

ELECTRIC SYSTEM ABANDONMENT AGREEMENT

THIS ELECTRIC SYSTEM ABANDONMENT AGREEMENT (this "**Agreement**"), effective as of the 1st day of September, 2020 (the "**Effective Date**"), by and between **CHATEAU CHAPARRAL OWNERS ASSOCIATION**, a Colorado nonprofit corporation ("**CCOA**"), and **SANGRE DE CRISTO ELECTRIC ASSOCIATION**, a Colorado cooperative association ("**SDCEA**").

BACKGROUND

- CCOA manages, maintains and operates as attorney-in-fact, the electric system (the "**System**") currently serving the Chateau Chaparral recreational vehicle park located at 10795 County Rd. 197A, Nathrop, CO (the "**Community**"); and

- CCOA has determined that electrical power is essential to the continued operation of the Community, and that the System is outdated, obsolete and unsafe.

- SDCEA is the electric power provider to the Community, and has the legal authority to cease power delivery to any of its customers whose service is determined unsafe.

- CCOA desires to and by separate resolution has abandoned the System, and CCOA and SDCEA desire to establish a new electrical system serving the Community on the terms and subject to the conditions set forth in this Agreement.

In consideration of the foregoing background statements and the respective promises set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE I

THE ABANDONMENT OF THE SYSTEM

Section 1.01. Abandonment of System. Subject to the terms and conditions of this Agreement, upon SDCEA's completion and energization of the New System (defined below), CCOA abandons all of the physical components of the System (the "**Physical System**"). The Physical System includes the items as identified in Exhibit A hereto.

Section 1.02. System Liabilities. SDCEA assumes no liabilities or obligations of CCOA. Specifically, SDCEA shall not assume and shall not be responsible to pay, perform or discharge any of the following liabilities or obligations of CCOA:

- (a) any liabilities or obligations arising out of or relating to CCOA's ownership or operation of the System and the Physical System;
- (b) any liabilities or obligations for: (i) taxes relating to the System, the Physical System and (ii) any other taxes of CCOA;

(c) any liabilities or obligations of CCOA relating to or arising out of (i) the employment, or termination of employment, of any employee of CCOA or (ii) workers' compensation claims of any employee of CCOA; and

(d) any liabilities or obligations of CCOA arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement and any documents executed in connection herewith and the transactions contemplated hereby and thereby, including, without limitation, fees and expenses of counsel, accountants, consultants, advisers and others.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF CCOA

As an inducement to SDCEA to enter into this Agreement and to consummate the transactions contemplated hereby, CCOA hereby represents and warrants to SDCEA as follows:

Section 2.01. Organization and Good Standing. CCOA is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Colorado. CCOA is not in violation of any provision of its Articles of Incorporation or other governing documents.

Section 2.02. Authority and Enforceability. CCOA has full corporate power and authority to execute, deliver and perform this Agreement and each document to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery of this Agreement and each document and performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of CCOA. This Agreement and each transaction document has been duly executed and delivered by CCOA and constitutes the valid and legally binding obligation of CCOA, enforceable in accordance with its terms.

Section 2.03. Noncontravention. The transaction will not: (a) violate any law or other restriction of any governmental entity to which CCOA is subject; (b) violate any provision of CCOA's governing documents; or (c) conflict with, result in a breach of, constitute a default under, result in the acceleration of, give any person the right to accelerate, terminate, modify or cancel, any agreement, permit, contract, instrument or other arrangement to which CCOA is a party or by which it is bound or to which any of its assets or properties are subject (or result in the imposition of a Lien as defined herein below, upon any of its assets).

Section 2.04. Title. The System and the Physical System are Common Elements within the Community; CCOA has full authority to maintain, repair and replace the System pursuant to C.R.S. 38-33.3-302 and 7-123-101.

Section 2.05. Legal Proceedings. Except as set forth on Schedule 2.05 to this Agreement, there are no Actions pending or, to CCOA's knowledge, threatened against or by CCOA (a) relating to or affecting the System, the Physical System; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. "Action" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation,

proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SDCEA

SDCEA hereby represents and warrants to CCOA as follows:

Section 3.01. Organization and Good Standing. SDCEA is a cooperative association, validly existing and in good standing under the laws of the State of Colorado. SDCEA is not in violation of any provision of its governing documents.

