

FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE ("First Lease Amendment") is made and entered into effective as of [March _____], [23], 2015 (the "Effective Date") by and between Polk County, a political subdivision organized under Article 9 of the Texas Constitution and Title 3 of the Texas Local Government Code and exercising governmental powers under the constitution and laws of the state of Texas ("County" or "Landlord"), and East Texas Electric Cooperative, Inc., an electric cooperative organized and existing under the laws of the state of Texas ("ETEC" or "Tenant") (individually, a "Party" and collectively the "Parties"). The terms "Landlord" and "Tenant" used herein shall include the successors and assigns to the above-named parties, to the extent permitted under the applicable provisions of this Lease.

RECITALS

WHEREAS, ETEC is developing an approximately 24 megawatt (MW) hydroelectric generating station (the "Generating Station") on the east bank of the Trinity River below the existing Lake Livingston Dam and reservoir in Polk County, Texas, pursuant to a License for Project No. 12632 (the "Project") issued by the Federal Energy Regulatory Commission (the "FERC") under Part I of the Federal Power Act (the "FERC License");

WHEREAS, the FERC License requires that ETEC develop property in the vicinity of the Generating Station for public recreational purposes, pursuant to a FERC-approved recreation plan, and that such property be included within the licensed project boundary;

WHEREAS, the FERC License further requires that ETEC acquire in fee or by lease or easement the right to occupy and use all property within the project boundary in accordance with the FERC License conditions during the term of the license and any renewal(s) thereof;

WHEREAS, the County owns property situated in Polk County, Texas, consisting of a parcel of approximately twenty (20) acres formerly known as Southland Park, that is suitable in part for use in connection with the Generating Station (the "Generating Parcel") and suitable in part for development for such public recreational purposes (the "Recreation Parcel"), such Generating Parcel consisting of approximately 1.97 acres and such Recreation Parcel consisting of approximately 18.03 acres, together comprising the "Premises";

WHEREAS, the Premises consists of land developed with the aid of a grant from the Land and Water Conservation Fund, and as such, section 6(f)(3) of the federal Land And Water Conservation Fund Act ("LWCF Act"), 16 U.S.C. § 4601-8(f)(3), will require that the Generating Parcel, which is being withdrawn and converted from public recreational purposes, be replaced by nearby property of equal value that is suitable for public recreational use (the "Replacement Parcel");

WHEREAS, the County desired to lease the Premises to ETEC, and ETEC desired to lease from the Premises from the County, for such purposes as part of the FERC-Licensed Project;

WHEREAS, ETEC and Polk County negotiated the terms of a proposed ground lease of the Premises;

WHEREAS, the Commissioners Court of the County conducted a public hearing and found that no feasible and prudent alternative to the use or taking of the Premises existed and that the proposed lease of the Premises, including the subsequently acquired Replacement Parcel, to ETEC in accordance with the FERC License, included all reasonable planning to minimize harm to the land;

WHEREAS, the Parties were authorized to enter into a lease of the Premises, pursuant to the provisions of Chapter 791, Texas Government Code, Section 272.005, Texas Local Government Code, Chapter 26, Texas Parks and Wildlife Code, and other applicable state and federal statutes.

WHEREAS a Ground Lease ("Lease") of the Premises was made and entered into effective as of January 29, 2014 by and between the County and ETEC.

WHEREAS, the Parties anticipated that they would amend the Lease after its effective date to include a Replacement Parcel, and that such Replacement Parcel would be dedicated in perpetuity to public recreation uses consistent with Section 6(f)(3) of the LWCF Act;

WHEREAS, following the effective date of the Lease, the County acquired real property nearby the Premises equivalent in value to the portion of the Premises that was withdrawn from public recreational purposes that its suitable for public recreational use and for use as a Replacement Parcel (as described and depicted in Exhibit D to the Lease and this First Lease Amendment);

WHEREAS pursuant to Article I, section 1.1 of the Lease, the Lease shall be deemed to be amended to include the Replacement Parcel as part of the Premises subject to subsequent approval by ratification of such amendment by the Commissioners Court of the County;

