

RESOLUTION 2019-001

RESOLUTION OF THE NEW MEXICO RENEWABLE ENERGY TRANSMISSION AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION OF A BUILD TRANSFER AGREEMENT, AN AMENDED AND RESTATED LEASE AGREEMENT, A MASTER LEASE AGREEMENT, A LETTER AGREEMENT AND THE ADDITIONAL DOCUMENTS RELATED TO THE WESTERN SPIRIT TRANSMISSION LINE (F/K/A THE CENTRAL NEW MEXICO COLLECTOR SYSTEM); RATIFYING PRIOR ACTIONS CONSISTENT WITH THIS RESOLUTION AND REPEALING PRIOR INCONSISTENT ACTION; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND RELATED MATTERS.

Capitalized terms used in the following recitals have the meaning defined in the following recitals and have such meaning when used in this Resolution unless the context requires otherwise.

WHEREAS, the New Mexico Renewable Energy Transmission Authority ("RETA") is charged with implementing the New Mexico Renewable Energy Authority Transmission Act, NMSA 1978, § 62-16A-1, et seq. (the "Act"), and, in connection therewith, facilitating eligible facilities (as defined in the Act) located entirely or in part within the State of New Mexico;

WHEREAS, RETA has determined that it is in furtherance of its statutory purpose to develop with Western Spirit Transmission LLC, a Delaware limited liability company ("Western Spirit"), an alternating current transmission line known as the Western Spirit Transmission Line (f/k/a the Central New Mexico Collector System) that will transmit power from New Mexico to western United States load centers, traversing Torrance, Valencia, Socorro, Santa Fe and Bernalillo Counties, New Mexico, and extending to a point of interconnection with the existing electric transmission network of Public Service Company of New Mexico ("PNM") at a new or existing interconnection point (the "Interconnection Point") to be located in or near Bernalillo County, New Mexico, and arrange for transmission service for transmission customers over PNM's electric transmission system from the Interconnection Point to PNM's Clines Corners 345 kV station (the "Project");

WHEREAS, RETA and Western Spirit (f/k/a Western Spirit Clean Line LLC, f/k/a Power Network New Mexico, LLC) are parties to that certain Lease Agreement, dated as of October 27, 2011 (as amended, restated, replaced, supplemented or otherwise modified from time to time prior to the date hereof, the "Original Lease"), pursuant to which RETA and Western Spirit are developing the Project;

WHEREAS, the Original Lease provides that during the development of the Project RETA and Western Spirit will negotiate and enter into an amended lease agreement;

WHEREAS, RETA and Western Spirit intend to amend and restate the Original Lease, in its entirety, which amendment and restatement shall be evidenced by the Amended and Restated Lease Agreement between RETA and Western Spirit (the "Amended and Restated Lease");

WHEREAS, in connection with the Amended and Restated Lease RETA and Western Spirit intend to enter into (a) a Master Lease Agreement between RETA and Western Spirit pursuant to which, among other things, RETA will acquire and then lease the Project to Western Spirit (the "Master Lease") and (b) a Letter Agreement among RETA, Western Spirit and Pattern New Mexico Wind LLC ("Pattern Wind") pursuant to which, among other things, Pattern Wind will agree to make lease payments to RETA (the "Letter Agreement" and, together with the Amended and Restated Lease and the Master Lease, the "Lease Documents");

WHEREAS, RETA, Western Spirit and PNM intend to enter into a Build Transfer Agreement (the "Build Transfer Agreement"), pursuant to which, among other things, RETA and Western Spirit agree to sell their respective interests in the Project to PNM;

NOW, THEREFORE, BE IT RESOLVED, by the Governing Board of RETA, as follows:

Section 1. Definitions. In addition to the terms defined in the recitals to this Resolution, the following terms have the meanings given below:

"Additional Documents" means all documents constituting exhibits, annexes, schedules and disclosure letters to the Lease Documents or the Build Transfer Agreement and all updates and modifications of such documents as the Proper Officers deem necessary or appropriate and all other documents required to be executed pursuant to the Lease Documents or the Build Transfer Agreement or otherwise related or incidental to the transactions contemplated thereby.

