or otherwise dispose of any right, interest, or property of the agency, including its electric facilities";

WHEREAS, the Board desires to authorize the sale of the Gibbons Creek Steam Electric Stations and 345 kV transmission lines and substations in Grimes, Brazos, and Robertson counties;

WHEREAS, as required by Section 163.080, Utilities Code, and Section 2.12 of the Joint Operating Agreement, the Member Cities have given prior approval of this sale; and,

WHEREAS, pursuant to Section 2.12 of the Joint Operating Agreement, the Agency has used its best efforts to market and dispose of the assets subject to this Resolution upon terms and conditions that maximize the assets' market value;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;
2. That the Board authorizes the General Manager to execute an Asset Purchase Agreement with Clean Energy Technology Association, Inc.(CETA), for the sale of the Gibbons Creek Steam Electric Station. This authority expires if not exercised by the close of business on November 18, 2016;
3. That the Board authorizes the General Manager to execute an Asset Purchase Agreement with GridLiance Texas Transco, LLC, for the sale of the 345 kV transmission system in Grimes, Brazos, and Robertson counties. This authority expires if not exercised by the close of business on November 18, 2016;
4. That between the date of this Resolution and the signing of the asset purchase agreements, the General Manager may make revisions to the asset purchase agreements reviewed by the Board to address title issues, access issues, and other issues as appropriate, but without modifying the conditions and circumstances of the sale as set forth in Exhibit "A";
5. That between the Effective Date of the Agreements referenced in paragraphs "2" and "3" of this Resolution, and the closing of the transactions contemplated by the Agreements,

the General Manager may agree on changes and supplements to the agreements, exhibits, and schedules, for purposes, among others, of completeness and accuracy;

6. That, for purposes of Section 272.001(k), Utilities Code, the conditions and circumstances for the sales authorized by this Resolution: (i) are as set forth in Exhibit "A" and (ii) in addition, involve the present and foreseeable future state of the ERCOT wholesale electric market, which necessitate that the Agency sell the Gibbons Creek Steam Electric Station and a portion of its transmission assets in order to provide its Member Cities opportunities to lower the costs incurred by them for wholesale electric power;

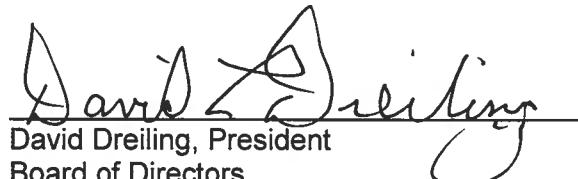
7. That, for purposes of Section 272.001(k), Utilities Code, the public purposes that will be achieved by the transactions contemplated by this Resolution include: (i) providing to the Member Cities opportunities to lower the costs incurred by them for wholesale electric power and (ii) reducing the indebtedness of the Agency;

8. That the General Manager may take such actions as are necessary, desirable, or required to consummate and complete the transactions contemplated by the Asset Purchase Agreements; and

9. This Resolution is adopted with the understanding that the Confidentiality Agreement between TMPA and CETA has been amended to permit public disclosure of this resolution and related information;

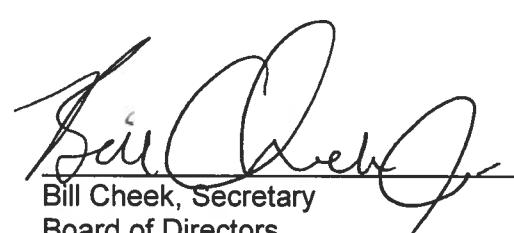
10. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10TH DAY OF NOVEMBER, 2016.



David Dreiling
David Dreiling, President
Board of Directors
Texas Municipal Power Agency

ATTEST:



Bill Cheek, Secretary
Board of Directors
Texas Municipal Power Agency



EXHIBIT "A"
CONDITIONS AND CIRCUMSTANCES OF THE SALES

1.

Asset Purchase Agreement with Clean Energy Technology Association, Inc. ("CETA")

The assets to be sold will include the Gibbons Creek Steam Electric Station, the Gibbons Creek Reservoir, the Hog Creek Substation, a gas pipeline, water pipeline and pumping station, a railroad spur, railroad spur right of way, the coal pile, and other real and personal property as described in the Asset Purchase Agreement.

The purchase price will consist of: \$57.5 million, plus an amount for Working Capital determined in the manner to be set forth in the Asset Purchase Agreement.

CETA will provide \$35 million in funding for an environmental escrow and a \$25 million letter of credit for environmental purposes.

The Asset Purchase Agreement will provide for conditions to closing, representations of the parties, provisions for termination, and other provisions as appropriate to the transaction.

2.

Asset Purchase Agreement with GridLiance Texas Transco, LLC ("GridLiance")

The assets to be sold include the Gibbons Creek Substation, the Jack Creek Substation, the Gibbons Creek to Jack Creek 345 kV Transmission Line, the Jack Creek to Twin Oaks 345 kV Transmission Line, the Gibbons Creek to Singleton 345 kV Transmission Line, certain construction projects planned for the Gibbons Creek Substation, including certain planned improvements to the Gibbons Creek Substation associated with the Houston Import Project, and certain personal property as described in the Asset Purchase Agreement.

The purchase price will be the sum of Net Book Value and, as described in the Asset Purchase Agreement, an "Additional System Value" and a "Transaction Financing Consideration". The price is expected to be approximately \$71.5 million.

The Asset Purchase Agreement will provide for conditions to closing, representations of the parties, provisions for termination, and other provisions as appropriate to the transaction.