TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING

VIA VIDEO CONFERENCE CALL

DUE TO THE EXISTENCE OF AN EMERGENCY RELATED TO THE CORONA VIRUS EPIDEMIC, AND IN ACCORDANCE WITH GOVERNOR ABBOTT'S SUSPENSION OF CERTAIN PROVISIONS OF THE TEXAS OPEN MEETINGS ACT, MEMBERS OF THE PUBLIC MAY ATTEND BY USING THE FOLLOWING FREE-OF-CHARGE VIDEOCONFERENCE LINK TO THE VIDEOCONFERENCE CALL:

https://us02web.zoom.us/meeting/register/tZMlfu2rpj8vEtFMKYsRdLPBwpsT2jYmqJ8i

THURSDAY, February 11, 2021
10:00 AM

Preliminary matters:

- Call to order
- Public comments

The following matters are scheduled for discussion and for possible action:

1. Consent Agenda Items:

   A. Consider approval of meeting minutes of the December 10, 2020 and January 7, 2021 Board of Directors meetings.

2. Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of February 10, 2021.

3. Status report relating to mine reclamation and land matters.

4. Status report relating to Power Production environmental and regulatory compliance matters.

5. Status report relating to the Decommissioning Plan.

6. Resolution No. 2021-2-1, selecting an environmental designee to perform environmental review and audit services relating to the Gibbons Creek Steam Electric Station; and resolving matters incidental and related thereto.

7. FY21 First Quarter Budget Status Report.

8. FY22 Budget Plan

9. Resolution No. 2021-2-2, relating to the annual review of the Agency's Investment Policy; and resolving matters incidental and related thereto.

10. Status report relating to the TMPA transmission operations and five-year transmission capital project plan.

11. Executive session will be held pursuant to the Open Meetings Act (Chapter 551, Government Code) for the following items:

    A. Sale of the Gibbons Creek Steam Electric Station. (legal advice under Section 551.071, Government Code, value of real property, under Section 551.072, Government Code, and competitive matters under Section 551.086, Government Code.)

    B. Real property matters – Liquidation Strategy for Mine Property (value of real property under Section 551.072, Government Code, and legal advice under Section 551.071, Government Code).

In the Board's discretion, the Board may discuss and/or take action on one or more of the above executive session items in open meeting. In regard to items scheduled on this agenda for discussion and/or action in the open portion of the meeting, the Board may, in its discretion, address one or more of such items in executive session if and to the extent permitted by the Texas Open Meetings Act.

12. Resolution No. 2021-2-3, authorizing a contract for real estate brokerage services relating to the sale of the Gibbons Creek Lignite Mine; and resolving matters incidental and related thereto.

13. Future Meeting Dates.

14. Adjourn.

February 11, 2021

AGENDA ITEM NO. 1

SUBJECT: Consent Agenda Items

DISCUSSION: These items, since they deal with routine business, have been grouped together as consent items so that they can be approved with a single vote of the Board.

If a Board Member desires to discuss any of these items, the Board Member may so request at the meeting, and the matter will be discussed and voted on separately from the remaining consent items.

It is expected that the use of a consent agenda will streamline the decision-making process and allow the Board time to focus on more important items.

BACKUP MATERIAL:

Consent Agenda Item(s):

A. Consider approval of meeting minutes of the December 10, 2020 and January 7, 2021 Board of Directors meetings.

ACTION REQUESTED: Consideration and action on the Consent Agenda Item(s).

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING MINUTES

CAMBRIA HOTEL RICHARDSON
3605 SHIRE BLVD.
RICHARDSON, TEXAS

THURSDAY, December 10, 2020
9:30 AM

President Harting called the meeting to order at 9:32 AM.

The following people were present at the meeting.

Board Members:

Kean Register – City of Bryan
James Ratliff and Tom Jefferies – City of Garland
Sue Ann Harting and Summer Spurlock – City of Greenville
Bill Cheek – City of Denton
Buppy Simank and Chris Watts - Absent

Staff:

Bob Kahn, Craig York, Lyndi Birkhead, and Tracy Stracener

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller, Will Smith and Doug Lyles – BTU
Terry Naulty and Antonio Puente – Denton Municipal Electric
Jeff Janke and Tom Hancock – Garland Power & Light
Alicia Hooks and Cliff Copeland – GEUS
Al Axe
Robert McCormick
Brook Brown

Public Comments:

Ms. Harting asked for comments, there were none.

1. **Committee reports:**

   - **Audit and Budget Committee report relating to the results of the December 10, 2020 Committee meeting.**

     - Mr. Ratliff reported that the Audit and Budget Committee held a meeting on December 10, 2020 and in addition to routine business:

- Reviewed the Agency's Financial Statements and an update on the Annual Audit Plan.
- Received reports on the City of Garland transmission expense billing audit and the Annual Ethics Program update.
- Discussed the amendments to the Fiscal Year 2021 Generation Budget, Mine Budget, and Transmission Budget.

2. Consent Agenda Items:

A. Consider approval of meeting minutes of the September 10, 2020 and November 12, 2020 Board of Directors meeting.

Mr. Jefferies moved, seconded by Mr. Ratliff, approval of all consent agenda items.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

3. Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of December 9, 2020.

An update was provided by Mrs. Hooks.

4. Executive Session.

Ms. Harting announced that the Board would convene in executive session pursuant to Sections 551.071, 551.072, and 551.086 of the Government Code.

The open session was recessed, and the executive session was called to order by Ms. Harting at 9:41 AM.

The open session resumed at approximately 10:15 AM.

5. Resolution No. 2020-12-8, authorizing the sale of the Gibbons Creek Steam Electric Station; describing the conditions and circumstances for the sale, and the public purposes that will be achieved; and resolving matters incidental and related thereto.

Mr. Jefferies moved, seconded by Mr. Register, approval of resolution no. 2020-12-8.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

6. Status report relating to mine reclamation and land matters.

An update was provided by Mr. Kahn.

7. Resolution no. 2020-12-1, relating to the authorization and issuance of Texas Municipal Power Agency Mine Reclamation Notes, taxable series; providing the terms, conditions, and specifications for such notes; providing for the notes to be issued in one or more series; authorizing the execution of one or more note purchase agreements for the notes; declaring such notes to constitute mine reclamation bonds of the agency; providing for the notes to evidence the payment obligations of the agency with respect to one or more letters of credit to be delivered to the Texas Railroad Commission on behalf of the agency by Wells Fargo Bank, National Association, pledging certain revenues of the agency in payment of such obligations and interest thereon; approving the form, and authorizing the execution and delivery, of a paying agent/registrar agreement and other documents and agreements as required by and associated with such notes; approving and authorizing certain authorized officers and employees to act on behalf of the agency in delivering such notes within the limitations and procedures specified herein, and resolving other matters incident and related thereto.

Mr. Cheek moved, seconded by Mr. Jefferies, approval of resolution no. 2020-12-1.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

8. Status report relating to Power Production environmental and regulatory compliance matters.

An update was provided by Mr. York.

9. Status report relating to the Decommissioning Plan.

An update was provided by Mr. York.

10. FY20 Year-end Budget Status Report.

An update was provided by Mrs. Birkhead.

11. Resolution No. 2020-12-2, approving the annual proportional share calculation of Member City ownership interests in Agency assets; and resolving matters incidental and related thereto.

Mr. Ratliff moved, seconded by Mr. Jefferies, approval of resolution no. 2020-12-2.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye

Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

12. Resolution No. 2020-12-3, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2020; and resolving matters incidental and related thereto.

Mr. Ratliff moved, seconded by Mr. Cheek, approval of resolution no. 2020-12-3.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

13. Resolution No. 2020-12-4, authorizing a refund of transmission revenues to the Member Cities; and resolving matters incidental and related thereto.

Mr. Jefferies moved, seconded by Mr. Cheek, approval of resolution no. 2020-12-4.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

14. Status report relating to the TMPA transmission operations and five-year transmission capital project plan.

An update was provided by Mr. Hancock.

15. Resolution No. 2020-12-5, amending the FY2021 Annual Transmission System Capital Budget by appropriating funds for the Denton West to Jim Christal Transmission Line Pole Replacement Project; and resolving matters incidental and related thereto.

Mr. Ratliff moved, seconded by Mr. Jefferies, approval of resolution no. 2020-12-5.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

16. <u>Resolution No. 2020-12-6, amending the FY2021 Annual Transmission System Capital Budget by appropriating funds for the Shelby to Nevada Transmission Line Tower Replacement Project; and resolving matters incidental and related thereto.</u>

Mr. Cheek moved, seconded by Mr. Register, approval of resolution no. 2020-12-6.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

17. <u>Resolution No. 2020-12-7, amending the FY2021 Annual Transmission System Capital Budget by appropriating funds for the Ben Davis to Royse Transmission Line Tower Replacement Project; and resolving matters incidental and related thereto.</u>

Mr. Ratliff moved, seconded by Mr. Jefferies, approval of resolution no. 2020-12-7.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

18. <u>Executive Session.</u>

Ms. Harting announced that the Board would convene in executive session pursuant to Sections 551.071, 551.072, 551.074, and 551.086 of the Government Code.

The open session was recessed, and the executive session was called to order by Ms. Harting at 10:38 AM.

The open session resumed at approximately 11:10 AM.

19. Resolution No. 2020-12-9, amending the annual budget for the generation business for the Fiscal Year October 1, 2020 through September 30, 2021 (the "FY21 Generation Budget") for the purpose of appropriating funds in connection with the sale of the Gibbons Creek Steam Electric Station, including for the establishment of an environmental escrow account; amending the charges associated with the FY21 Generation Budget (the "FY21 Generation Budget Charges"); and resolving matters incidental and related thereto.

Mr. Ratliff moved, seconded by Mr. Jefferies, approval of resolution no. 2020-12-7.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye

Harting – Aye Watts – Absent

20. Resolution No. 2020-12-10, amending the fiscal year 2021 budget for the Mine Business; appropriating funds therefore; providing for said budget administration; providing for severability; and resolving matters incidental and related thereto.
Resolution No. 2020-12-11, amending charges for the Mine Business; designating an effective date for the charges; authorizing and directing that written notice be mailed to the Member Cities setting forth the charges; and resolving matters incidental and related thereto.

Resolution No. 2020-12-12, amending the fiscal year 2021 budget for the Transmission Business; appropriating funds therefore; providing for said budget administration; providing for severability; and resolving matters incidental and related thereto.

Mr. Ratliff moved, seconded by Mr. Register, approval of resolution nos. 2020-12-10, 2020-12-11, and 2020-12-12.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

21. General Manager Annual Performance Review

Ms. Harting moved, seconded by Mr. Register, to extend the General Manager's contract in accordance with the discussion in executive session.

Motion carried; voting as follows:

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	Watts – Absent

22. Future meeting dates and subjects.

By general consensus of the Board, the next Board meeting is tentatively set for February 11, 2021.

23. Adjourn.

By general consensus of the Board, the meeting adjourned at approximately 11:13 AM.

Tracy Stracener
Assistant Secretary
TMPA Board of Directors

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING MINUTES

VIA VIDEO CONFERENCE CALL

DUE TO THE EXISTENCE OF AN EMERGENCY RELATED TO THE CORONA VIRUS EPIDEMIC, AND IN ACCORDANCE WITH GOVERNOR ABBOTT'S SUSPENSION OF CERTAIN PROVISIONS OF THE TEXAS OPEN MEETINGS ACT, MEMBERS OF THE PUBLIC MAY ATTEND BY USING THE FOLLOWING FREE-OF-CHARGE VIDEOCONFERENCE LINK TO THE VIDEOCONFERENCE CALL:

https://us02web.zoom.us/meeting/register/tZcqdO-tqTkuHdNLZLPv8d0yVc1gIbJVPBbZ

THURSDAY, January 7, 2021
10:00 AM

President Harting called the meeting to order at 10:01 AM.