WHEREAS the Commissioners Court of the County desires to approve and ratify the amendment of the Lease such that the leased Premise shall include the Replacement Parcel described and depicted in Exhibit D to the Lease and this First Lease Amendment;

WHEREAS the Commissioners Court of the County has dedicated the Replacement Parcel in perpetuity to public recreation uses consistent with Section 6(f)(3) of the LWCF Act, and further ordered that the execution of this First Lease Amendment and the subsequent use of the Replacement Parcel by the Tenant and the public shall constitute and evidence the acceptance of said public dedication;

NOW THEREFORE, in consideration of the premises and the mutual agreements contained in the Lease and the First Lease Amendment herein, the Parties agree as follows:

First Amendment to Article I: PREMISES

1.1 In consideration of the covenants and obligations contained in this Lease and subject to the terms and conditions provided therein, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, as described fully in Exhibit A to the Lease, which includes a legal description of and a plat depicting the Premises, consisting of the Generating Parcel (as described and depicted in Exhibit B to the Lease), the Recreation Parcel (as described and depicted in Exhibit C to the Lease) and the Replacement Parcel (as described and depicted in Exhibit D to the Lease and this First Lease Amendment). The Lease is hereby amended to include the Replacement Parcel as part of the Premises, which has been approved and ratified by the Commissioners Court of the County, as evidenced by the signature of the Landlord below.

1.2 Tenant acknowledges that it has fully inspected and investigated the Premises. Tenant accepts the Premises "as is", in its present condition, without any obligation of Landlord to make any repairs, replacements, additions, changes or improvements or to do any construction of any kind. Except as expressly provided herein, Landlord makes no representations or warranties concerning the condition of the Premises, and, except as expressly set forth herein, Tenant expressly waives for itself and its successors and permitted assigns all express and implied warranties as to the condition of the Premises, and, except as expressly set forth herein, Tenant expressly waives for itself and its successors and permitted assigns all express and implied warranties concerning the condition of the Premises, the fitness of the Premises for any particular use or purpose, the absence of latent or apparent defects in or about the Premises, and the compliance of the Premises with applicable law.

1.3 During the Term, Landlord shall not, without Tenant's prior written consent, cause or allow any title matters to affect the Land and shall not unreasonably disturb Tenant's quiet enjoyment or use of the Premises.

1.4 If any part of the Premises becomes unusable during the Term for reasons other than Tenant's failure to perform its obligations hereunder, or if additional easements are reasonably required by Tenant for construction, operation or maintenance of the Premises for the intended purposes, Landlord shall grant Tenant, to the extent available to Landlord, such substitute or additional rights, with all costs for the same being the sole responsibility of the Tenant.

1.5 Landlord and Tenant acknowledge that the Commissioners Court of the County has dedicated the Replacement Parcel in perpetuity to public recreation uses consistent with Section 6(f)(3) of the LWCF Act, and that this First Lease Amendment and the subsequent use of the Replacement Parcel by the Tenant and the public shall constitute and evidence acceptance of said public dedication.

First Amendment to Article XXIV: ENTIRE AGREEMENT; AMENDMENT

24.1 The Lease and this First Lease Amendment constitutes the entire agreement between the Parties as to the subject matter contained therein, and all prior or contemporaneous

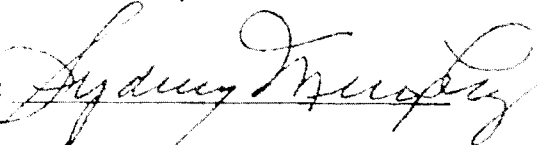
oral or written understandings or agreements are included in the Lease and this First Lease Amendment, and no other such prior or contemporaneous oral or written understandings or agreements shall in any manner derogate from or alter any of the terms and provisions hereof.

24.2 The Lease, as amended by the First Lease Amendment may not be changed, modified, terminated or discharged, in whole or in part, except by a writing, executed by both parties.

