

A synopsis of the agreement is as follows:

CONSIDERATION FLOWING TO GCERG

Gibbons Creek Environmental Redevelopment Group ("GCERG") will receive at closing:

- Title to approximately 6200 acres, including the administration buildings and warehouses, power plant, cooling reservoir, Hog Creek Substation, gas pipelines, two gas metering stations, a water pipeline and pumping station, the northern rail spur, the ash ponds, scrubber sludge pond, plant collection pond, Site A Landfill, and Site F Landfill. [TMPA will reserve all transmission facilities and all mineral rights.]
- Permits associated with the operation of the power plant and ponds.
- Personal property relating to the generation business (e.g. equipment, dozers, tools, spare parts).
- A payment of \$6,354,000.
- A payment of \$28,546,000 into an environmental escrow fund.
- A payment of 50% of the cost of the initial performance bond (TMPA's estimated 50% share, \$1.1M).

CONSIDERATION FLOWING TO TMPA

- GCERG will assume all environmental liabilities relating to the plant site, whether arising before, on, or after the closing.
- GCERG will release and indemnify TMPA and the Member Cities with respect to all environmental liabilities relating to the plant site, whether arising before, on, or after the closing.
- GCERG will remediate and close the ash ponds, scrubber sludge pond, plant collection pond, the Site A Landfill, and Site F Landfill (the "Remediation Projects") and will decommission the plant.
- Performance of the Remediation Projects will be secured by an initial performance bond in the amount of \$36.5M. Upon closure of the Remediation Projects, the initial performance bond will be replaced by post-closure bonds, to cover monitoring and other regulatory requirements that apply during the post-closure period.
- The conveyance will be effected through the execution of ten special warranty deeds, each conveying one of ten parcels. With respect to the tracts that contain recognized environmental conditions, the indemnities and other protections relating to environmental matters in Article IX will be included in the deeds to GCERG and will "run with the land", i.e. be included in deeds to subsequent purchasers. TMPA will release future owners from these restrictions provided that certain conditions set out in the APA are met (e.g. satisfactory environmental survey).
- GCERG will provide a \$25 million pollution legal liability insurance policy which includes TMPA and the Member Cities as additional insureds.
- GCERG has reimbursed TMPA for some of the costs of maintaining its air permit in active status pending this sale. To the extent any such costs are not reimbursed at closing, TMPA will be reimbursed, through a credit, at closing.
- As a result of this transaction, TMPA and the Member Cities will realize cash savings of approximately \$48.3 million compared to the cash outlays TMPA would incur if it were itself performing the Remediation Projects.

ENVIRONMENTAL ESCROW

- The purpose of the environmental escrow is to provide funding for the Remediation Projects.
- GCERG will draw down from the escrow uniform monthly payments over a 34-month period during which the Remediation Projects are to be completed.
- As remediation projects are substantially completed, the \$36.5M performance bond will be reduced in accordance with a schedule in the APA. The APA contains provisions ensuring that the sum of the bonding capacity and amounts held in escrow will be sufficient to cover the costs of remediation for the duration of the project.

- \$2,854,600 of the escrow fund will be retained until GCERG provides post-closure bonding for the remediation projects.

ENVIRONMENTAL DESIGNEE

- TMPA will appoint an individual or environmental consultant as TMPA's "Environmental Designee" to audit GCERG's performance of the Remediation Projects, as well as GCERG's performance of any post-closure regulatory requirements during the post-closure period.
- The Environmental Designee will confirm in writing that certain closure activities have been performed.
- The Environmental Designee may suspend environmental escrow payments if the Environmental Designee determines that work has fallen behind schedule. Payments from escrow will be resumed once the schedule is restored. A schedule for the Remediation Projects is attached as an Exhibit to the APA.
- Potential violations of environmental laws identified by the Environmental Designee in writing must be corrected at GCERG's expense.

MEMBER CITIES

- The Member Cities are express third party beneficiaries of all GCERG obligations to TMPA under the APA, including the indemnification obligations of GCERG.