Section 3.02. Authority and Enforceability. SDCEA has full corporate power and authority to execute, deliver and perform this Agreement and each document to which it is a party, and to consummate the transactions contemplated hereby and thereby. The execution, delivery of this Agreement and each document and performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of SDCEA. This Agreement, and each transaction document has been duly executed and delivered by SDCEA and constitutes the valid and legally binding obligation of SDCEA, enforceable in accordance with its terms.

Section 3.03. Noncontravention. The transaction will not: (a) violate any law or other restriction of any governmental entity to which SDCEA is subject; (b) violate any provision of SDCEA's governing documents; or (c) conflict with, result in a breach of, constitute a default under, result in the acceleration of, give any person the right to accelerate, terminate, modify or cancel, or require any notice under, any agreement, permit, instrument or other arrangement to which SDCEA is a party or by which it is bound or to which any of its assets or properties are subject.

ARTICLE IV COVENANTS

Section 4.01. Further Assurances. From time to time following the Effective Date, SDCEA and CCOA shall execute and deliver, or cause to be executed and delivered, to the other party such other documents and agreements as CCOA or SDCEA may reasonably request or as may be otherwise necessary to more effectively consummate the transactions contemplated by this Agreement.

Section 4.02. Utility Easements. CCOA and SDCEA acknowledge the existing utility easements established within the Community by that certain Final Plat for Chateau Chaparral Unit 1 recorded in the office of the Chaffee County Clerk and Recorder on August 11, 1973 as reception number 153337, as amended by that certain Plat and Plan Amendment to Chateau Chaparral, Unit 1, Lots 87 & 88 Amendment of Utility Easements recorded in the office of the Chaffee County Clerk and Recorder on March 28, 2016 at reception number 425901 (collectively, the "Utility Easements"). CCOA hereby grants to SDCEA a non-exclusive easement to the Utility Easements and the right to enter upon the lands of CCOA and the Community to construct, operate and maintain on the Community and within the Utility Easements, an electric transmission or

distribution line or system, and to cut down, cut, trim or remove trees and shrubbery to the extent necessary to keep the electric line or system clear. A copy of this Agreement may be recorded by SDCEA, in its sole discretion, in the office of the Chaffee County Clerk and Recorder. CCOA agrees that all poles, wires, and other facilities and equipment installed on the Community at SDCEA's expense, both wholly or partially, shall remain the property of SDCEA, and may be removed at the option of SDCEA.

Section 4.03. Electric Service and Member Agreements. CCOA acknowledges and agrees that SDCEA shall be the sole provider of electric service within the Community, and that all lot owners within the Community (the "Lot Owners") will be provided for execution a Member Agreement substantially similar to the form available at <https://www.myelectric.coop/account-services/start-or-stop-service/apply-for-membership/>. Unless and until such a Member Agreement is executed by a Lot Owner, SDCEA shall not be obligated to provide electric service to a Lot Owner.

Section 4.04. Replacement System. SDCEA shall replace the System with a new electric system serving the Community (the "New System") at SDCEA's cost, and according to SDCEA's construction schedule and preferences. The New System shall connect from current SDCEA electrical delivery points at the Community to electric meter pedestals serving each of the mobile home lots within the Community.

Section 4.05. New System Connections. Lot Owners will be responsible for the cost to connect their homes to the New System. SDCEA agrees to contract with a licensed electrical contractor to assist with Lot Owner connections to the New System, and to offer zero-interest loans for the costs of connection to Lot Owners who qualify for the SDCEA consumer loan program described in SDCEA Board Policy C-21 Consumer Loan Program.

Section 4.06. Confidentiality. SDCEA and CCOA, to the maximum extent possible, agree that the terms of this Agreement and the transaction it describes shall remain confidential, except as necessary to complete the transaction. SDCEA and CCOA shall mutually agree on any press release or other public statements announcing this Agreement.

ARTICLE V INDEMNIFICATION

Section 5.01. Survival; Right to Indemnification. The representations and warranties and covenants and agreements of CCOA and SDCEA herein and in the documents and instruments to be delivered pursuant hereto shall survive the Effective Date as follows: (a) all covenants, and agreements shall survive indefinitely; (b) the representations and warranties in ARTICLE III and ARTICLE IV shall survive without limitation, subject to any applicable statute of limitations.