THUS DONE AND SIGNED by the Parties hereto in multiple originals on the dates indicated below.

LANDLORD:

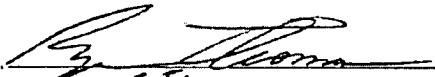
POLK COUNTY, TEXAS

By: 

Its: County Judge

TENANT:

**EAST TEXAS ELECTRIC COOPERATIVE,
INC.**

By: 

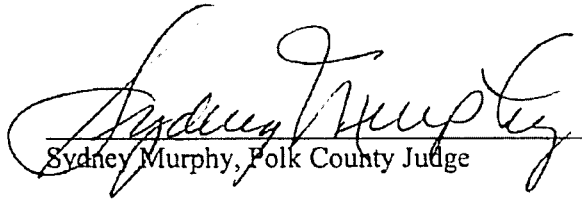
Its: CFO

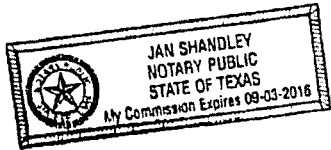
POLK COUNTY CERTIFICATE OF ACKNOWLEDGEMENT

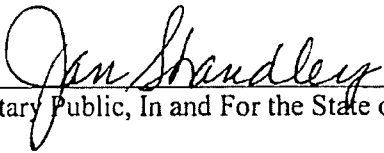
State of Texas

County of Polk

This instrument was acknowledged before me on March 10, 2015 by Sydney Murphy as
County Judge of Polk County, Texas.


Sydney Murphy, Polk County Judge




Notary Public, In and For the State of Texas

My Commission Expires: 9-3-2016.

EAST TEXAS ELECTRIC COOPERATIVE, INC.
CERTIFICATE OF ACKNOWLEDGEMENT

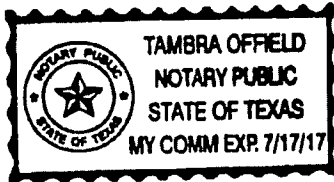
State of Texas

County of HALOGDOCHES

This instrument was acknowledged before me on March 23, 2015 by _____

RYAN THOMAS, ^{CFO}~~President~~ of the East Texas Electric Cooperative, Inc., a Texas corporation organized under the Electric Cooperative Corporation Act, Tex. Util. Code §§ 161.001 et seq., on behalf of said corporation.

