

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is between the Polk County, Texas ("POLK COUNTY"), a political subdivision of the State of Texas, and the East Texas Electric Cooperative, Inc. ("ETEC"), a private nonprofit, independent electric cooperative.

This MOU outlines the mutual interest of the Commissioners Court of POLK COUNTY and ETEC to cooperate in the acquisition, lease, and development of real property for the Lake Livingston Hydroelectric Project.

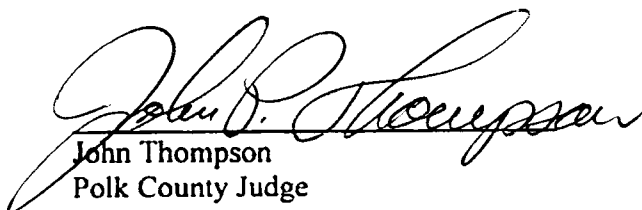
In order for POLK COUNTY and ETEC to mutually cooperate in the development of the Lake Livingston Hydroelectric Project, it will be necessary for the parties to undertake several independent actions toward the successful completion of the Project. It is therefore the agreement of the parties that:

1. ETEC will reimburse any and all expenses, costs or fees reasonably incurred by POLK COUNTY that are associated with POLK COUNTY'S acquisition, through purchase or other legal process, of an approximately 2.77-acre parcel owned by the Estate of Sasparilla Barton ("Barton Parcel") and a contiguous parcel of approximately 1 acre owned by W. R. Baker ("Baker Parcel"), both such parcels as shown on Plat A-1 and A-2, attached. POLK COUNTY shall, in consultation and cooperation with ETEC, expeditiously pursue all necessary actions to acquire said Barton and Baker Parcels and shall make said parcels available for utilization in the Project through a 99-year lease to ETEC.

2. POLK COUNTY shall expeditiously pursue all necessary actions to enter into a 99-year ground lease with ETEC for the 20-acre parcel of real property formerly known as Southland Park ("Southland Park Parcel") that is currently owned by POLK COUNTY. Provided that the parties acknowledge that:

- a. The Southland Park Parcel was originally developed with the aid of a grant from the Land and Water Conservation Fund; and
- b. Such a lease of the Southland Park Parcel will be subject to approval by the Texas Parks and Wildlife Department and the National Park Service, as well as the Federal Energy Regulatory Commission.

The parties agree that this MOU will be implemented and documented by additional documents and agreements, which shall replace this MOU upon execution.


John Thompson
Polk County Judge

6-26-12
Date


East Texas Electric Cooperative, Inc.
President

5-24-12
Date



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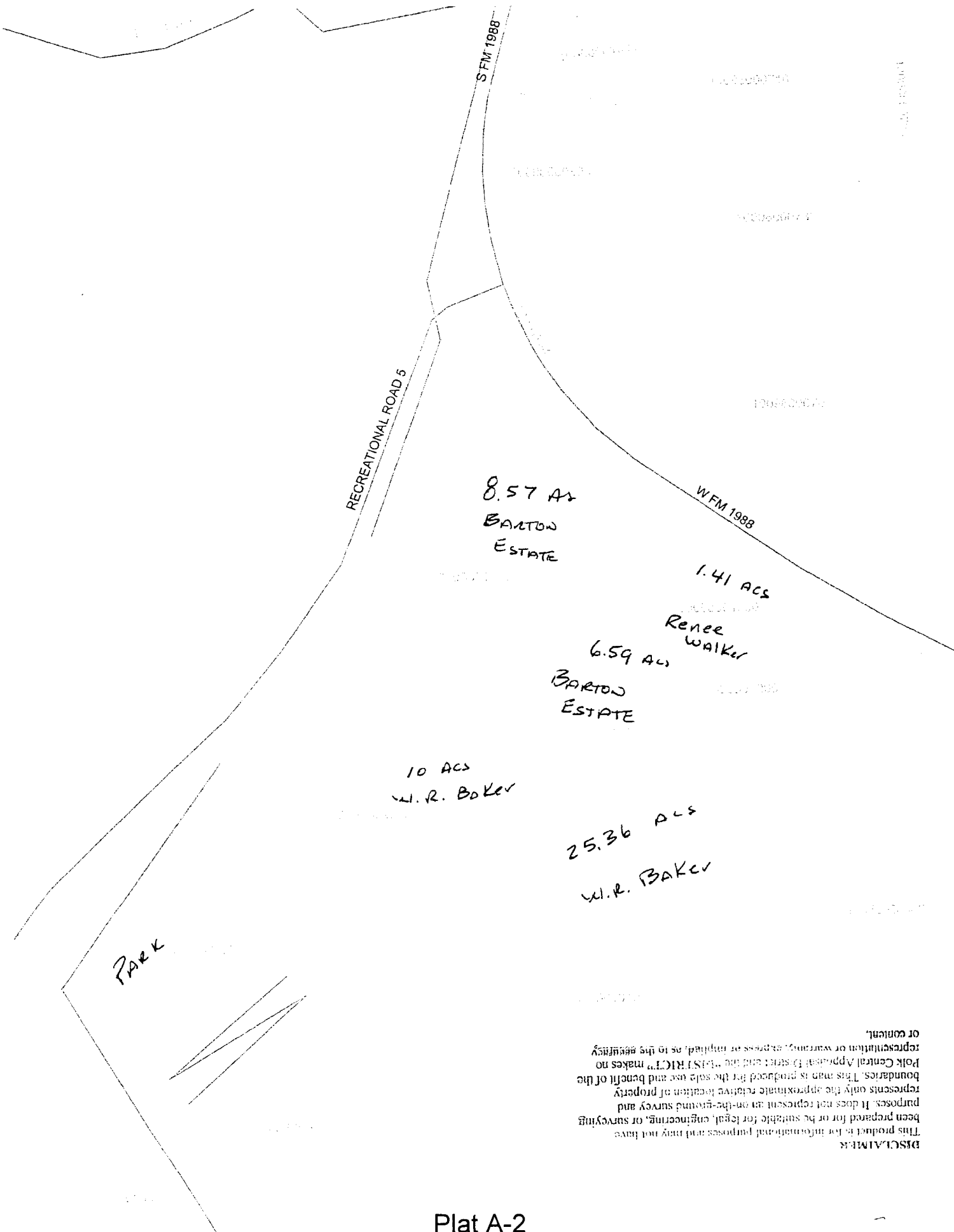
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Plat



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 or content.

Plat A-2