Section 5.02. Indemnification by CCOA. From and after the Effective Date, CCOA shall indemnify and hold SDCEA and each of its respective officers, directors, employees, agents, representatives, owners, members, managers, and controlling persons (the "SDCEA Indemnitees") harmless from, and will pay to SDCEA Indemnitees, the amount of all damages, penalties, losses, deficiencies, costs, expenses, obligations, fines, expenditures, claims and liabilities, including reasonable attorneys' fees and expenses, (collectively the "Damages"), whether or not involving a

third-party claim, suffered by SDCEA Indemnites arising directly or indirectly from or in connection with (a) any and all liabilities and obligations of CCOA arising out of the installation, operation, maintenance, or ownership of the System, (b) any breach or inaccuracy of a representation or warranty on the part of CCOA under this Agreement and (c) any breach of any covenant or agreement on the part of CCOA under this Agreement. Such indemnites contained herein shall not apply to the negligent installation or operation of the New System by the SDCEA Indemnites.

Section 5.03. Indemnification by SDCEA. From and after the Effective Date, SDCEA shall indemnify and hold harmless CCOA and its respective officers, directors, employees, agents, representatives, owners, members, managers, and controlling persons (the "CCOA Indemnites"), and will pay to CCOA Indemnites all Damages, whether or not involving a third-party claim, suffered by the CCOA Indemnites arising directly or indirectly from or in connection with (a) any breach or inaccuracy of a representation or warranty or nonfulfillment of any agreement or covenant on the part of SDCEA under this Agreement, (b) any and all liabilities and obligations of CCOA arising out of the operation of the New System after the Effective Date. Such indemnites contained herein shall not apply to the negligent installation or operation of the System by the CCOA Indemnites.

Section 5.04. No Other Representations or Warranties. Except for the specific representations and warranties contained in this Agreement or any other agreement, certificate or other document executed and delivered to either party by the other party, SDCEA and CCOA make no other express or implied representation or warranty with respect to themselves, their affiliates, the System or the transactions contemplated by this Agreement.

ARTICLE VI MISCELLANEOUS

Section 6.01. Successors and Assigns. Except as otherwise provided in this Agreement, no party hereto shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect. This Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto.

Section 6.02. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF COLORADO, WITHOUT GIVING EFFECT TO THE CONFLICT OR CHOICE OF LAW RULES THEREOF. THE PARTIES AGREE THAT ANY LEGAL ACTION INVOLVING THIS AGREEMENT IN ANY WAY WILL BE EXCLUSIVELY INSTITUTED IN A COURT OF COMPETENT JURISDICTION LOCATED IN CHAFFEE COUNTY, COLORADO.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY

INSTRUMENT OR DOCUMENT DELIVERED THEREUNDER OR ANY OF THE
TRANSACTIONS CONTEMPLATED HEREBY.

Section 6.03. Expenses. Except as otherwise provided for in this Agreement, all of the fees, expenses, and costs incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party hereto incurring such fees, expenses, and costs.

Section 6.04. Severability. In the event that any part of this Agreement is declared by any court or other judicial or administrative body to be null, void, or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect. To the extent permitted by Law, each party hereto waives any provision of Law that renders any such provision prohibited or unenforceable in any respect.

Section 6.05. Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given: (a) on the date of service if served personally on the party to whom notice is to be given; (b) on the day of transmission if sent via e-mail to the email address given below and telephonic confirmation of receipt is obtained promptly after completion of transmission; (c) on the day of transmission if sent via e-mail to the e-mail address given below and confirmation of delivery is obtained; or (d) on the System day after deposit to Federal Express or similar overnight courier or the Express Mail service maintained by the United States Postal Service, to the party as follows:

If to CCOA: Chateau Chaparral Owners' Association
10795 CR 197A
Nathrop, CO 81236
E-mail: ccoassn@gmail.com

With a copy to: Altitude Community Law P.C.
Attn: Managing Partner
555 Zang St., Suite 100
Lakewood, CO 80228

If to SDCEA: Sangre de Cristo Electric Association
Attn: Mike Allen
29780 US Hwy 24 N.
PO Box 2013
Buena Vista, CO 81211
E-mail: allen@myelectric.coop