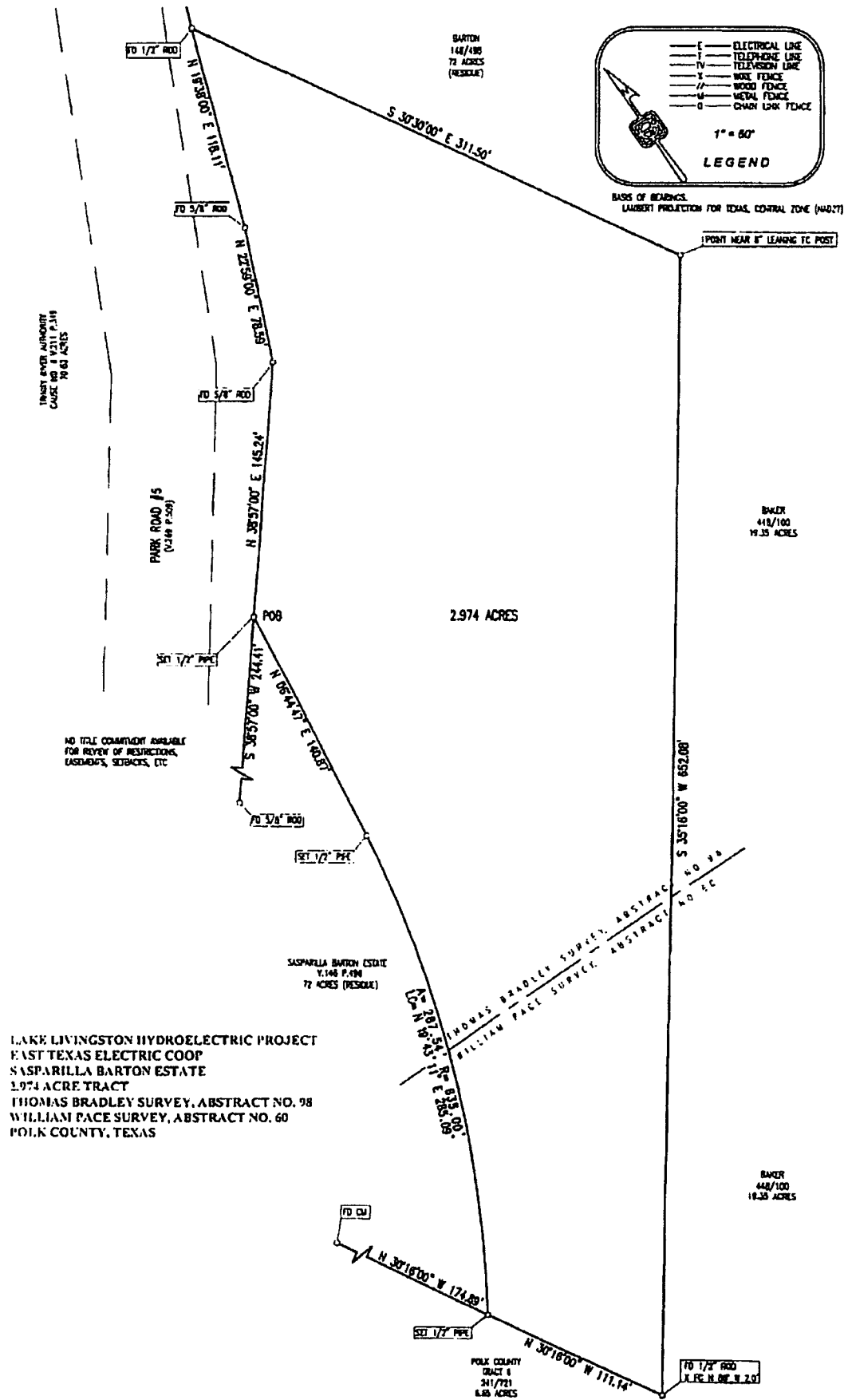
[Signature]
President, East Texas Electric Cooperative, Inc.
CFO



[Signature]
Notary Public, In and For the State of Texas

My Commission Expires: 7/17/17

Exhibit D



BARTON
448/498
72 ACRES
(RESIDUAL)

LEGEND

- ELECTRICAL LINE
- TELEPHONE LINE
- TELEVISION LINE
- WIRE FENCE
- WOOD FENCE
- METAL FENCE
- CHAIN LINK FENCE

1" = 60'

BASES OF BEARINGS,
LAMBERT PROJECTION FOR TEXAS, CENTRAL ZONE (NAD83)

POINT NEAR 8" LEAVING FC POST

BAKER
448/100
19.35 ACRES

2.974 ACRES

TRUST ESTATE AUTHORITY
CAUSE NO. 8 V311 P.119
70.01 ACRES

PARK ROAD /S
(2266 P.509)

NO TITLE COMMITMENT AVAILABLE
FOR REVIEW OF RESTRICTIONS,
EASEMENTS, SETBACKS, ETC

SASPARILLA BARTON ESTATE
7.148 P.498
72 ACRES (RESIDUAL)

LAKE LIVINGSTON HYDROELECTRIC PROJECT
EAST TEXAS ELECTRIC COOP
SASPARILLA BARTON ESTATE
2.974 ACRE TRACT
THOMAS BRADLEY SURVEY, ABSTRACT NO. 98
WILLIAM PACE SURVEY, ABSTRACT NO. 60
POLK COUNTY, TEXAS