"Documents" means, collectively, the Lease Documents, the Build Transfer Agreement and the Additional Documents.

"Governing Body" means the Board of Directors of RETA.

Section 2. Ratification. All actions heretofore taken, not inconsistent with the provisions of this Resolution, by RETA, its Governing Board, officers, employees and agents, related to the Project are hereby ratified, approved and confirmed.

Section 3. Findings. RETA declares that it has considered all relevant information and makes the following findings:

- A. The Project is an "eligible facility" within the meaning of § 62-16A-2D NMSA 1978 of the Renewable Energy Transmission Act (the "Act").
- B. The Project is needed to access New Mexico wind energy resources.
- C. The Project will transmit at least thirty (30%) percent renewable energy generated by wind power.
- D. The Project is in the public interest.

Section 4. Approval of Project; Authorization and Execution of Documents.

A. The acquisition and development of the Project and the leasing of the Project to Western Spirit on the terms provided in the Lease Documents and the sale of RETA's interest in the Project to PNM on the terms provided in the Build Transfer Agreement are hereby approved. RETA hereby authorizes, empowers and directs each of the directors, officers and employees of RETA, and its counsel and advisors, to carry out or cause to be carried out, and to perform, such obligations of RETA and such other actions as they, in consultation with RETA's counsel and advisors, shall consider necessary or advisable in connection with the Project and the transactions described in the Documents

B. The execution and delivery of the Documents in substantially the form submitted to the Governing Body and the consummation of the transactions and the performance of RETA's obligations contemplated thereunder are hereby authorized and approved. The Chairman or, in the absence of the Chairman, the Vice Chairman or the Secretary of RETA (each a "Proper Officer"), any one of whom may act without the joinder of any of the others, are hereby authorized, empowered and directed, in the name and on behalf of RETA, to execute and deliver the Documents with such changes, insertions and omissions as any such Proper Officer, may deem necessary, appropriate or advisable, the execution and delivery of the Documents by any such Proper Officer with any changes, insertions or omissions thereto to be conclusive evidence that such Proper Officer deemed such changes to meet such standard.

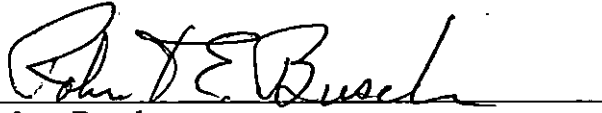
Section 5. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 6. No Recourse and Liability. All covenants, stipulations, obligations and agreements of RETA contained in this Resolution, and in the documents hereby authorized, shall be deemed to be the covenants, stipulations, obligations and agreements of RETA, and all such covenants, stipulations, obligations and agreements shall be binding upon RETA, and, except as otherwise provided in this Resolution and such documents, all rights, powers and privileges conferred, and duties and liabilities imposed, upon RETA by the provisions of this Resolution, and in the documents hereby approved, shall be exercised or performed by RETA; provided that no covenant, stipulation, obligation or agreement herein contained or contained in any document hereby approved and authorized for execution shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, director, member, agent or employee of RETA in his or her individual capacity, and neither the members of RETA nor any officials executing the Documents shall be liable personally under the Documents.

Section 7. Inconsistent Prior Resolution; Effective Date. All orders, resolutions, or proceedings in conflict with provisions of this Resolution shall be, and the same hereby are, repealed, rescinded, and set aside, but only to the extent of such conflict. This Resolution shall become effective immediately upon the adoption hereof.

Section 8. Section Headings. The headings or titles to the several sections hereof shall be solely for the convenience of reference and shall not affect the meaning or construction, interpretation or effect of this Resolution.

The foregoing Resolution of the Governing Board of RETA was adopted and approved by RETA on May 1, 2019.

A handwritten signature in black ink, appearing to read "Robert Busch", written over a horizontal line.

Robert Busch  
Chairman