The following people were present at the meeting.

Board Members:

Buppy Simank and Kean Register – City of Bryan
James Ratliff and Tom Jefferies – City of Garland
Sue Ann Harting and Summer Spurlock – City of Greenville
Bill Cheek – City of Denton
Chris Watts – Absent

Staff:

Bob Kahn and Tracy Stracener

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller, Will Smith, Doug Lyles, and Joe Hegwood – BTU
Terry Naulty and Antonio Puente – Denton Municipal Electric
Jeff Janke and Steve Martin – Garland Power & Light
Alicia Hooks and Cliff Copeland – GEUS
Al Axe
Robert McCormick

Public Comments:

Ms. Harting asked for comments from the audience, there were none.

1. Executive Session.

Ms. Harting announced that the Board would convene in executive session pursuant to Sections 551.071, 551.072, and 551.086 of the Government Code.

The open session was recessed, and the executive session was called to order by Ms. Harting at 10:02 AM.

The open session resumed at approximately 10:05 AM.

2. Resolution No. 2021-1-1, authorizing revisions to the Asset Purchase Agreement relating to the sale of the Gibbons Creek Steam Electric Station; and resolving matters incidental and related thereto.

Mr. Jefferies moved, seconded by Mr. Cheek, approval of resolution no. 2021-1-1.

Motion carried; voting as follows:

Cheek – Aye	Harting – Aye
Jefferies – Aye	Ratliff – Aye
Register – Aye	Simank– Aye
Spurlock – Aye	Watts –Absent

3. Future meeting dates and subjects.

By general consensus of the Board, the next Board meeting is tentatively set for February 11, 2021 by Zoom.

4. Adjourn.

By general consensus of the Board, the meeting adjourned at approximately 10:06 AM.

Tracy Stracener
Assistant Secretary
TMPA Board of Directors

February 11, 2021

AGENDA ITEM NO. 2

SUBJECT: Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of February 10, 2021.

DISCUSSION: The P&O Committee Chair will present major discussion topics and action items taken at the February 10, 2021 P&O Committee meeting.

BACKUP MATERIAL: None.

ACTION REQUESTED: Discussion.

February 11, 2021

AGENDA ITEM NO. 3

SUBJECT: Status report relating to mine reclamation and land matters.

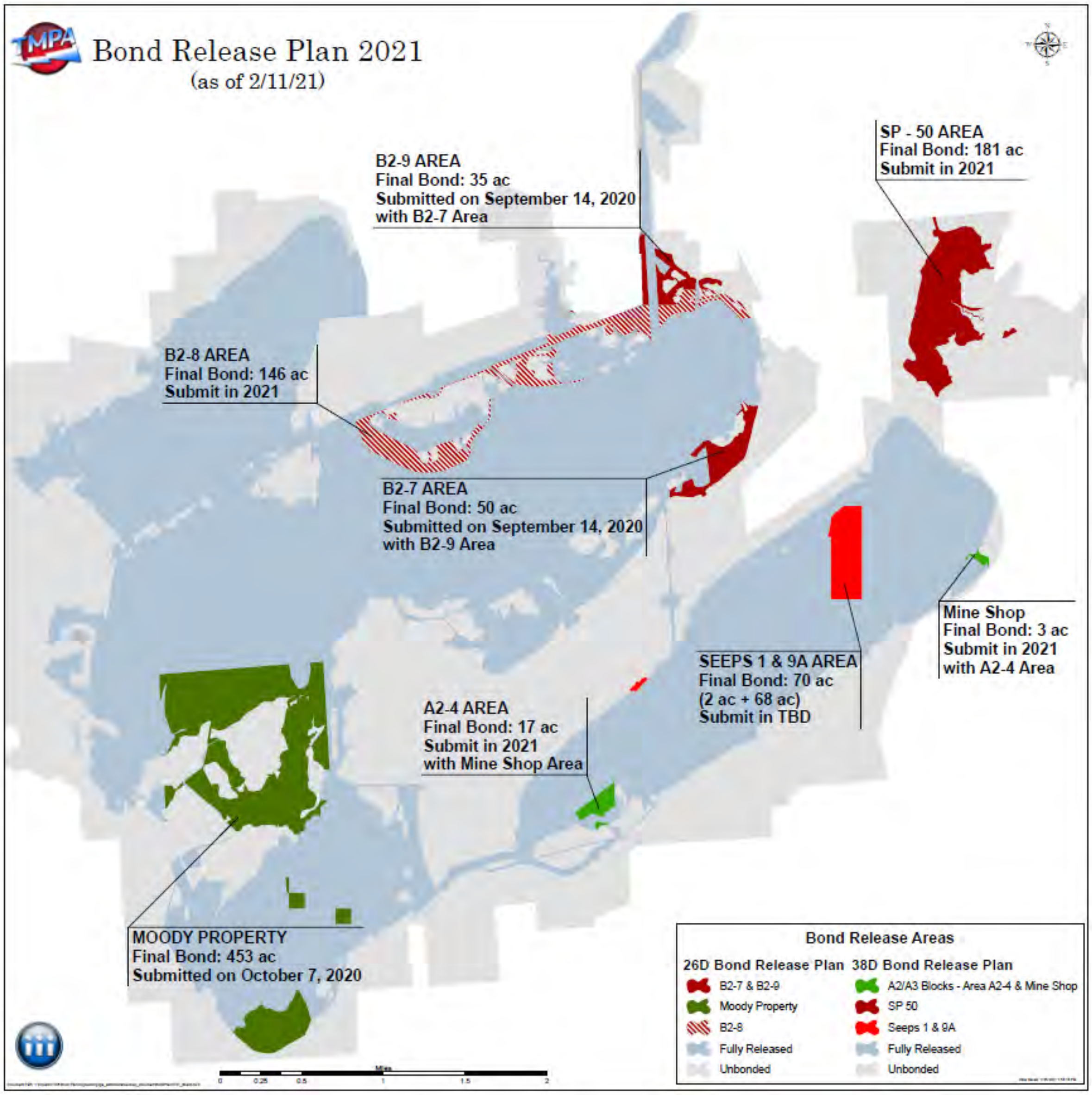
DISCUSSION:

The 2021 Bond Release Plan is summarized in Table 1 and depicted in Figure 1. Items shown in blue font in the table have been completed: items in green were submitted in 2020 and are in review at the Railroad Commission; items in red will be submitted in 2021.

Table 1 – Plan and Status of Final Bond Release (as of 11/20/20)

Packet(s)	Area (acres)	Owned by TMPA (acres)	Owned by 3rd parties (acres)	Status
26D – Mine shop facilities	71	0	71	Released 2000
26D – Gas well pads and roads	98	74	24	Released 2001-2006
26D – A1 Block	904	343	561	Released 01/15/13
38D – Rev. 14 (map adjustments)	295	257	38	Approved 07/31/13
26D – Rev. 21 (map adjustments)	254	212	42	Approved 12/8/14
26D – Falco + Ciesielski property	111	0	111	Released 08/25/15
38D – Rail spur (Permit 38D part)	55	55	0	Released 10/20/15
38D – Rev. 35 (map adjustments)	111	82	29	Approved 02/7/17
26D – Rev. 40 (map adjustments)	3	3	0	Approved 02/23/18
26D – Kolbachinski property	7	0	7	Released 02/27/18
26D – Rail spur (Permit 26D part)	131	131	0	Released 06/5/18
38D – A2/A3 Blocks (core area)	971	957	14	Approved 06/18/19
26D – “Big” application	4,293	4,045	248	Released 01/14/20
38D – A2/A3 Blocks (Peripheral Area), including Phase I and II release of Pond SP-50 area	**554**	**544**	**10**	**Released 01/26/21**
Total Released	**7,858 ac (89% of total)**	**6,703 ac (93% of TMPA land)**	**1,155 ac (72% of 3rd parties' land)**	
26D – Area B2-7 + B2-9	**85**	**85**	**0**	**Submitted 09/14/20**
26D – Moody property	**453**	**0**	**453**	**Submitted 10/7/20**
26D – Area B2-8	146	146	0	Submit Spring 2021
38D – A2/A3 Blocks – Area A2-4 (17 ac) + Mine Shop (3 ac)	20	20	0	Submit Spring 2021
38D – Pond SP-50	181	181	0	Submit Spring 2021
38D – Seep buffer areas	48	48	0	Submit Spring 2021
38D – Seeps 1 and 9A	22	22	0	Submit – TBD
Sub-Total Remaining	**955**	**502**	**453**	
TOTAL (both permits)	**8,813**	**7,205**	**1,608**	

Figure 1 – Status of Bond Release (as of 02/11/21)



Status of full bond release on TMPA mine property proposed for sale (10,611 acres)

As of 02/11/21, the remaining bonded acreage on the 10, 611-acre TMPA property proposed for sale (i.e., not including the Pond SP-50 area) is down to 321 acres (3%). Thus, 97% of the sale area is completely unencumbered by reclamation requirements.

Permit 38D Peripheral Area Bond Release

Bonding on the Permit 38D Peripheral Area (aggregate 751.4 acres) was released by the Railroad Commission on 01/26/21. The application had been submitted on 05/5/20. The whole bond release process therefore took just under 9 months – half the time of the last three previous bond release applications.

Permit 26D, Areas B2-7 and B2-9 (85 acres) Bond Release Application

TMPA submitted a bond release application for Areas B2-7 and B2-9 (85.1 acres) on 09/14/20. All this land is on TMPA property. Once approved, this will reduce the bonded acreage on TMPA property proposed for sale by 85 acres (another 1% of the 10,611 acres proposed for sale, bringing the total unencumbered by reclamation requirements to 98%).

Permit 26D, Moody Property (453 acres) Bond Release Application

This is the last bonded area that is not owned by TMPA. TMPA submitted a bond release application for the whole area on 10/7/20 (shown in dark green on Figure 1). The Commission performed a field inspection on 11/4/20 and issued a comment letter on 12/17/20 requesting updated surface water monitoring data. The four ponds on the Moody property have been sampled and TMPA will submit the laboratory data when it becomes available.

An outstanding issue is the sealing of a minor leak at the principal spillway of Pond 14 on the Moody Property. TMPA is in the process of resolving this issue with the Commission and the landowner.

Permit 26D, Area B2-8 (146 acres) Bond Release Application

The next bond release application that TMPA plans to submit is for Area B2-8 (146 acres) in Permit 26D. This will be the last bond release application for Permit 26D.

Cancelation of Permit 26D

After bonding has been released for the Moody Property and Area B2-8 (projected to occur by the end of CY21), there will be no bonded land remaining in Permit 26D. At that time, TMPA will apply for the cancelation of Permit 26D.

Permit 38D, Pond SP-50, Area A2-4, and Mine Reclamation Shop Bond Release Application

Remaining bonded areas in Permit 38D total about 201 acres, excluding the Acid Seeps. These include the Pond SP-50 area (181 acres), Area A2-4 (17 acres) and the Mine Reclamation Shop area (3 acres). An application for the release of these areas will be submitted in Spring 2021.

Mine Acid Seep Areas (70 acres)

The final areas that will remain bonded for an indeterminate period are those associated with Seeps 1A and 9A (22 acres of core area and 48 acres of a buffer area around Seep 9A). TMPA will put a priority on having the buffer area released first, probably in FY22. Bond release on the core area (22 acres) will require an agreement with the Railroad Commission and the federal Office of Surface Mining on how bonding is to be released on acid seep areas.

TMPA is proceeding with its Seep 9A mitigation plan that was originally discussed with the Commission several years ago. In a meeting on 02/15/19, the concept of reducing the hydrostatic pressure driving the seeps by permanently lowering the A3 end lakes was proposed as an option.

