

# East Texas Electric Cooperative, Inc.

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April 19, 2016

Commissioners Court of Tyler County, Texas  
100 West Bluff, Room 102  
Woodville, TX 75979  
ATTN: County Judge Jacques L. Blanchette

Re: Tax Abatement Contract Between the County of Tyler and East Texas Electric Cooperative, Inc. dated January 9, 2012 and Supporting Development of Renewable Biomass Electric Generating Plant in Woodville, Texas

Dear Judge Blanchette:

This letter is to formally request that the Tax Abatement Contract Between the County of Tyler (the "County") and East Texas Electric Cooperative, Inc. ("ETEC") dated January 9, 2012 and supporting development of a renewable biomass electric generating plant in Woodville, Texas (the "Contract") be terminated effective January 1, 2016 pursuant to Section 312.402(e) of the Texas Property Redevelopment and Tax Abatement Act and Section 312.208(b) of Texas Property Tax Code. As discussed at our meeting on April 15, 2016, ETEC has complied with the terms of the Contract to date but a change in economic conditions, specifically the low cost of natural gas and the associated low price of electric energy, has made the operation of ETEC's biomass project uneconomic at the present time. ETEC intends to suspend operations at the plant until economic conditions improve.

Based upon our meeting on April 15th, ETEC's understanding is that the Contract will be terminated by the mutual consent of the parties in the same manner that the Contract was approved and executed and that the County will not seek recovery of any back taxes (i.e., waiving 100% of any potential recovery of back taxes) and will not seek to impose interest or penalties of any sort. ETEC understands that this termination by mutual consent must be presented to the Commissioners' Court for approval, which the County currently expects to occur at the May 9, 2016 meeting of the Commissioners' Court.

Please advise me as soon as possible if the County's understanding differs from ETEC's understanding described above.

Sincerely,



Ryan Thomas  
Assistant General Manager