With a copy to: Balcomb & Green, P.C
Attn: Casey Martin
109 E. Main St.
PO Box 5039
Buena Vista, CO 81211
E-mail: casey@balcombgreen.com

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CCOA:

CHATEAU CHAPARRAL OWNERS ASSOCIATION,
a Colorado nonprofit corporation

By: Laurie A. Bechert

Name: Laurie A. Bechert

Title: President CCOA Board

SDCEA:

SANGRE DE CRISTO ELECTRIC ASSOCIATION,
a Colorado cooperative association

By: Paul Erickson
Paul Erickson (Aug 28, 2020 14:29 MDT)

Paul Erickson, CEO

Any party may change its address for the purpose of this Section by giving the other party written notice of its new address in the manner set forth above.

Section 6.06. Waivers. No waiver of the right to strict enforcement of any obligation under this Agreement may be implied from either party's conduct. Either party's failure to immediately insist upon strict compliance with any obligation under this Agreement shall not, during the statute of limitations applicable to that obligation, be construed as a waiver of the right to such strict compliance. In any litigation or arbitration in which either party claims a waiver occurred, the party who asserts the waiver bears the burden of producing documentation of the waiving party's written confirmation of the alleged waiver. Absent such a writing, the court or arbiter shall apply a presumption that no such waiver occurred and shall not infer solely from the parties' conduct that an implied waiver occurred.

Section 6.07. Public Announcements. Each party agrees to communicate with the other party and cooperate with each other prior to any public disclosure of this transaction.

Section 6.08. Entire Agreement. This Agreement contains the entire understanding among the parties hereto with respect to the transactions contemplated hereby and supersedes and replaces all prior and contemporaneous agreements and understandings, oral or written, with regard to such transactions. All Exhibits hereto are expressly made a part of this Agreement as fully as though completely set forth herein.

Section 6.09. Parties in Interest. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than parties hereto and their respective successors and permitted assigns. Nothing in this Agreement is intended to relieve or discharge the obligations or liability of any third persons to CCOA or SDCEA. No provision of this Agreement shall give any third parties any right of subrogation or action over or against CCOA or SDCEA.

Section 6.10. Joint Drafting. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises regarding this Agreement, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The parties intend that each representation, warranty and covenant contained herein shall have independent significance.

Section 6.11. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 6.12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument. Facsimile and PDF copies of signatures to a transaction document (including copies received as attachments to E-mail) shall be deemed to be originals and may be relied upon with the same force and effect as originals.

EXHIBIT A
System Assets

The CCOA Physical System includes all wires, poles, breakers, transformers, disconnects, switches, pedestals, meters, and any other equipment used by the CCOA to deliver electrical power to the lots and CCOA-owned common property located on the load side of all SDCEA power delivery points serving the Community, specifically all equipment located on the load side of the SDCEA transformer, pedestal, meter, and breaker or disconnect.

Schedule 2.05

Legal Proceedings

CCOA to insert any disclosures on this Schedule 2.05.






20200828 Electric System Abandonment Agreement - SDCEA - CCOA (FINAL)

Final Audit Report

2020-08-28

Created:	2020-08-28
By:	Casey Martin (casey@balcombgreen.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAUVUNOMmjeR42Saq_HWzAbofErcFUwKcxF

"20200828 Electric System Abandonment Agreement - SDCEA - CCOA (FINAL)" History

-  Document created by Casey Martin (casey@balcombgreen.com)
2020-08-28 - 7:31:39 PM GMT- IP address: 66.35.55.59
-  Document emailed to Paul Erickson (erickson@myelectric.coop) for signature
2020-08-28 - 7:32:04 PM GMT
-  Email viewed by Paul Erickson (erickson@myelectric.coop)
2020-08-28 - 8:24:28 PM GMT- IP address: 162.255.156.242
-  Document e-signed by Paul Erickson (erickson@myelectric.coop)
Signature Date: 2020-08-28 - 8:29:08 PM GMT - Time Source: server- IP address: 162.255.156.242
-  Signed document emailed to Sarah McMahon (mcmahon@myelectric.coop), Casey Martin (casey@balcombgreen.com), Paul Erickson (erickson@myelectric.coop), and Michael Allen (allen@myelectric.coop)
2020-08-28 - 8:29:08 PM GMT

