

## PRESS RELEASE

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*Lamar, Colorado – For Immediate Release – November 27, 2017*

### ***ARPA and City of Lamar Settle Lawsuit:***

**LAMAR, COLO --** The Arkansas River Power Authority and the City of Lamar have resolved a lawsuit regarding the Lamar Repowering Project (LRP) and Lamar’s Unit 6 generating plant.

The Lamar City Council and the ARPA Board of Directors both approved a settlement that will dismiss the lawsuit between the two parties that was filed in 2014. The Settlement will allow ARPA to refinance its bonds, which will provide significant savings in interest payments. The anticipated savings will help ARPA in its efforts to maintain stable electric rates for its member’s rate payers.

“Settling the litigation is in the best interest of all the ARPA members. We can work together in a more cohesive manner that best serves the interest of the ARPA rate payers,” ARPA General Manager Rick Rigel said.

The terms of the settlement provide a \$2.5 million payment to Lamar once the bonds are refinanced. In addition, ARPA will make a \$350,000 annual payment to Lamar for 26 years (approximate term of the LRP bonds). ARPA’s bond insurer, Syncora Guarantee, Inc. has agreed to make a \$2.25 million payment to ARPA once the bonds are refinanced. ARPA will also deed over property to Lamar that is adjacent to the LRP and the LRP dome storage facilities located on City of Lamar property.

Lamar will remain a member of ARPA and continue to purchase its power requirements in accordance with its existing power supply contracts with ARPA, which includes repayment of the bonds.

“The settlement provides ARPA the ability to access a very favorable bond market,” said Rigel. Public Financial Management, Inc. (PFM), ARPA’s municipal adviser and Goldman Sachs, ARPA’s underwriter for the bond refinancing, recently conducted a financial analysis. “The analysis indicated that the annual savings from a refinancing will significantly reduce our debt service cost over the life of the bonds,” Rigel said. “These savings will allow ARPA to continue to maintain stable rates for the ARPA rate payers for the next several years to come. Our goal is to go to the bond market by second quarter of 2018”.

ARPA is located in Lamar, Colorado and provides wholesale electricity to its Colorado member communities of Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad.