

EXHIBIT 3

Cole Schotz P.C.

James W. Walker
Member

Reply to Texas Office
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Walker's E-Mail: jwalker@coleschotz.com

2515 McKinney Avenue, Suite 1350
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New Jersey

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New York

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Delaware

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Maryland

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Florida

September 6, 2016

Anita Burgess, Esq.
City Attorney
City of Denton
Municipal Building
215 East McKinney
Denton, TX 76201

Re: Extension of that certain Engagement Contract regarding the representation of the City of Denton in connection with analysis, drafting and research in support of negotiations regarding certain Asset Purchase Agreements for the sale of the Gibbons Creek Power Plant and all related Generation Assets, Transmission Assets now owned by the Texas Municipal Power Agency ("TMPA") and all tasks relevant to the Decommissioning and Dissolution of TMPA and its various assets (hereinafter referred to globally as the "TMPA Negotiations").

Dear Anita:

I want to thank you for entrusting your legal needs to Cole Schotz, P.C. ("Cole Schotz" or the "Firm"). We are aware that there are many lawyers with whom you and the City of Denton ("Denton") could work, and we appreciate your giving us the opportunity to serve Denton.

Since the Firm's founding in 1928, we have prided ourselves on providing superior legal representation, sound advice and unparalleled service to our clients.

We have been diligently working on this matter for the City of Denton and the scale of the project and depth of the legal work required to protect Denton's legal interests require an additional extension of our engagement in order to facilitate completion of the TMPA Negotiations. We are therefore submitting this extension of our legal services agreement to you in your capacity as City Attorney for Denton. This correspondence constitutes our proposed engagement agreement memorializing your engagement of the Firm to represent Denton's legal interests in the TMPA Negotiations. Our representation of Denton in relation to the TMPA Negotiations will be limited to providing legal services reasonably within the ambit of these negotiations and the scope of our representation will not extend to include any other type of legal services absent a written supplement to this engagement agreement. This representation will continue and the extension will become effective upon your execution of this engagement agreement in the space provided below.

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Legal Services to be Provided

You agree that we will represent Denton in the TMPA Negotiations. The scope of our engagement can only be extended pursuant to a supplemental written engagement agreement. Denton, by and through its employees and elected officials, agrees to fully cooperate with us and to provide us with all information relevant to the tasks and issues involved in the TMPA Negotiations. We agree to provide conscientious, competent and diligent services and at all times will seek to achieve a favorable transactional outcome on a cost-effective basis. You should be aware that because of the uncertainty of sizeable commercial transactions of this nature (i.e., selling a power generating facility, mining land and/or transmission assets), the interpretation of and changes in the law, and many unknown factors, attorneys cannot and do not warrant, predict or guarantee results or the final outcome of any matter.

Our Firm's representation of Denton was first approved by Denton's City Manager on October 3, 2013 and has been continued through several extensions in light of the continuing nature and complexity of the TMPA Negotiations. We have now agreed that there is a need to continue this engagement in order to complete the remaining work relevant to the TMPA Negotiations, including our continuing analysis of Denton's legal interests in relation to its status as a Member City of TMPA, the ongoing review, drafting and negotiation of one or more Asset Purchase Agreements, and all attendant indemnity and decommissioning agreements, relating to the potential sale of certain TMPA assets and the bearing or impact same will have upon Denton's interests, the final negotiations of an Operating Agreement between the TMPA and Denton and the other Member Cities in support of and supplement to the current Power Sales Contract between the same parties, and all related tasks and analysis, in an amount not-to-exceed an additional \$400,000. While we expect that this amount will cover all legal services necessary to complete the above-described tasks, we recognize that certain variables exists and certain factors are outside the control of the Firm, Denton and the TMPA that may require a greater than expected amount of legal services that we cannot accurately predict on a current basis.

Legal Fees and Expenses

Our objective to charge a fair fee for the services rendered is achieved primarily through the maintaining of accurate records of the time spent by each attorney and paralegal on a particular matter and then billing for that attorney's and para-professional's time in accordance with the range of hourly rates established. The time spent by certain professionals having specific expertise necessary to complete the substantive analysis required by the sale of certain TMPA assets, the securing and evaluating environmental liability coverage for Denton's benefit, the sale of certain parcels of real estate and all related tasks shall be billed at standard Firm rates, and the following discounted rates shall otherwise apply:

James W. Walker	\$410.00 per hour
Emily Lamond	\$390.00 per hour

Our rates are periodically reviewed and adjusted based upon the increasing experience of the attorneys and various economic factors. Any rate changes will be reflected in our monthly invoices.