Godsey Engineering prepared engineering designs for how this could be accomplished, and construction work was completed in December 2020. End Lake A3P-1, which is about half a mile away from the Seep 9A area (Figure 2), was lowered by 4.5 feet and End Lake A3P-2 (not shown) was lowered by 3.0 ft. Piezometers have been installed in the Seep 9A area to monitor the response in groundwater level and quality.

Figure 2 – Aerial view of Seep 9A Project (as of 01/8/21)

Agricultural Land Use Tax Valuation

TMPA received an agricultural land use valuation for the mine property on 01/1/17 and has paid the following taxes:

2017 – $14,487
2018 – $15,388
2019 – $15,427

The annual tax payments are accounted for in TMPA's Mine budget through FY22 on the assumption that the mine property will be sold in that year.

Pond SP-50 Tree Project

Staff has been focused on establishing trees and grass on the islands at Pond SP-50 since they were constructed in November 2017. The standard set by the Railroad Commission is 30 live trees per acre. The islands measure approximately 12 acres, so the requirement is 360 trees.

A survey conducted in July 2020 gave a count of 950 trees (the previous survey in May 2019 was approximately 1,300 trees). TMPA will submit a final bond release application for the Pond SP-50 area in the Spring of 2021.

Archeological Exhibit

In view of the imminent sale of the power plant property, TMPA is planning to transfer the archeological exhibit from the lobby of the Administration Building to Bryan City Hall. This move was approved by the Texas Historical Commission on 04/3/20 and TMPA signed an agreement with the City of Bryan on 06/3/20.

Geological boring data

TMPA is preparing its geological logs (52 archive boxes) for shipment to the Bureau of Economic Geology in Austin.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Jan K. Horbaczewski
01/26/2021

Jan K. Horbaczewski

February 11, 2021

AGENDA ITEM NO. 4

SUBJECT: Status report relating to Power Production environmental and regulatory compliance matters.

DISCUSSION:

Compliance Staffing:

As the plant sale is finalized, members of TMPA Staff are working with Daniel to develop his knowledge and skills as the lead or back-up to a wide variety of generation compliance filing coordination, environmental remediation oversight, mine, and land functions which are imperative for TMPA business continuity purposes. As discussed at the September 2020 Board Meeting, it is believed that at least 1 technical employee needs to remain at the Agency to address issues that arise post sale of the Gibbons Creek Plant and TMPA's Lignite Mine property. Daniel's position as a Technical Manager will be retained in the FY22 budget, as TMPA anticipates technical issues and land matters arise after the release of Power Production staffing and the retirement of the Mine Department employees.

A detailed scope of service for an Environmental Designee has been created for and accepted by Schultz Engineering LLC for remediation action oversight of GCERG (Gibbons Creek Environmental Redevelopment Group) as stipulated in the APA. The Environmental Designee will generally be responsible to 1. monitor CGERG's progress to the Project Schedule, 2. review GCERG's monthly reports and object to the escrow payment, if necessary, and 3. assess the sufficiency of the Performance Bond. The Environmental Designee will document and communicate progress and areas of concern and communicate to both TMPA and the plant buyer, as required. This work will commence upon close of the APA and will be managed by Daniel Meadows. A resolution is presented at this meeting for Board consideration to approve the selection and associated costs of this agreement. *(see Agenda Item 6, Resolution No. 2021-2-1)*

Generation Compliance:

TMPA Staff is working on the plant sale closing action items and transition plan to move permits and regulatory compliance from TMPA to GCERG, buyer of the plant. TMPA has initiated conversations with each TCEQ sector and will provide formal notifications to applicable regulatory agency divisions and assist GCERG with permit applications required to transfer TMPA rights and obligations. Staff will continue collaboration and follow these efforts to ensure a timely transfer of permits is completed. TMPA will monitor the buyer's performance of plant compliance activities until permit liability transfer is finalized through the regulatory agencies.

In December 2020, TCEQ issued a records request to conduct a virtual audit of the Gibbons Creek Steam Electric Station (GCSES) TPDES wastewater permit. This TCEQ audit of records concluded there were no violations which was followed up with written confirmation on 12/17/2020. *(see attachment; TCEQ - Comprehensive Compliance Investigation at GCSES, dated 12-17-2020)*

Other compliance activities over the past few months include: GCR Dam Annual Maintenance Inspection, filing GCR Dam EAP (Emergency Action Plan) updates with TCEQ, Grimes County Emergency Management Services Coordinator and the plant buyer, annual field inspection of all CCR units, update to the Stormwater Pollution Prevention Plan, and regular regulatory filings.

Title V Permit Status:

On 1/12/2021, TMPA received an email from TCEQ regarding the Affordable Clean Energy (ACE) Rule Information Request. Based on the revised deadline of July 15, 2021 in the email, TMPA does not plan to act at this time. As the air permit will transfer to GCERG shortly after the time of plant sale close, this issue will then become the plant buyer's responsibility.

(see Attachment; email to GCERG; TCEQ Information Collection Request for ACE Rule State Plan, Gibbons Creek, 1-13-21)

On 9/15/20, the plant buyer informed TMPA to not spend any more money to maintain the open status of the air permit until further notice stating, "we feel that it is likely that we will forfeit the Title 5 permit, but would like to have a couple of weeks to review our other options regarding the power plant itself."

TMPA has received no further guidance pertaining to this issue. At this time, there are no immediate action items related to air permits. On 10/8/20 Daniel had a brief conversation with TCEQ (Lindley Anderson) informing them of our decision to not submit the ACE survey and TMPA's plan to sell the generation station and the buyers press release stating the unit would not run again. On 10/30/20, TMPA Staff informed TCEQ that neither TMPA nor the plant buyer would partake in completing the Information Collection Request for the ACE Rule.

TPDES Permit Status:

As the TPDES permit will transfer to GCERG shortly after the time of plant sale close, this matter will be handed off and become the plant buyer's responsibility.

As TMPA approaches the 4/11/2021 deadline to cease use of the ash ponds and scrubber sludge pond and initiate closure, as addressed below, Staff will need to provide TCEQ 45-day notice of anticipated discharges of treated leachate to new Outfall 005 (by 2/4/2021), characterize all waste streams for Notice of Registration update, notify TCEQ of plans to cease use of ash ponds & SSP by 4/11/2021, notify TCEQ & EPA of intent to Close the CCR impoundments and update closure plans to include design of final cover. Depending on plant sale close date these activities will need to be coordinated with the plant buyer's responsible officials.

Coal Combustion Residuals (CCR) Rule:

Staff continues to wrap up 2020 CCR requirements with landfill and impoundment inspections along with groundwater monitoring activities and final reports. These records will be posted on TMPA's website as necessary, with a requirement "that posted documents remain on the websites for at least five years" (40 CFR Section 257.107(c)). These, and previously posted documents related to CCR will be submitted to GCERG for duplicate posting on their company website.

As part of the 2020 groundwater monitoring program, TMPA Staff is also working to finalize the assertions made in the April 2019 Alternate Source Demonstration (ASD) that certain constituents found to be above groundwater protection standards are a result of an alternate source (other than the CCR units). Since the ASD will be reviewed, and possibly challenged, by TCEQ in the GCERG closure plan, TMPA could possibly be required to participate or respond in this matter.

On 1/5/21, TMPA submitted a letter to TCEQ providing notification of our intent to close the Ash Ponds and Scrubber Sludge Pond (CCR impoundments) in accordance with the federal CCR deadline of 4-11-2021. This 90-day notice was required per the plant's TPDES wastewater permit and associated state regulations pertaining to closure activities. *(see Attachment; Letter to TCEQ Cease use of Ash Ponds per EPA CCR Rule, dated 1-4-2021)*

On 10/5/20, TMPA submitted a letter to TCEQ seeking authorization to continue the use of the Ash Ponds and Scrubber Sludge Pond for the placement of non-CCR wastewater, until the federal deadline of 4/11/21, the deadline afforded pursuant to the federal regulations. As recently announced, TMPA is negotiating the sale of the GCSES to Charah Solutions who plans to remediate and redevelop the plant site. The plant buyer's current project schedule milestones to clean close both the Ash Ponds and the Scrubber Sludge Pond was included. The State CCR rule adopted in May 2020, has a deadline of 10/31/20 as State rules adopted EPA regulations prior to the new Part A revision of August 2020.

On 8/28/20, the Environmental Protection Agency (EPA) published a final CCR rule titled, Hazardous and Solid Waste Management System: Disposal of Coal Combustion Residuals from Electric Utilities; A Holistic Approach to Closure Part A: Deadline to Initiate Closure. The final rule became effective 9/28/2020, 30 days after publication in the Federal Register. *(Reference 40 CFR Part 257)*

- The revised deadline for all unlined CCR surface impoundments (i.e. the Ash Ponds and Scrubber Sludge Pond) to cease receipt of CCR or Non-CCR waste streams and initiate closure or retrofit is April 11, 2021; this date replaces the existing October 31, 2020 date;
- The rule expressly defined clay lined impoundments as unlined;

<u>Texas State CCR Rule development and implementation:</u>

On 12/3/2020, EPA informed TCEQ that the Texas CCR permit program application contains the necessary elements thus allowing EPA to make a preliminary determination of adequacy of the state program. EPA is in the public process of soliciting public comment and making a final determination on whether to approve the Texas partial CCR permit program. EPA will hold a virtual public hearing on February 2, 2021 and the comment period will end on February 8, 2021.

On 5/6/2020, TCEQ Commissioners adopted the Texas State CCR Rule which became effective 5/28/2020. The State CCR Rule requires the registration of CCR units. While some notification provisions of the rule are applicable upon the effective date of the rule, the substantive requirements of the rule become applicable upon unit registration. TCEQ plans to send EPA the application for the State CCR Rule, the state's program, in September to obtain EPA approval. TMPA's plan is to let the State CCR Rule develop further prior to registration with the state program as Part A & B of EPA proposed rules (above) are not included in the current State CCR rule.

- The State CCR rules still contains the October 30, 2020 deadline. TMPA lawyers have been in discussions with TCEQ on potential approaches for obtaining an extension. Discussions are ongoing, but one approach that has been discussed is the submittal of a closure plan with specific deadlines to TCEQ for approval. The approval documentation can then be used for compliance purposes.
- The deadline for submitting registration applications is 365 days after the effective date, or 180 days after EPA approval, whichever is later. The later date will likely be around September 2021.
- Generally, these rules do not apply until the units are registered. However, there are some independent requirements that take effect without a registration, and generally relate to notice to the Executive Director (ED). The notification requirements in 352.941 and .951 are of note because they require submittal of an ASD (Alternative Source Demonstration) to the ED for review when the standard has been exceeded. These are newly generated ASDs as a result of new exceedances, and not already generated ASDs. The ASD in the detection monitoring phase does not run concurrently with the 90-day time frame to initiate the assessment monitoring program.

<u>Leachate Treatment and Wastewater Disposal Strategies:</u>

On 1/12/2021, the Project Team including the plant buyer representative held a conference call with Suez who provided the preferred option for treatment of leachate which has a short schedule for installation so should be capable to meet an April 2021 deadline to treatment leachate as ash ponds cease receipt of this waste stream.

The project team of Wood and TMPA staff will advance this project to the point the plant buyer takes over the equipment procurement and agreement along with other system installation activities after the plant sale closes.

On 11/18/20, Plant Management, working with process engineers from Wood, issued an RFP for pH adjustment and arsenic removal equipment necessary to treat leachate produced at Site "A" Landfill and discharge that waste stream to new Outfall 005 at the Gibbons Creek Reservoir Hot Pond.

Leachate is currently generated at Site A Landfill and is collected in a series of 12 holding ponds before it is transferred to the Ash Ponds for settlement and neutralization, along with other plant waste streams (i.e. Plant Collection Pond (PCP) storm water & coal pile run-off, plant sumps and contact water from Scrubber Sludge Pond (SSP) and Site "F" Landfill Pond 3) prior to being discharged through Outfall 001 into the Gibbons Creek Reservoir.

Staff has outlined concepts for further discussion in the Plant Decommissioning Update to follow. (Agenda Item 5)

BACKUP MATERIAL:

- TCEQ - Comprehensive Compliance Investigation at GCSES, dated 12-17-2020
- email to GCERG; TCEQ Information Collection Request for ACE Rule State Plan, Gibbons Creek, 1-13-21
- Letter to TCEQ Cease use of Ash Ponds per EPA CCR Rule, dated 1-4-2021

ACTION REQUESTED:

- Review, discuss and provide guidance, as necessary.
- Consideration and Action on Resolution No. 2021-2-1

Daniel Meadows, Craig York
2/2/2021

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 29, 2020

Craig York, Plant Manager
Gibbons Creek Steam Electric Station
PO Box 7000
Bryan, TX 77805

Re: Comprehensive Compliance Investigation at:
Gibbons Creek Steam Electric Station, FM 244, Carlos (Grimes County), Texas
TCEQ ID No.: WQ0002120000, EPA ID No.: TX0074438

Dear Mr. York:

On December 17, 2020, Adryn Velasquez of the Texas Commission on Environmental Quality (TCEQ) Waco Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for wastewater treatment. No violations are being alleged as a result of the investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Adryn Velasquez in the Waco Regional Office at Phone (254)751-0335.

Sincerely,

for

Matthew Vaughn
Water Section Work Leader
Waco Regional Office

MV/AV/ed

RECEIVED
JAN 04 2021

From:	Craig York
To:	Norman Divers (ndivers@charah.com); mike.dunn@meltsolutions.com; Scott Reschly
Cc:	Bob Kahn; Daniel Meadows
Subject:	FW: Information Collection Request for the Affordable Clean Energy Rule State Plan for Gibbons Creek
Date:	Wednesday, January 13, 2021 8:01:00 AM
Attachments:	2020-02-24-ACE ICR Template.xlsx 2020-02-25-ACE State Plan ICR.pdf Letter to TCEQ - Response to Information Request for ACE Rule State Plan - GCSES Unit 1, 10-30-2020.pdf

TMPA received the email below from TCEQ regarding the Affordable Clean Energy (ACE) Rule Information Request, including attachments 1 & 2.
Based on the revised deadline of July 15, 2021 in the email, TMPA does not plan to act at this time.
Attachment 3 is the letter TMPA sent to TCEQ on 10/30/20 responding to their February 2020 ACE request.

As the air permit is transferred to GCERG, this issue will likely resurface and become your responsibility.

Craig York
Plant Manager - Gibbons Creek
Texas Municipal Power Agency
936-873-1129 Office
979-255-8603 Cellular
cyork@texasmpa.org

From: Daniel Meadows <DMeadows@texasmpa.org>
Sent: Wednesday, January 13, 2021 7:24 AM
To: Craig York <CYork@texasmpa.org>
Cc: Bob Kahn <BKahn@texasmpa.org>
Subject: FW: Information Collection Request for the Affordable Clean Energy Rule State Plan for Gibbons Creek

FOR YOUR INFORMATION. I am forwarding an email from TCEQ regarding the Affordable Clean Energy (ACE) Rule Information Request. Based on the revised deadline of July 15, 2021 in the email, TMPA does not need to act at this time. If you recall, the original submittal deadline was October 30, 2020.

I will send a courtesy response to this email acknowledging receipt but will not go into any detail at this time since it does not seem warranted.

Daniel Meadows
Compliance Specialist
Texas Municipal Power Agency
936-873-1105 Office
dmeadows@texasmpa.org

From: Lindley Anderson <lindley.anderson@tceq.texas.gov>
Sent: Tuesday, January 12, 2021 4:32 PM
To: Daniel Meadows <DMeadows@texasmpa.org>
Subject: Information Collection Request for the Affordable Clean Energy Rule State Plan for Gibbons Creek

Mr. Meadows,

We received your letter regarding the TCEQ's Information Collection Request for the Affordable Clean Energy (ACE) Rule State Plan for Texas Municipal Power Agency's (TMPA) Gibbons Creek Steam Electric Station (GCSES) Unit 1 (attached). Your letter indicated that TMPA will not operate GCSES Unit 1 in the future and that TMPA was evaluating voiding the air permit authorization. As of today, the TCEQ has not received a request to void the air permit for GCSES Unit 1. If TMPA has not completed the process of voiding the air permit authorization, please be aware that the TCEQ will require a response to the ACE Information Collection Request by no later than July 15, 2021.

Sincerely,

Lindley Anderson
Air Quality Division Technical Specialist
Texas Commission on Environmental Quality
Phone: (512) 239-0003
E-mail: Lindley.Anderson@tceq.texas.gov

Serving the cities of Bryan, Denton, Garland and Greenville

Toby Baker, Executive Director
IHW Corrective Action Program, MC-127
TCEQ Remediation Division
P.O. Box 13087
Austin, TX 78711-3087

January 4, 2021

Subject: Notification to Cease Use of CCR Impoundments in accordance with EPA's CCR Rule Deadline
Re: New Cease Receipt of Waste and Initiation of Closure Deadline for Coal Combustion Residual Unit(s)
Texas Municipal Power Agency – Carlos, TX Grimes County
Industrial Solid Waste Registration No. 32271
Gibbons Creek Steam Electric Station RN100214550/CN600127567
TPDES Permit (# WQ0002120000) Operational Requirements: 11.c.

Dear Mr. Baker:

In accordance with our TPDES Permit, and the requirements of 30 TAC §335.8(b)(1), TMPA hereby submits notification to the Executive Director, of its intent to close the following units:

- TCEQ Waste Management Unit No. 004 - Scrubber Sludge Pond - Surface Impoundment
- TCEQ Waste Management Unit No. 006 - Ash Ponds (A, B, C) - Surface Impoundment

As recently announced, TMPA is negotiating the sale of the Gibbons Creek Steam Electric Station to Charah Solutions who plans to remediate and redevelop the plant site. As part of this agreement, Charah Solutions, through its subsidiary Gibbons Creek Environmental Redevelopment Group, LLC (GCERG), will take ownership of the closed power station and will assume all compliance responsibilities.

A closure plan meeting the requirements of 40 C.F.R. §257.102(b), incorporated by reference in 30 Tex. Admin. Code § 352.1221, will be prepared for these units.

Sincerely,

Bob Kahn

Bob Kahn
General Manager

CC: Mike Dunn, Norman Divers, Scott Reschly (Plant Buyers)
Craig York, Daniel Meadows, Ali Abazari

Beth Sutton, Deputy Director Remediation Division - TCEQ
Office of Waste (MC–225)

Ms. Charlyne Fritz, Director - TCEQ
Waste Permits Division (MC-126)

February 11, 2021

AGENDA ITEM NO. 5

SUBJECT: Status report relating to the Decommissioning Plan

The attached documents support issues important to the Member Cities consideration in following plans and activities for the Gibbons Creek Steam Electric Station regarding current operations activities and decommissioning plans.

Plant Staff will update the Board on any new events since this package was published, review important aspects of the operation and maintenance activities, and address any questions pertaining to the information provided.

BACKUP MATERIAL: Decommissioning Plan Update

ACTION REQUESTED: None

Craig York
1/22/21

Craig D. York

Decommissioning Plan
February 2021

- Gibbons Creek Steam Electric Station (GCSES or GC) status:

  On 10/30/19, GCSES transitioned into Retired/Decommissioned status in the ERCOT system.

- Staffing

  Plant Staff is preparing for the pending Plant Sale and transition of work activities to the responsibility of the plant buyer. GCERG (Gibbons Creek Environmental Redevelopment Group) has offered Independent Contractor Agreements with fulltime Power Production staff to aid, as system experts, in system shutdown, operations & maintenance (e.g. pumping, clearances, system separation, etc.) and demolition/remediation contact support. GCERG has also had discussions with temporary staff for assistance with GCR Park operations, facility maintenance, and environmental monitoring.

  TMPA staff members are working to aid the transfer of plant agreements, purchase orders, other property leases or agreements and rolling stock assets. These efforts will continue past the close date in a fashion to make a smooth transition while maintaining necessary system functionality and compliance requirements.

  On the week of 1/21/2021, GCERG began work on-site with contractors to facilitate domestic water piping and plant electrical distribution service reconfigurations to allow the facilities to function after time of close. Mid-South will be providing plant demolition and station service power requirements as the plant is in their distribution service territory.

  GCERG & Mid-South do not desire interconnects to the TMPA transmission system at this time and had plans to place the plant into cold & dark status shortly after close of sale. However, Mid-South will not be able to convert the existing 12.5 kV remote station services fed from Hog Creek to their system voltage of 25 kV, by time of closing. GCERG will need to continue to feed the plant through the reserve auxiliary transformer for provide critical services such as stack lighting, sewage treatment, domestic water and some compliance monitoring. GCERG will need an agreement with GP&L to provide plant station services until such time as Mid-South can install new power circuits for operation and demolitions needs .

- Decommissioning Projects Update:

  Wood Group staff continues support for the leachate treatment system for Site "A" Landfill. With the likelihood of a plant sale, TMPA staff has completed several active projects and deferred decommissioning project activities, where possible.

  - Regulatory schedule drivers:

    On 7/10/20, the TCEQ executive director issued TMPA's plant wastewater permit application (TPDES Permit No. WQ0002120000) which was filed on 7/9/2019.

    The new TPDES Permit provides limits for wastewater discharge for leachate from Site "A" Landfill with pH adjustment for discharge at the new leachate treatment Outfall 005. However, TCEQ will likely apply new limits (e.g. Sulfate, Selenium, Arsenic, TDS, etc.) to this outfall through a permit modification following sampling results at this discharge following activation.

    This permit amendment states:

    - Texas Municipal Power Agency (TMPA) has determined that the Gibbons Creek Steam Electric Station will no longer conduct power generating operations. TMPA is requesting a two-phased permit to cover future operations:
      - Phase 1, to cover operation of the plant through closure and decommissioning activities, and
      - Phase 2, to cover post-closure operations.

- TMPA would transition from Phase 1 to Phase 2 permitting limits to be initiated by notification from TMPA to TCEQ, as no firm timetable has been established for closure activities.

On 7/30/2020, the Environmental Protection Agency (EPA) issued the final CCR rule revising the deadline to April 11, 2021 for all unlined CCR surface impoundments (i.e., the Ash Ponds and Scrubber Sludge Pond) to cease receipt of CCR or non-CCR waste streams and initiate closure or retrofit; The April 11, 2021 date replaces the existing October 31, 2020 date.

- The rule expressly defines clay lined impoundments as unlined;

Retirement of GCSES on 10/30/19 had begun a 1-year clock for removal of hazardous materials, that are no longer needed, from the plant site. Unused chemicals and operation supplies were being retained as the buyer has indicated plans to run the unit for summer season operations. Plant staff does not plan to address these chemicals in the next few months as the plant sale moves to closure.

- Leachate Treatment System Project:

The Project Team continues to move forward with rental equipment design standards, negotiations of rental terms and conditions as well as support logistical.

On 1/12/2021, the Project Team, including the plant buyer representative, held a conference call with Suez who provided the preferred option for treatment of leachate which has a short schedule for installation so should be capable to meet the deadline for treatment. *(see attachments)*

The project team of Wood and TMPA staff will advance this project to the point the plant buyer takes over the equipment procurement and agreements as the plant sale closes. Activities for civil, electrical service and mechanical support (e.g. pumps, piping & valves, etc.) will have engineering specifications prepared for expected procurement by GCERG.

On 12/18/2020, Proposals were received from 4 vendors pertaining to the RFP issued for leachate treatment system equipment. Staff completed the preliminary bid evaluation with a target to award a contract for process equipment in early February. Suez proposed the lowest cost option with a 2-year rental process with pH adjustment and arsenic removal through adsorption of resin media. This process was the simplest of the proposed solutions, with best reliability and is the preferred option of the Project Team. Once the leachate wastewater begins discharging to Outfall 005, at the reservoir hot pond, a 60-day sampling period will begin. TCEQ will then evaluate the discharge analysis data and may implement additional limitations to the waste stream based on current regulations. During this same period landfill remediation planning and permitting activities will begin adding more variables to the final outcome.

Project Team and engineering focus will move to installation activities once the equipment package is ordered.

Leachate has been generated at Site “A” Landfill (SAL) since 1987 when a leachate collection header was installed to collect this low pH wastewater in 12 ponds located around the perimeter of the landfill. Leachate was historically used for irrigation around the landfills or transferred to the ash ponds for settlement and neutralization in the boiler ash transport system. The ash ponds received bottom ash transport water, coal pile runoff & storm water from the Plant Collection Pond, contact water from Site “F” Landfill (internal SFL pond 3) and Scrubber Sludge Pond (SSP). In addition, plant low volume waste streams (e.g. boiler blowdown, water treatment plant reject, floor drain sumps, chemical cleaning wastewater, metal cleaning wastewater) were routed to Ash Ponds.

During Ash Pond and SSP closure any waters flowing into these CCR impoundments will be discharged to their existing Outfalls in accordance with those discharge limits or may need to be processed in the LTS when the quality exceeds discharge limits. Ultimately after closure of Ash Ponds, SSP, SFL and SAL a reduced amount of leachate could continue to be generated for many years. Current CCR regulations require a 30-year post closure plan for CCR landfills to ensure the closure is adequately performed and contamination to soils, surface water or groundwater quality is identified. Impoundments which are clean closed will likely not have post closure obligations unless a corrective action is identified associated with any groundwater quality concerns.

On 11/18/20, Plant Staff issued an RFP for pH adjustment and arsenic treatment equipment necessary for leachate treatment at Site "A" Landfill. Plant Management deems it necessary to continue forward with detailed design and prepare for installation of a pH adjustment and arsenic treatment system to be installed with discharge to Outfall 005. This LTS equipment will need to be procured by early January in order to be set-up and commissioned in time to meet an 4/11/2021 deadline.

The plant buyers' interest in a final recommendation to procure equipment will be sought, however they have indicated their preference for a forced evaporation system on Site "F" Landfill Pond 3. If TMPA enters into an equipment procurement agreement it will need to be transferrable to the plant buyer at time of close or cancelled prior to installation.

- Plant Decommissioning Project:

  No expenditures to the Plant Decommissioning Projects have been incurred since August 2020.

  Hog Creek substation is being sold with the plant due to the remote plant facilities fed by these 12.5kV circuits.

- Plant Status:

  Plant staff has continued to function well throughout the COVID-19 pandemic using social distancing, deploying one-man work routines, and using mobile communications.

  Systems that remain in-service by TMPA during the current retired state are potable water, sewage treatment, fire water, an air compressor & dryer, some plant sumps, plant inverters/DCS servers remain powered, along with dam gate operations.

- Gibbons Creek Reservoir (GCR) level is about 1.0 feet below normal level at 246.0' (feet above MSL) due to recent rain events, although dam gate operation for flood control purposes has not been required since 5/28/2020. Once dam gate operations are required, GCR level will be maintained near 246.0 pool level (247' MSL, less 1 foot) to allow operational headroom for large rain events during the upcoming wet months.

- BACK-UP MATERIALS:
  - Suez Conference Call Agenda - TMPA RFP TX20111
  - Draft Letter to TCEQ initiate use of new Outfall 005 Draft
  - Leachate Treatment System, Location Maps

- ACTIONS REQUIRED:
  - Review, discuss and provide guidance, as necessary.

Craig York & Daniel Meadows
2/2/21

From:	Craig York
To:	Norman Divers; mike.dunn@meltsolutions.com
Cc:	Daniel Meadows; Tracy Stracener; Bob Kahn; Scott Reschly
Subject:	Suez Conference Call Agenda - TMPA RFP TX20111
Date:	Monday, January 18, 2021 12:29:00 PM
Attachments:	image002.png image003.png

I have tried to answer you concerns below.
If you have additional questions, concerns or need more information please let me know.

In order to get you and your technical staff more comfortable with the project and pending commitments, maybe it's time GCERG representative(s) begin to participate into Project Team activities.

Craig York
Plant Manager - Gibbons Creek
Texas Municipal Power Agency
936-873-1129 Office
979-255-8603 Cellular
cyork@texasmpa.org

From: Norman Divers <ndivers@charah.com>
Sent: Tuesday, January 12, 2021 10:11 AM
To: Craig York <CYork@texasmpa.org>; Tracy Stracener <TStracener@texasmpa.org>
Cc: mike.dunn@meltsolutions.com; Daniel Meadows <DMeadows@texasmpa.org>
Subject: RE: Suez Conference Call Agenda - TMPA RFP # TX20111

Craig:

I will not be able to make the call today due to other schedule conflicts.

The biggest concern I have regarding the Suez system relates to waste generation from the system. What is the waste's anticipated characteristics as it will not pass a paint filter test and will be concentrated with potentially elevated Ar levels?
This waste may have to be treated as hazardous waste.
The arsenic adsorption resin, 150 lbs per vessel (2 vessels proposed) would be replaced annually [some vendors have quoted 2 times annually] and will most likely need to be disposed of as a hazardous waste.
According to Suez, the resin would be placed into supersacks which would be tested before disposal by a 3rd party [like Safety-Kleen] as owner responsibility. Suez states other similar processes send this waste for incineration.
The information provided indicates an estimate of 15k gallons of liquid waste (assumed to be annual) being generated that would require disposal. We assume this would have to go to La Porte, TX, for deep-well injection.

The 15K gallon of backwash water will be returned to the inlet pond (Site “A” Landfill {SAL} Pond 4) this 1st step filtration removes suspended solids. This back-wash waste stream is anticipated to occur once per day per media filter, at 100x the inlet concentration, so we would pipe it to the far end of the pond so it settles out before the liquid returns. Eventually that pond will need to be cleaned. [Probably not in the life of this treatment option.]

Additionally, we will need an operational costs analysis to determine chemical use for treatment. Resin is discussed as requiring replacement in 6 months via the proposal and then annually in the response to questions. Resin replacement, filtration replacement, and the lack of estimates for the use of bleach, coagulant, and limited estimates for pH control are issues for us.
TMPA plans to send Suez 10 gallons of samples of leachate for Pilot Testing to better estimate these needs and costs.
There was a large range on caustic usage in the various proposals ($12K to $32K/annually), but that figure should be the same for all processes in order to adjust pH of 150 gpm of leachate.

We will need to know if there is a buy-back option should TMPA buy the system, as well as have an understanding for system return under the rental option. These conditions need to be clearly identified.
Currently TMPA project team (Wood & TMPA staff) is working on the equipment design for this process (RFP scope) along with balance of plant equipment (power, pumps, piping, civil work, etc.)
I will include these concerns in our negotiations and involve GCERG in these discussions.
I don’t expect TMPA will actually order the equipment due to the timing of the plant sale.
However, in order to remain on track for 4/11/2021 to cease use of ash ponds for settling and neutralization of leachate, we need to advance a system for leachate disposal.
I am interested in your thoughts on how GCERG/Charah would like to see this project coordinated moving forward towards close of the plant sale.

Overall, I do not have a comfort level with Suez's proposal as there seem to be a lot more questions regarding the system's ability to meet the need, as noted above. I believe bench testing of the system and an operational cost analysis are needed to make the best decision for the system.

Let me know how you choose to proceed.

Thanks,

Norman

Norman Divers
Vice President, Environment, Health & Safety | Charah Solutions, Inc.
Mobile: 704-472-3919 | Office: 704-731-2300 | Direct: 704-731-2203 | Fax: 866-728-2444 |
ndivers@charah.com | https://www.charah.com

From: Craig York <CYork@texasmpa.org>
Sent: Tuesday, January 12, 2021 10:54 AM
To: Tracy Stracener <TStracener@texasmpa.org>
Cc: mike.dunn@meltsolutions.com; Norman Divers <ndivers@charah.com>; Daniel Meadows <DMeadows@texasmpa.org>
Subject: FW: Suez Conference Call Agenda - TMPA RFP # TX20111
Importance: High

Tracy,
Please forward the attached Agenda, with discussion points outlined, to Suez so they can prep for our conference call this afternoon.
I have copied Wood and the plant buyers.

Craig

From: Craig York
Sent: Monday, January 11, 2021 2:02 PM
To: Linguist, Larry <larry.linguist@woodplc.com>; DaCostaSmith, Larissa <larissa.dacostasmith@woodplc.com>
Cc: Daniel Meadows <DMeadows@texasmpa.org>; Tracy Stracener <TStracener@texasmpa.org>
Subject: RE: Suez follow-up questions - TMPA RFP # TX20111
Importance: High

Larry,
I have drafted the attached Agenda and discussion points for tomorrows conference call.
Please review and add any additional items you may have.

I would like to send these discussion points to Suez tomorrow morning so they can prep for this meeting.

Craig York
Plant Manager - Gibbons Creek
Texas Municipal Power Agency
936-873-1129 Office
979-255-8603 Cellular
cyork@texasmpa.org

From: Linguist, Larry <larry.linguist@woodplc.com>
Sent: Monday, January 4, 2021 10:54 AM
To: Craig York <CYork@texasmpa.org>; Tracy Stracener <TStracener@texasmpa.org>

Cc: DaCostaSmith, Larissa <larissa.dacostasmith@woodplc.com>
Subject: RE: Suez follow-up questions - TMPA RFP # TX20111

Craig,

I forwarded the wrong question list to you last week. I apologize.

Please look through these and see if you want to forward any of these others to SUEZ.

Larry Linguist PE
Sr. Project Manager
Direct: (832) 809-9147
Mobile: (346) 302-9458
www.woodplc.com

From: Craig York <CYork@texasmpa.org>
Sent: Wednesday, December 30, 2020 1:03 PM
To: Tracy Stracener <TStracener@texasmpa.org>
Cc: Linguist, Larry <larry.linguist@woodplc.com>
Subject: Suez follow-up questions - TMPA RFP # TX20111
Importance: High

CAUTION: External email. Please do not click on links/attachments unless you know the content is genuine and safe.

In review of Suez's proposal (Proposal #413649CM, Version 2) engineering has a list of questions necessary to consider before final vendor selection.

We are very interested in this Suez proposal and treatment plan and look forward to continuing to advance efforts on this project design.
Can you please forward this email to the Suez representative, Account Executive?

At this time TMPA is most interested in the Rental Option from the Suez Proposal.

Craig York
Plant Manager - Gibbons Creek

Texas Municipal Power Agency
936-873-1129 Office
979-255-8603 Cellular
cyork@texasmpa.org

Serving the cities of Bryan, Denton, Garland and Greenville

Applications Review and Processing Team, MC-148 February 4, 2021
TCEQ - Water Quality Division
P.O. Box 13087
Austin, TX 78711-3087

Subject: Notification of Anticipated Discharge from new Outfall 005
Re: Texas Municipal Power Agency – Carlos, TX Grimes County
Industrial Solid Waste Registration No. 32271
Gibbons Creek Steam Electric Station RN100214550/CN600127567
TPDES Permit (# WQ0002120000) - Other Requirements No. 19

Dear Applications Review and Processing Team:

In accordance with our TPDES Permit, TMPA hereby submits 45-day notification, to the TCEQ Region 9 Office and the Applications Review and Processing Team of the Water Quality Division, of anticipated discharge from Outfall 005.

As recently announced, TMPA is negotiating the sale of the Gibbons Creek Steam Electric Station to Charah Solutions who plans to remediate and redevelop the plant site. As part of this agreement, Charah Solutions, through its subsidiary Gibbons Creek Environmental Redevelopment Group, LLC (GCERG), will take ownership of the closed power station and will assume all compliance responsibilities.

A Notification of Completion of Wastewater Treatment Facilities will be prepared for this new wastewater treatment unit associated with Outfall 005 as well as outline changes in the plants water balance.

Sincerely,

Bob Kahn
General Manager

CC: Mike Dunn, Norman Divers, Scott Reschly (for Plant Buyers)
Craig York, Daniel Meadows, Ali Abazari (for TMPA)

Travis Timm, MC-145
TCEQ - Applications Review and Processing Team
P.O. Box 13087
Austin, Texas 78711-3087

Richard Monreal, Water Section Manager
TCEQ - Region 9 Office
6801 Sanger Ave, Ste 2500
Waco TX 76710-7826

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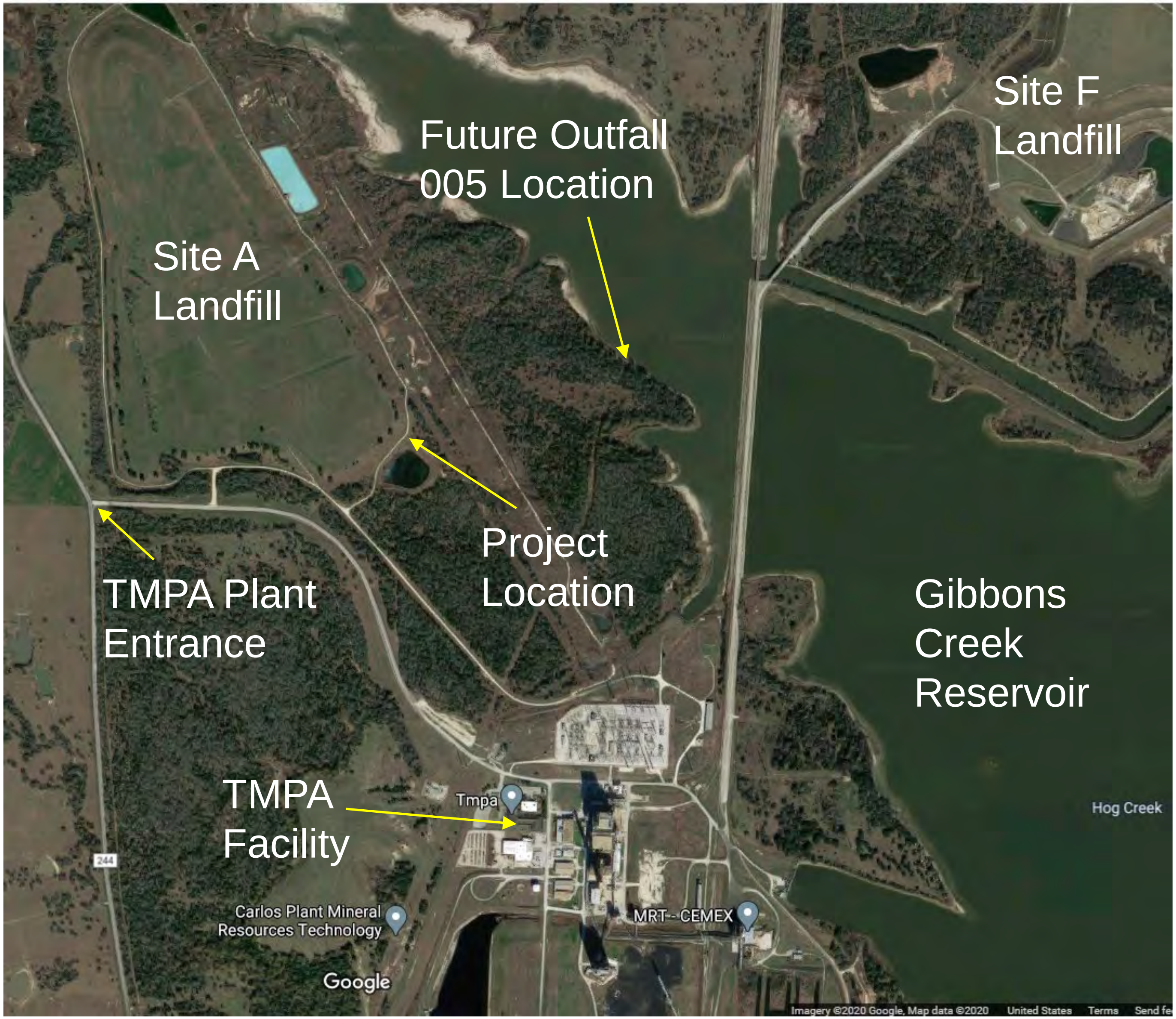
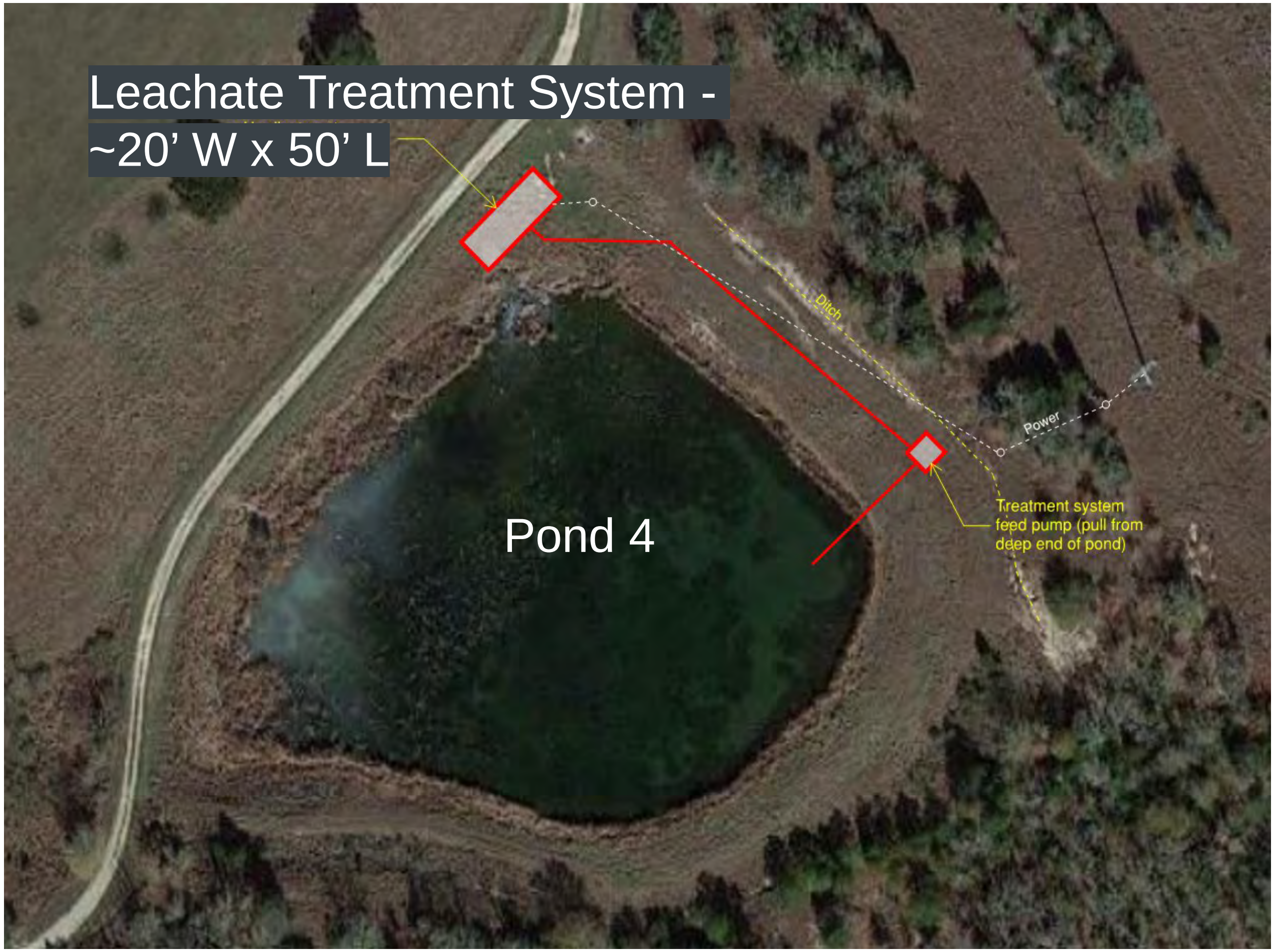
TMPA Facility Location



Leachate Treatment System Location



February 11, 2021

AGENDA ITEM NO. 6

SUBJECT: Resolution No. 2021-2-1, selecting an environmental designee to perform environmental review and audit services relating to the Gibbons Creek Steam Electric Station; and resolving matters incidental and related thereto.

DISCUSSION: The Asset Purchase Agreement ("APA") with Gibbons Creek Environmental Redevelopment Group ("GCERG") authorizes TMPA to employ an individual or consulting firm to perform certain environmental review and audit activities as described in the APA. These activities include monitoring the progress of the remediation work, suspending payments from escrow when work falls behind schedule, reviewing correspondence between GCERG and regulatory authorities, and reporting to TMPA on environmental conditions at the plant site.

Joe Schultz of Schultz Engineering, LLC, has worked for TMPA for many years, first as an employee, and later as an engineering contractor. Joe is familiar with the plant site, and has performed work in relation to the Site A and Site F Landfills. Based on his experience with the plant site, Joe Schultz is well suited to perform the functions of the Environmental Designee under the APA.

The Resolution selects Schultz Engineering, LLC as TMPA's Environmental Designee under the APA and authorizes a professional services agreement with that firm.

BACKUP MATERIAL: None

ACTION REQUESTED: Consideration and action on Resolution No. 2021-2-1

RESOLUTION NO. 2021-2-1

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") SELECTING AN ENVIRONMENTAL DESIGNEE TO PERFORM ENVIRONMENTAL REVIEW AND AUDIT SERVICES RELATING TO THE GIBBONS CREEK STEAM ELECTRIC STATION; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Board has authorized the Agency to enter into an Asset Purchase Agreement (the "APA") with Gibbons Creek Environmental Redevelopment Group;

WHEREAS, the APA permits the Agency to select an individual or firm as the Environmental Designee, to perform certain environmental review and audit services for the Agency as described in the APA;

WHEREAS, based on the qualifications of Schultz Engineering, LLC, and the experience of Schultz Engineering, LLC relating to the Gibbons Creek plant site, the Board desires to select Schultz Engineering, LLC as the Environmental Designee;

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 Schultz Engineering, LLC, is selected as the Agency's Environmental Designee under the APA;

3. That the General Manager, or person acting at his direction, may enter into a professional services agreement ("PSA") with Schultz Engineering, LLC to perform the services of the Environmental Designee;

4. That the PSA shall (i) be cancellable by the Agency at any time without penalty and (ii) not exceed $125,000.00 per fiscal year without further authorization from the Board;

5. 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 11TH DAY OF FEBRUARY 2021.

