

- (4) Each City binds itself to take or pay for its entitlement to Power and Energy in accordance with the rates and charges established pursuant to Section 7 of this Contract.

SECTION II.

Section 3(b) of the Contract is hereby amended to read as follows:

Section 3: Sales and Purchase of Power and Energy

- (b) The Agency shall devote its best efforts to the generation and delivery of Power and Energy from the generation facilities of the Agency.

SECTION III.

Section 3(c) of the Contract is hereby amended by deleting Section 3(c) in its entirety.

SECTION IV.

Section 7(a)(3) of the Contract is hereby amended to read as follows:

Section 7: Rates and Charges:

- (3) an amount sufficient to (i) pay the Annual System Costs as set forth in the Annual System Budget, as provided in the Rules and Regulations, (ii) make the deposits required by the Bond Resolution, (iii) fund the annual capital budget, as provided in the Rules and Regulations, and (iv) with respect to other funds or other accounts established by the Board and not required by the provisions of the Bond Resolution, fund such funds or accounts in an amount not greater than 3.5% of the Annual System Budget, or such greater amount as may be approved by the affirmative vote of at least six (6) members of the Board of Directors of the Agency with at least one (1) member of the Board of Directors appointed by each City voting in favor of any such increase. Except for funds held for purposes of self insurance, any funds held by the Agency on September 30, 1998, and any funds held by the Agency on the last day of each Contract Year thereafter over and above the amounts required in connection with subsections (i), (ii), (iii) and (iv) of this Section 7(a)(3) shall be returned to the Cities within 120

days of such date in the same percentage as the percentage each City contributed to such amounts. Funds held pursuant to subsection (iv) of this Section 7(a)(3), if approved by the affirmative vote of at least six (6) members of the Board of Directors of the Agency with at least one (1) member of the Board of Directors appointed by each City voting in the affirmative, may be used to reduce the debt of the Agency.

SECTION V.

Section 12 of the Contract is hereby amended by adding subsections (f) and (g) to read as follows:

Section 12: Covenants of the Agency.

(f) The Agency covenants and agrees that in the event properties of the System which were acquired with funds received from the sale of Bonds are sold, the proceeds from the sale of such properties shall be applied in accordance with the provisions of 6.22 of the Bond Resolution.

(g) No Bonds, Subordinated Indebtedness or Special Contract Obligations shall be issued or incurred without the prior approval of the Board of Directors of the Agency.

SECTION VI.

Section 13(d)(1)(a) of the Contract is hereby amended to read as follows:

Section 13. Project Approval and Rights of Cities when a Project is not Approved:

(a) Each City shall be entitled to schedule and receive, each month for its own account, the proportion of the available Power and Energy from the System equal to the percentage established under Section 3(a) of this Contract, as such percentage may be from time to time adjusted in accordance with the provisions of Section 3(a) hereof.

SECTION VII.

Section 13(d)(1)(b) of the Contract is hereby amended to read as follows:

Section 13. Project Approval and Rights of Cities when a Project is not Approved:

such City's Net Energy for Load in the completed Contract Year next preceding the effective date of the option or the amount required to be paid pursuant Section 3(a) hereof, whichever is greater.

SECTION X.

All other terms, provisions, conditions and obligations of the Power Sales Contract between the Cities and the Agency, dated September 1, 1976, as the same has been amended prior to the effective date of this Amendment, shall remain in full force and effect, and said Power Sales Contract, as amended, shall be construed together as a single contractual agreement.

This Amendment shall become effective upon the execution by the Agency and the Cities, all by the proper officer duly authorized by the Agency and the Cities to execute this Amendment for and on behalf of said executing party.

- (b) As consideration for such Power and Energy, and the right to purchase the same, each City shall, each month, pay to the Agency its proportionate share of the Annual System Costs equal to the percentage established under Section 3(a) of this Contract, as such percentage may be from time to time adjusted in accordance with the provisions of Section 3(a) hereof.

SECTION VIII.

Section 13(d)(1)(c) of the Contract is hereby amended to read as follows:

Section 13. Project Approval and Rights of Cities when a Project is not

Approved:

- (c) Each City's obligation under Section 14 of this Contract shall be equal to the greater of the percentage established under Section 3(a) of this Contract or the percentage established under Section 14 hereof.

SECTION IX.

Section 13(d)(2) of the Contract is hereby amended to read as follows:

Section 13. Project Approval and Rights of Cities when a Project is not

Approved:

- (2) During the balance of the term of this Contract after the effective date of the option, the amount of Power and Energy required by the City exercising the option to be purchased under Section 3 of this Contract shall be limited. Such City shall, in each calendar month, take or pay for an amount of Power and Energy equal to the amount of Power and Energy such City is entitled to receive from the Agency during the corresponding month or such other amount of Power and Energy as may be from time to time agreed upon by the City, the Agency and other Cities, but in no event shall such take or pay requirement be less than the amount required to be paid pursuant Section 3(a) or Section 14 hereof, whichever amount shall be greater; and the Agency shall not be required to provide any Power and Energy in excess of the amount to which such City is entitled pursuant to Section 3(a) hereof. The Power and Energy furnished to such City shall be billed by the Agency at rates and charges as from time to time adopted pursuant to Section 7 of this Contract. The calculation of the limiting City's obligation under Section 14 of this Contract shall assume such City's Net Energy for Load for the purposes of said calculations is equal to

TEXAS MUNICIPAL POWER AGENCY

BY: [Signature]  
Read it

ATTEST:

By: [Signature]

CITY OF BRYAN, TEXAS

BY: [Signature]

ATTEST:

By: [Signature]

CITY OF DENTON, TEXAS

BY: [Signature]

ATTEST:

By: [Signature]

CITY OF GARLAND, TEXAS

BY: [Signature]

ATTEST:

By: [Signature]

CITY OF GREENVILLE, TEXAS

BY: [Signature]

ATTEST:

By: [Signature]