

TRANSMISSION PROJECT REIMBURSEMENT AGREEMENT

This Transmission Project Reimbursement Agreement ("Reimbursement Agreement") is made between the Texas Municipal Power Agency ("TMPA") and the City of Garland, Texas ("Garland") on this 1st day of April 2013.

RECITALS

TMPA and Garland are parties to the Transmission Operator, Maintenance, and Construction Services Agreement, dated March 27, 2013 (the "Transmission Operator Agreement"). The Transmission Operator Agreement, provides, in Section 3.7, "Billings and reimbursements for capital project expenditures will be made in accordance with mutually agreed procedures, which may differ from project to project." The purpose of this Reimbursement Agreement is to provide for such "mutually agreed procedures" applicable to the transmission project more fully described in Exhibit "A" (hereinafter, the "Transmission Project").

AGREEMENT

In consideration of the mutual benefits and obligations of the parties, TMPA and Garland agree as follows:

1. Reimbursable Costs under this Reimbursement Agreement shall be actual costs incurred by Garland to construct the Transmission Project plus benefit and overhead costs.
2. Reimbursable Costs that Garland has incurred for the Transmission Project prior to the date of this Reimbursement Agreement are set forth in Exhibit "B". TMPA shall reimburse to Garland such costs within 20 days following the date of this Reimbursement Agreement or date of invoicing, whichever is later. For work performed and Reimbursable Costs incurred for the Transmission Project following the date of this Reimbursement Agreement, Garland shall invoice TMPA on a monthly basis. All invoices shall be paid by TMPA in accordance with Section 3.8 of the Transmission Operator Agreement.

At the option of Garland, Garland may submit directly to TMPA invoices from suppliers, contractors, engineers, and others working on the Transmission Project or direct TMPA to contract directly with suppliers, contractors, engineers, and others working on the Transmission Project. Such direct payments by TMPA will be included in the overall cost of the Transmission Project, although not reimbursed through Garland.

3. In accordance with Section 3.9 of the Transmission Operator Agreement, Garland, solely at its own option, may cease activities on the Transmission Project until adequate funds for the Transmission Project have been approved by TMPA.

4. Provisions relating to the giving of notice, governing law, assignment, and other matters relating to the Transmission Project and this Reimbursement Agreement shall be as set forth in the Transmission Operator Agreement.
5. No party shall assign this Reimbursement Agreement without the written consent of the other.
6. In the event a provision of this Reimbursement Agreement is determined by a court by final judgment to be invalid or illegal, such invalidity or illegality shall not affect the other provisions of this Reimbursement Agreement, which shall remain in full force and effect.
7. This Reimbursement Agreement shall be governed by the laws of the State of Texas.
8. This Reimbursement Agreement may be signed in counterparts and delivered by email or by facsimile. Electronic copies of the fully signed Reimbursement Agreement or signed counterparts shall have the same force and effect as original signed copies.
9. This Reimbursement Agreement applies only to the project described in Exhibit "A" and shall have no effect on any agreement relating to any other project or projects to be constructed by Garland for TMPA. In the event of any irreconcilable inconsistency between this Reimbursement Agreement and the Transmission Operator Agreement, the Transmission Operator Agreement shall control.

Executed as of the date set forth in the first paragraph hereof.

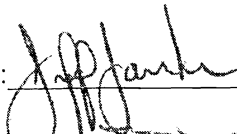
TEXAS MUNICIPAL POWER AGENCY

CJS By: _____

Name: Bob Kahn

Title: General Manager

CITY OF GARLAND, TEXAS

By:  _____

Name: JEFF JANKE

Title: MANAGING DIRECTOR

EXHIBIT "A"
DESCRIPTION OF TRANSMISSION PROJECT

Per attached TMPA Board Resolution 2012-11-6 and CIRRPP Proposal Project No.
T13004 – Nevada Substation

RESOLUTION NO. 2012-11-6

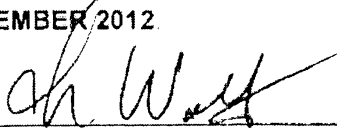
A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AMENDING THE FISCAL YEAR 2013 ANNUAL CAPITAL BUDGET AND TRANSMISSION SYSTEM CAPITAL BUDGET BY APPROPRIATING FUNDS FOR A NEVADA SUBSTATION PROJECT; AUTHORIZING CONTRACTS AND EXPENDITURES THEREFORE; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, in order to provide a new transmission interconnection for Farmers Electric Cooperative in Nevada, Texas, it is necessary to engineer, procure and install structures and fiber optic cable on the Olinger line (the "Nevada Substation Project" or "Project");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;
2. That the Fiscal Year 2013 Annual Transmission System Capital Budget is amended by appropriating \$735,000 for the Nevada Substation Project;
3. That the General Manager, or a person acting at his direction, is authorized to expend funds and execute contracts for purposes of the Project, provided that the expenditures and contracts, in the aggregate, do not exceed the amount budgeted in paragraph 2 of this Resolution;
4. That the amount budgeted in paragraph 2 of this Resolution shall be debt funded;
5. That the amount budgeted in paragraph 2 of this Resolution shall be included in TMPA's Transmission Cost of Service (TCOS) filing for cost recovery through transmission system revenues;
6. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 8TH DAY OF NOVEMBER, 2012.