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We will not raise any rates being charged absent your prior written approval of same. The referenced hourly rates apply to all services rendered including telephone calls, drafting and review of correspondence and documents, travel time, legal research, negotiations, internal and external meetings and conferences and any other service relating to this matter. James W. Walker, as the undersigned counsel, will principally handle and direct all aspects of Denton's legal representation required by this engagement. Emily Lamond, as an environmental lawyer, Catherine Bostock, as an environmental coverage specialist, Alan Rubin, as a corporate and tax lawyer, and Chris Caslin, as a real estate lawyer, will all be involved in reviewing, analyzing, drafting and providing assistance to the lead negotiator and Denton personnel in relation to the sale of the TMPA Gibbons Creek generation plant, and ultimately the sale and disposition of the remaining Mining and Transmission assets, in order to protect Denton's legal interests in each such transaction. The Firm agrees to utilize the services of associates and para-professionals for all supporting research and related tasks on an as-needed basis and in an effort to ensure that the most effective professional is efficiently performing each necessary task at the lowest available billing rate. We welcome you to view our website (www.coleschotz.com) if you would like additional information about the attorneys who will be working on this matter.

In addition to legal fees, Denton agrees to promptly pay for expenses such as filing fees, messenger services, telephone calls, photocopying, Lexis and Westlaw research, travel, postage, facsimile transmissions, scanning, coding, overtime clerical assistance, subpoenas, search fees, transcripts, experts' fees and reports, title, survey, fees and expenses related to harvesting, hosting and processing any and all electronically stored information, and any other necessary expenses in legal matters.

Billing and Payment

We will send Denton our invoices on a monthly basis for services and expenses and we will issue a final invoice upon termination of our representation in this matter. Denton agrees to tender payment upon receipt of each invoice. Please direct any questions you might have about the nature or scope of legal services provided Denton to the undersigned counsel.

Termination of Representation and Disposition of Documents and the File

Our representation will terminate upon completion of the TMPA Negotiations. We reserve the right to withdraw from this matter, however, if Denton fails to honor this agreement, including failure to honor fee arrangements, or for any just reason as permitted or required under the Texas Rules of Professional Conduct or by the Rules of Court. We will also withdraw at Denton's request. If we withdraw, Denton agrees to promptly pay us for all services rendered and all fees and expenses incurred prior to the date of withdrawal. At the conclusion of our representation, we will return to Denton any original documents that it has furnished to us. If Denton would like to have any other documents or pleadings from the file we maintain on this matter, please advise us accordingly and we will provide your office all requested copies of our file documents and materials. Pursuant to the Firm's document retention policy, Denton's file will be retained for seven (7) years after which time the file may be destroyed without further notice to Denton or your office.

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Conflicts of Interest

Before accepting this engagement, we have undertaken reasonable and customary efforts to determine whether there are any potential conflicts of interest that would bar our Firm from representing Denton. Based upon this inquiry and the information available to us, we are not aware of any potential conflict of interest or basis for disqualification from this engagement. We reviewed this issue in accordance with the rules of professional responsibility applicable and currently in force in Texas. The execution and return of the enclosed copy of this letter by you represents an express agreement to the applicability of these rules.

Texas Law on Retention of Attorneys

Pursuant to Texas state law, Denton has the right to complain to the Chief Disciplinary Counsel of the State Bar of Texas about professional misconduct by any attorney, including any professional misconduct by the Firm's attorneys. Complaints must be made in Writing. Complaint forms are available from the State Bar of Texas Commission for Lawyer Discipline. The State Bar of Texas investigates and prosecutes professional misconduct committed by Texas attorneys. Although not every complaint against or dispute with an attorney includes professional misconduct, the State Bar's Office of Chief Disciplinary Counsel will provide You information about how to file a complaint. The toll-free number for the State Bar of Texas is 1-800-932-1900.

This agreement, as well as our entire attorney-client relationship, shall be guided exclusively by Texas law. Should any dispute arise regarding same which cannot be resolved amicably, the courts of the State of Texas, in and for Dallas County, shall be the exclusive jurisdiction and venue for any such dispute.

Conclusion

This written agreement constitutes the entire agreement relating to Denton's engagement of this Firm in connection with the TMPA Negotiations. This written engagement agreement is not subject to any oral agreements or understandings, and can be modified only by further written agreement signed by legal representatives of both Denton and the Firm. Unless expressly stated in this engagement agreement, no obligation or undertaking shall be implied on the part of the Firm.

Please carefully review this engagement agreement. If the terms of our engagement in the TMPA Negotiations are acceptable, please sign and return the enclosed copy of this letter, so that we may continue our work. This engagement agreement may be executed in counterparts which taken together, shall constitute one and the same letter. A facsimile signature will be as valid as an original signature for all purposes relevant to this engagement agreement. The signature of the undersigned counsel on this letter signifies the Firm's agreement to these terms of our engagement in the TMPA Negotiations.

We look forward to continuing our work with you and the City of Denton. If at any time you have questions about the services we are performing, please do not hesitate to contact the undersigned counsel.

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Sincerely yours,

COLE SCHOTZ P.C.



James W. Walker

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CITY OF DENTON

HOWARD MARTIN, INTERIM CITY MANAGER

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY: Anita Burgess