____
Sue Ann Harting, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Buppy Simank, Secretary
Board of Directors
Texas Municipal Power Agency

February 11, 2021

AGENDA ITEM NO. 7

SUBJECT: FY21 First Quarter Budget Status Report

DISCUSSION: This report, along with the attachments, provides a comparison of actual cost performance to AMENDED budgets (approved at the Board meeting held on 12/10/20) for each business unit of TMPA through the first quarter of FY21, as well as year-end projections. The year-end projections, assuming a February plant sale close, are summarized as follows:

GENERATION – Projection to Year-end				
Cost Type	**AMENDED Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$2,899	$2,812	($87)	(3.0%)
Sale of Plant Fund	$28,146	$28,146	$0	0.0%
Other Revenues Excluding City Billings	($98)	($59)	$39	40.1%
Total Budget Variance			**($48)**	**(0.2%)**

MINE – Projection to Year-end				
Cost Type	**AMENDED Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$2,869	$3,003	$134	4.7%
Other Revenues Excluding City Billings	($121)	($157)	($36)	(29.8%)
Total Budget Variance			**$98**	**3.6%**

TRANSMISSION – Projection to Year-end				
Cost Type	**AMENDED Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$5,726	$5,206	($520)	(9.1%)
Fixed Costs - Debt	$17,860	$17,515	($345)	(1.9%)
Other Revenues	($47,520)	($34,517)	$13,003	27.4%
Total Budget Variance			**$12,138**	**50.7%**
Debt Service Coverage	1.25X	2.17X		Exceeds requirement

Competitive – Confidential Information

A&G costs are lower ($1.1M) primarily due to property insurance that was budgeted in A&G but is being direct billed to the Generation and Transmission divisions. **Allocation of A&G** is lower for all three divisions.

Generation Division - Total Costs are projected to be under budget by $48K in FY21.

1. Property Insurance is $300K higher as it was included in A&G in the budget, but the actual premiums are directly charged to the division. This offset will be reflected in reduced A&G costs allocated to Generation.
2. Contractor Maintenance is $83K lower due primarily to passing procurement and installation obligations of the Leachate Treatment Project to the plant buyer upon sale of the plant in February.
3. Consulting Services are $98K higher as staff prepares for services to assist with post-sale matters, including the Environmental Designee.
4. Legal Services are $177K lower as the 2021 Coal Combustion Residuals tasks will be eliminated with the sale of the plant. Also, other environmental legal costs have been reduced with the transfer of permits.
5. Interest Income is $45K lower due to plunging interest rates.

Mine Division - Total Costs are projected to be over budget by $98K in FY21.

1. Severance Packages are $51K lower as the Mine & Land Manager will be retained in the FY22 budget.
2. Mine Maintenance is $200K higher as reclamation efforts are in full force as we try to wrap up work on the remaining bonded acreage.
3. Interest Income is $64K lower due to plunging interest rates.
4. Other Revenue is $100K higher due to the surface waiver agreement with Blue Jay Solar.

Transmission Division - Total Costs are projected to be over budget by $12.1M in FY21.

1. Property Insurance is $291K higher as it was included in A&G in the budget, but the actual premiums are being directly charged to the division. This offset will be reflected in reduced A&G costs allocated to Transmission.
2. Revolving Notes Interest is $345K lower due to plunging interest rates.
3. Transmission System Revenue is $12.7M lower as a result of TMPA's interim filing approved by the PUCT on 12/22/20.
4. Interest Income is $335K lower due to plunging interest rates.

NOTE: There is no FY21 charge to the Member Cities for the Transmission division since revenues exceed expenses.

BACKUP MATERIAL:
Attachment A: Generation FY21 Q1 Key Budget Driver Rate Sheet
Attachment B: Mine FY21 Q1 Key Budget Driver Rate Sheet
Attachment C: Transmission FY21 Q1 Key Budget Driver Rate Sheet

ACTION REQUESTED: None. This item is presented for the Board's information.

Lyndi Birkhead
2/3/21

Generation

FY21 Q1 Key Budget Driver Rate Sheet

FY21 AMENDED Budget Compared to YTD December Actual and to Year-end Projection

	FY21 AMENDED Budget Approved 12-10-20 YTD December	FY21 Actual YTD December	(Under) Over Budget	Percentage Change	FY21 AMENDED Budget Approved 12-10-20	FY21 Year-end Projection as of December	(Under) Over Budget	Percentage Change
Fixed Costs								
L01 Labor & Benefits	162,288	184,271	21,983	13.5%	434,055	442,631	8,576	2.0%
L01 Retention Bonuses	-	-	-	-100.0%	43,000	60,000	17,000	39.5%
L01 Severance Packages	-	-	-	-100.0%	135,000	135,115	115	0.1%
R41 Property Insurance	-	132,381	132,381	-100.0%	-	299,573	299,573	-100.0%
R51 Contractor Maintenance	60,642	38,885	(21,757)	-35.9%	244,858	161,498	(83,360)	-34.0%
S02 Consulting Services	50,000	118,288	68,288	136.6%	169,625	267,792	98,167	57.9%
S04 Legal Services	294,269	114,135	(180,134)	-61.2%	632,269	455,628	(176,641)	-27.9%
Other Fixed Costs - Non-Debt	34,381	44,272	9,891	28.8%	51,576	57,509	5,934	11.5%
Allocation of A&G	289,636	217,427	(72,209)	-24.9%	1,188,408	931,877	(256,531)	-21.6%
Subtotal Fixed Costs	**$ 891,216**	**$ 849,659**	**$ (41,557)**	**-4.7%**	**$ 2,898,791**	**$ 2,811,624**	**$ (87,167)**	**-3.0%**
C02 Sale of Plant Fund	-	-	-	0.0%	28,146,238	28,146,238	-	0.0%
Subtotal Sale of Plant Fund	**$ -**	**$ -**	**$ -**	**0.0%**	**$ 28,146,238**	**$ 28,146,238**	**$ -**	**0.0%**
TOTAL FIXED COSTS	**$ 891,216**	**$ 849,659**	**$ (41,557)**	**-4.7%**	**$ 31,045,029**	**$ 30,957,862**	**$ (87,167)**	**-0.3%**
Other Revenues								
I73 Interest Income	(14,767)	(3,384)	11,383	-100.0%	(59,068)	(14,000)	45,068	-100.0%
Other Revenue	(24,705)	(31,013)	(6,309)	-25.5%	(38,642)	(44,566)	(5,924)	-15.3%
TOTAL OTHER REVENUES	**$ (39,472)**	**$ (34,398)**	**$ 5,074**	**12.9%**	**$ (97,710)**	**$ (58,566)**	**$ 39,144**	**40.1%**
TOTAL COSTS	**$ 851,745**	**$ 815,262**	**$ (36,483)**	**-4.3%**	**$ 30,947,319**	**$ 30,899,296**	**$ (48,023)**	**-0.2%**

Mine

FY21 Q1 Key Budget Driver Rate Sheet

FY21 AMENDED Budget Compared to YTD December Actual and to Year-end Projection

	FY21 AMENDED Budget Approved 12-10-20 YTD December	FY21 Actual YTD December	(Under) Over Budget	Percentage Change	FY21 AMENDED Budget Approved 12-10-20	FY21 Year-end Projection as of December	(Under) Over Budget	Percentage Change
Fixed Costs								
L01 Labor & Benefits	100,791	92,591	(8,199)	-8.1%	436,759	436,759	-	0.0%
L01 Retention Bonuses	-	-	-	-100.0%	66,773	66,773	-	0.0%
L01 Severance Packages	-	-	-	-100.0%	85,632	34,843	(50,789)	-59.3%
M44 Mine Maintenance	85,000	132,504	47,504	55.9%	320,000	520,000	200,000	62.5%
R06 Bank Charges	85,000	45,250	(39,750)	-46.8%	221,000	221,000	-	0.0%
R51 Contractor Maintenance	27,500	38,192	10,692	38.9%	110,000	110,000	-	0.0%
S02 Consulting Services	138,750	118,625	(20,125)	-14.5%	555,000	555,000	-	0.0%
S04 Legal Services	92,500	47,050	(45,450)	-49.1%	200,000	200,000	-	0.0%
Other Fixed Costs - Non-Debt	28,150	35,876	7,726	27.4%	102,150	102,150	0	0.0%
Allocation of A&G	188,099	176,465	(11,634)	-6.2%	771,791	756,318	(15,473)	-2.0%
TOTAL FIXED COSTS	**$ 745,790**	**$ 686,554**	**$ (59,236)**	**-7.9%**	**$ 2,869,106**	**$ 3,002,843**	**$ 133,737**	**4.7%**
Other Revenues								
I76 Interest Income	(18,735)	(2,747)	15,988	-100.0%	(74,939)	(11,000)	63,939	-100.0%
Other Revenue	(11,500)	(92,361)	(80,861)	-703.1%	(46,000)	(146,000)	(100,000)	-217.4%
TOTAL OTHER REVENUES	**$ (30,235)**	**$ (95,108)**	**$ (64,873)**	**-214.6%**	**$ (120,939)**	**$ (157,000)**	**$ (36,061)**	**-29.8%**
TOTAL COSTS	**$ 715,555**	**$ 591,446**	**$ (124,109)**	**-17.3%**	**$ 2,748,167**	**$ 2,845,843**	**$ 97,676**	**3.6%**

Transmission

FY21 Q1 Key Budget Driver Rate Sheet

FY21 AMENDED Budget Compared to YTD December Actual and to Year-end Projection

	FY21 AMENDED Budget Approved 12-10-20 YTD December	FY21 Actual YTD December	(Under) Over Budget	Percentage Change	FY21 AMENDED Budget Approved 12-10-20	FY21 Year-end Projection as of December	(Under) Over Budget	Percentage Change
Fixed Costs								
L01 Labor & Benefits	120,405	152,564	32,158	26.7%	615,738	615,738	-	0.0%
R06 Bank Charges	77,850	86,879	9,029	11.6%	298,050	267,000	(31,050)	-10.4%
R41 Property Insurance	-	66,542	66,542	-100.0%	-	291,286	291,286	-100.0%
R51 Contractor Maintenance	380,670	160,419	(220,251)	-57.9%	1,587,500	1,587,500	-	0.0%
S04 Legal Services	15,000	83,967	68,967	459.8%	88,000	118,000	30,000	34.1%
Other Fixed Costs - Non-Debt	299,470	179,088	(120,382)	-40.2%	1,301,296	1,301,296	-	0.0%
Allocation of A&G	447,264	237,201	(210,063)	-47.0%	1,835,172	1,016,631	(818,541)	-44.6%
Subtotal Fixed Costs - Non-Debt	**$ 1,340,660**	**$ 975,107**	**$ (365,552)**	**-27.3%**	**$ 5,725,756**	**$ 5,205,899**	**$ (519,857)**	**-9.1%**
R57-R58 Debt Service - Bonds	3,405,678	3,405,679	1	0.0%	13,622,808	13,622,808	-	0.0%
R55 Revolving Notes Interest	166,241	41,896	(124,345)	-74.8%	695,383	350,000	(345,383)	-49.7%
R62 Debt Coverage Payment	885,483	885,483	-	0.0%	3,541,930	3,541,930	-	0.0%
Subtotal Fixed Costs - Debt	**$ 4,457,402**	**$ 4,333,058**	**$ (124,344)**	**-2.8%**	**$ 17,860,121**	**$ 17,514,738**	**$ (345,383)**	**-1.9%**
TOTAL FIXED COSTS	**$ 5,798,062**	**$ 5,308,165**	**$ (489,896)**	**-8.4%**	**$ 23,585,877**	**$ 22,720,637**	**$ (865,240)**	**-3.7%**
Other Revenues								
I50 Transmission System Revenue	(11,769,818)	(11,335,161)	434,657	3.7%	(47,079,270)	(34,356,825)	12,722,445	27.0%
I70-I75 Interest Income	(86,694)	(8,382)	78,312	90.3%	(368,453)	(33,100)	335,353	91.0%
Other Revenue	(14,325)	(24,095)	(9,770)	-68.2%	(72,300)	(126,833)	(54,533)	-75.4%
TOTAL OTHER REVENUES	**$ (11,870,837)**	**$ (11,367,638)**	**$ 503,199**	**4.2%**	**$ (47,520,023)**	**$ (34,516,758)**	**$ 13,003,265**	**27.4%**
TOTAL COSTS / (REVENUES)	**$ (6,072,775)**	**$ (6,059,473)**	**$ 13,303**	**-0.2%**	**$ (23,934,146)**	**$ (11,796,121)**	**$ 12,138,025**	**50.7%**

February 11, 2021

AGENDA ITEM NO. 8

SUBJECT: FY22 Budget Plan

DISCUSSION: The FY22 budget cycle has already kicked off and will be further defined following this meeting as we obtain direction from the P&O Committee and Board. Staff proposes creating only one budget scenario, with the following assumptions:

The sale of the plant, as currently being negotiated, is closed in FY21.