THOMAS BRADLEY SURVEY, ABSTRACT NO. 98
WILLIAM PACE SURVEY, ABSTRACT NO. 60

BAKER
448/100
19.35 ACRES

POLK COUNTY
TRACT 1
241/721
6.65 ACRES

FD 1/2" ROD
J.L.P.C. N. 06° W. 2.0'

LAKE LIVINGSTON HYDROELECTRIC PROJECT
EAST TEXAS ELECTRIC COOP
SASPARILLA BARTON ESTATE
2.974 ACRE TRACT
THOMAS BRADLEY SURVEY, ABSTRACT NO. 98
WILLIAM PACE SURVEY, ABSTRACT NO. 60
POLK COUNTY, TEXAS

BEING all that certain tract or parcel of land lying and situated in Polk County, Texas, out of the THOMAS BRADLEY SURVEY, ABSTRACT NO. 98 and the WILLIAM PACE SURVEY, ABSTRACT NO. 60 and being a part or portion of that certain 72.0 acre tract described and set aside in a Judgement to Sasparilla Barton dated August 11, 1933 and recorded in Volume 146 on Page 496 of the Deed Records of Polk County, Texas, to which reference is hereby made for any and all purposes and the said tract or parcel being described by metes and bounds as follows, to-wit:

BEGINNING N 35° 08' 00" E 82.10 feet and N 38° 57' 00" E 244.41 feet from the North corner of that certain 6.65 acre tract described as Tract II in a deed from Ross Hightower, trustee to Polk County, Texas, dated October 14, 1969 and recorded in Volume 241 on Page 721 of the Deed Records of Polk County, Texas, a 1/2" pipe set for corner in the Southeast boundary line of that certain 70.62 acre tract described in Cause No. 11 in a judgement to the Trinity River Authority dated October 29, 1965 and recorded in Volume 211 on Page 349 of the Deed Records of Polk County, Texas:

THENCE three calls with the Southeast boundary line of the said 70.62 acre tract as follows:

- (1) N 38° 57' 00" E 145.24 feet, a 5/8" rod found for corner;
- (2) N 22° 59' 00" E 78.59 feet, a 5/8" rod found for corner;
- (3) N 19° 38' 00" E 118.11 feet, a 1/2" rod found for corner;

THENCE S 30° 30' 00" E severing the aforesaid referred to 72.0 acre tract, at 311.50 feet a North corner of that certain 19.35 acre tract described in a deed from Virness Barton to Wayne Baker dated December 2, 1983 and recorded in Volume 448 on Page 100 of the Deed Records of Polk County, Texas, a point for corner near a leaning 8" fence corner post.

THENCE S 35° 16' 00" W with a Northwest boundary line of the said 19.35 acre tract, at 652.08 feet a West corner of the said 19.35 acre tract, a 1/2" rod found for corner in the Northeast boundary line of the aforesaid 6.65 acre tract:

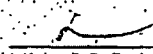
THENCE N 30° 16' 00" W with the Northeast boundary line of the said 19.35 acre tract, at 111.14 feet a 1/2" pipe set for corner witnessed by a concrete monument found for the North corner of the said 6.65 acre tract bearing N 30° 16' 00" W 174.81 feet;

THENCE two calls severing the aforesaid 72.0 acre tract as follows:

- (1) Southwesterly with a 09° 21' 03" curve to the left (Central Angle = 25° 56' 41" Radius = 635.00 with Long Chord Bearing and Distance = N 19° 43' 11" E 285.09 feet), at 287.54 feet a 1/2" pipe set for corner;
- (2) N 06° 44' 47" E, at 140.87 feet the point and place of beginning and containing 2.974 acres of land, more or less.

Basie of Bearings: Lambert Projection for Texas, Central Zone (NAD27).

EVERETT GRIFFITH, JR. & ASSOCIATES, INC.
Engineering and Surveying


Michael G. Parker (signature in blue ink)
Registered Professional Land Surveyor No. 4527
408 North Third Street
Lufkin, Texas 75901
(936) 634-5528
August 15, 2013