Chris Watts, President
Board of Directors
Texas Municipal Power Agency

ATTEST:


Jamie Ratliff, Secretary
Board of Directors
Texas Municipal Power Agency



PROJECT TITLE: Nevada Substation Project		PROJECT MANAGER: Paul Ricciardi		DATE: October 15, 2012	
PROJECT NO.	RISK LEVEL: 4	RISK TYPE: 4	FERC ACCOUNT: Multiple	FUNDING: ☐ Rate ☒ Debt	
SCHEDULE DATES					
START DATE: November 2012			ESTIMATED IN-SERVICE DATE: December 2013		
☒ Capital		☐ Renewals & Replacements		☐ Annual Need ☒ One Time Need ☐ Cyclical Need CIRRP Year: 2013	
Total Cost: \$734,555	FY13: \$734,555	FY14:	FY15:	FY16:	FY17:
DESCRIPTION OF PROJECT: Modify the Shelby to Royce 138 kV line to accommodate a new transmission interconnection near Nevada, Texas. Line termination structures will be required at the substation site for entry and exit. Fiber optic ground wire (OPGW) will also be installed on the transmission line from Nevada to Shelby substation. The fiber will be used for protective relaying and remote station communications with the Transmission Operator. Accordingly, a new communication interface panel will be required at Shelby substation.					
PROJECT BENEFITS & JUSTIFICATION (OUTCOME): Building this new interconnection will provide the opportunity for TMPA to upgrade communications and relaying equipment on the Shelby to Royce line. The project will also create an additional capital investment opportunity for the TMPA transmission business.					

TEXAS MUNICIPAL POWER AGENCY CIRRP PROPOSAL

BACKGROUND:

The Nevada station is needed by Farmers Electric Cooperative to serve a new gas pipeline pumping facility. The facility will operate 15,000 hp of motor load and requires a transmission interconnection for service. The proposed site is located in close proximity to the TMPA Shelby to Royce transmission line and for this reason, Farmers Electric Cooperative has requested a new interconnection from TMPA.

ALTERNATIVES:

- 1.
- 2.
- 3.

COST/BENEFIT WORKSHEET

ECONOMIC ASSESSMENT:

Costs: Current Year Only

TMPA Labor Hours = 400

TMPA Labor	\$ 16,800
Materials	\$ 368,344
Contract Services	\$ 208,233
Engineering Consultant	\$ 65,000
Misc. Expenses	\$ 67,778
Labor Loadings (50%)	\$ 8,400
TOTAL	\$ 734,555

Benefits:\$/Year

Reliability -
Capability -
Labor Savings -
Heat Rate Improvement -
Non Labor O&M Savings -
Total Benefit \$
<u>Cost</u> =
Benefit

Estimation Levels:

P1 = Budget/Preliminary

P2 = Conceptual

P3 = Detail Design

Estimated life of asset: 30 years

Staff will measure improvement of completed project: ☐ Yes ☒ No

Level of Estimate: P1 ☒ P2 ☐ P3 ☐

Over \$100K in professional services: ☐ Yes ☒ No

Is land acquisition or right of ways procurement required: ☐ Yes ☒ No

**TEXAS MUNICIPAL POWER AGENCY
CIRRP PROPOSAL**

ASSUMPTIONS:

No additional easements or property will be needed for TMPA to complete the transmission line modifications.

Budget is preliminary and based on Initial discussions with project stakeholders and analogous estimates for similar transmission construction.

Engineering Consultant Costs:

\$ 50,000 OPGW stringing design
\$ 15,000 Nevada relay panels
\$ 65,000 Total

Materials:

\$129,360 Fiber optic ground wire (\$1.75/foot for 14 miles)
\$ 30,000 Hardware and installation materials
\$ 10,000 Splice boxes and enclosures
\$140,000 Structures
\$ 50,000 Foundations
\$ 8,984 Freight (2.5%)
\$368,344 Total

Contractor Services:

\$184,150 OPGW stringing
\$ 15,000 Relay panel installation
\$ 25,000 Structure installations
\$ 1,021 Payment bond (.5%)
\$ 3,062 Performance bond (1.5%)
\$208,233 Total

TMPA Labor:

\$ 16,800 TMPA labor (400 hours x \$42/hour = \$16,800)
\$ 8,400 Labor loader (\$16,800 x 50%=\$8,400)
\$ 25,200 Total

Misc. Expenses:

\$ 1,000 Legal expenses for contract reviews
\$ 66,778 Contingency (10%)
\$ 67,778 Total

\$734,555 Project total

SIGNATURES

Project Manager:

Paul Rineer

Date: 10/18/12

Supervisor:

Date:

Division Manager:

Tom Schmitt for E.S.

Date: 10/18/12

General Manager:

[Signature]

Date: 10-22-12

Business Assistant:

MB

Budgeting:

[Signature]

Accounting:

[Signature]

EXHIBIT "B"
DESCRIPTION OF COSTS INCURRED PRIOR TO THE DATE OF THIS AGREEMENT

None