- The only Generation activities remaining will be environmental and compliance. This budget will continue through the end of FY24. Generation staff will be reduced to one immediately following the close of the sale of the plant in FY21.
- The Mine land will be sold in FY22, with most activity ceasing at that time. Mine staff will reduce to one at the end of FY21.
- Transmission will remain with TMPA through FY24. The Cities may opt to make decisions regarding the Transmission business sooner or later than this date.
- The GM, HR Generalist, and IT Specialist would be released at the end of FY22.
- Remaining A&G staff (4) would be retained through the end of FY24.

Staff proposes the attached FY22 budget schedule.

Once the budget review process begins, like last year, the review sequence will be: Financial Working Group, P&O Committee, Audit and Budget Committee, Board of Directors.

BACKUP MATERIAL: FY22 Budget Schedule

ACTION REQUESTED: Guidance on the FY22 budget schedule and proposed assumptions.

Lyndi Birkhead
2/3/21

Lyd Bil

Competitive – Confidential Information

FY22 BUDGET SCHEDULE

FY22 Budget Kick-off Meeting	1/11/21
RA Managers Finalize Budgets	2/16/21
Email DRAFT ONE to Senior Managers	2/24/21
Senior Manager Review Meeting	3/03/21
Email DRAFT TWO to Senior Managers	3/10/21
Senior Manager Review Meeting	3/17/21
Release to FWG	3/31/21
FWG Web Meeting	4/07/21
Proposed P&O Meeting (video conference)	4/21/21
Proposed ABC Meeting (video conference)	5/06/21
Board Meeting – Approve FY22 Budget	6/10/21

February 11, 2021

AGENDA ITEM NO. 9

SUBJECT: Resolution No. 2021-2-2, relating to the annual review of the Agency's Investment Policy; and resolving matters incidental and related thereto.

DISCUSSION: The Public Funds Investment Act (the "Act") requires the Agency to review its Investment Policy and investment strategies each year, adopt a resolution each year stating that the Policy and strategies have been reviewed, and, if changes to the Investment Policy and investment strategies are needed, to record the changes in the Resolution. The purpose of this Resolution is to satisfy these requirements.

Staff engaged Hilltop Securities to perform a review of the Agency's Investment Policy to ensure compliance with the Act. Since there have been no changes to the Act subsequent to the last review of the Investment Policy, the Policy remains in compliance with the Act, and no changes to the Policy are recommended at this time.

BACKUP MATERIAL: Exhibit A to Resolution 2021-2-2

ACTION REQUESTED: Consideration and action on Resolution No. 2021-2-2.

Lyndi Birkhead
2/3/21

RESOLUTION NO. 2021-2-2

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") RELATING TO THE ANNUAL REVIEW OF THE AGENCY'S INVESTMENT POLICY; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Public Funds Investment Act requires the Board (i) to conduct an annual review of the Agency's Investment Policy, (ii) to state, through formal action, that the Board has conducted its annual review of the Agency's Investment Policy, and (iii) if changes are needed, to record changes to the Investment Policy;

WHEREAS, the Board desires to comply with the Public Funds Investment Act through adoption of this Resolution;

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 Board has conducted the annual review of the Investment Policy, attached as Exhibit "A", including the investment strategies contained therein, and has determined that no changes are needed;

3. 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 11TH DAY OF FEBRUARY 2021.

____
Sue Ann Harting, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Buppy Simank, Secretary
Board of Directors
Texas Municipal Power Agency

TEXAS MUNICIPAL POWER AGENCY

INVESTMENT POLICY

Reviewed and Adopted:

February 8, 2018

PREFACE

It is the policy of Texas Municipal Power Agency (the “Agency”) that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and the adopted Investment Policy including the Investment Strategy Statement. The purpose of this Investment Policy is to establish cash management and investment guidelines for the transfer and investment of Agency funds with emphasis on safety and liquidity.

Effective cash management is recognized as essential to good fiscal management. Aggressive cash management and effective investment strategy development will be pursued to take advantage of interest earnings as viable and material revenue to all Agency funds. The Agency’s portfolio shall be designed and managed in a manner responsive to the public trust and consistent with this Investment Policy.

Investment shall be made with the primary objectives of:

- Preservation of capital
- Safety of Agency funds
- Maintenance of sufficient liquidity
- Maximization of return within acceptable risk constraints
- Diversification of investments

INVESTMENT POLICY

TABLE OF CONTENTS

I. PURPOSE

A. Formal Adoption

This Investment Policy is authorized by the Texas Municipal Power Agency Board of Directors in accordance with Chapter 2256, Texas Government Code, the Public Funds Investment Act.

B. Scope

This Investment Policy applies to the investment activities of all funds of the Agency, except those monies held in the TMPA Employees Pension Plan Fund which are directed by the Pension Plan Trustee Committee and except any monies held in a Section 457 deferred compensation plan. The management of proceeds from the sale of bonds to establish the Agency's Self-Insurance and Risk Management Program are also exempted from this policy because investment directives are provided elsewhere in specific policies relative to those funds. If an investment is donated to the Agency for a particular purpose or under terms of use specified by the donor, the donated investment is exempt from provisions of this Investment Policy.

All financial assets of the funds listed below and all financial assets of any new funds not specifically exempted, shall be administrated in accordance with the provisions of this Investment Policy:

Bond Fund
Construction Fund
Contingency Fund
Reserve Fund
Revenue Fund

C. Review and Amendment

This Investment Policy, including the Investment Strategy Statement, shall be reviewed annually by the Board of Directors. At that time, the Board of Directors shall adopt a resolution which (1) states it has reviewed the Investment Policy and the Investment Strategy Statement and (2) describes what, if any, changes were made to the Investment Policy or the Investment Strategy Statement.

This Policy may be amended from time-to-time as directed by the Board of Directors or as mandated by State law. Amendments must be approved and adopted by the Board of Directors.

D. Investment Strategy Statement

The Investment Strategy Statement must describe the investment objectives for each particular fund according to the following priorities:

1. Investment suitability,
2. Preservation and safety of principal,
3. Liquidity,
4. Marketability prior to maturity of each investment,
5. Diversification, and
6. Yield.

II. INVESTMENT OBJECTIVES

A. Safety of Principal

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they be from securities defaults or erosion of market value.

B. Maintenance of Adequate Liquidity

The investment portfolio shall remain sufficiently liquid to meet the cash flow requirements of the Agency. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements, investing in securities with active secondary markets, and maintaining appropriate portfolio diversification.

III. INVESTMENT POLICY

A. Authorized Investments

The investments described below are authorized by the Public Funds Investment Act as eligible securities for the Agency. The purchase of specific securities shall be restricted or prohibited by the Agency's Bond Resolution definition of "Investment Securities" (Appendix B).

Direct obligations of the State of Texas, or its agencies and instrumentalities.

Other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities. The Agency expressly prohibits, both as direct investments and collateral, all types of Collateralized Mortgage Obligations (CMOs), including IO's, PO's and Inverse Floaters.

Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than "A" or its equivalent by a nationally recognized investment rating firm.

Fully Collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas, and secured by a combination of cash and obligations of the United States or its agencies and instrumentalities which are eligible investments under the Public Funds Investment Act, pledged with a third party approved by the Agency, and having a market value equal to or greater than the principal amount of the funds disbursed plus all accrued interest. The term includes reverse repurchase agreements only obtained in connection with investment by the Agency in an eligible Investment Pool or Money Market Mutual Fund. All Agency repurchase agreement transactions shall be governed by a signed Master Repurchase Agreement or form compliant with the Master Repurchase Agreement.

Certificates of deposit issued by state and national banks and savings banks doing business in Texas that are:

a. Guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, secured by obligations that are described by paragraph 1-4 above, which are intended to include all direct Federal Agency or instrumentality issued mortgage backed securities, but excluding those mortgage backed securities of the nature described in Section 2256.009(b) of the Texas Government Code, that have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for deposits of the Agency;

b. Governed by a Depository Contract, as described in B.4. of this section, that complies with Federal and state regulation to properly secure a pledged security interest; and

c. Solicited for bid orally, in writing, electronically, or any combination of those methods.

Banker's acceptances that:

a. Have stated maturities of 270 days or fewer;

b. Will be liquidated in full at maturity;

c. Are eligible for collateral borrowing from a Federal Reserve Bank; and

d. Are accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of the bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Commercial Paper with a stated maturity of 270 days or less from the date of issuance that either:

a. Is rated not less than A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies; or

b. Is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.

Money Market mutual funds registered with the Securities & Exchange Commission, with a dollar-weighted average portfolio maturity of 60 days or less; that fully invest dollar-for-dollar all Agency funds without sales commissions or loads; and whose investment objectives include seeking to maintain a stable net asset value of $1 per share. Additionally, the money market mutual fund must provide the Agency with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940. The Agency may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.

Eligible Investment Pools organized and operating in compliance with the Public Funds Investment Act that have been authorized by the Board of Directors and whose investment philosophy and strategy are consistent with this Investment Policy and the Investment Strategy Statement of the Agency.

Guaranteed Investment Contracts are authorized investments for bond proceeds if the Guaranteed Investment Contracts have a defined termination date, are secured by obligations in the amounts and of the types required by the Public Funds Investment Act, are pledged to the Agency, are deposited with the Agency or with a third party approved by the Agency, and meet all other applicable requirements of the Act.

Bonds issued, assumed, or guaranteed by the State of Israel.

Interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor.

B. Protection of Principal

1. Diversification by Investment Type

Diversification by investment type shall be established by the following maximum percentages of investment type of the total Agency investment portfolio at the time of the purchase of the investment:

a.	U.S. Treasury Bills/Notes/Bonds	100%
b.	U.S. Agencies & Instrumentalities	75%
c.	Certificates of Deposit	50%
d.	Eligible Investments Pools	50%
e.	Money Market Mutual Funds	50%
f.	Repurchase Agreements	50%
g.	Banker's Acceptances	20%
h.	Commercial Paper	20%
i.	States, Counties, Cities & Other	20%

Bond proceeds may be invested in a single security or investment if the Investment Committee determines that such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record-keeping and calculation. The maximum percentage specified above for eligible investment pools may be exceeded for purposes of paying debt or a debt service obligation relating to the Series 1989 or Series 1993 capital appreciation bonds.

2. Diversification by Investment Maturity

In order to minimize risk of loss due to interest rate fluctuations, investment maturities shall not exceed the anticipated cash flow requirements of the applicable fund. Maturity guidelines by fund are as follows:

a. Bond Fund

The Bond Fund shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officers shall invest in such a manner as not to exceed an “unfunded” debt service date with the maturity of any investment. An unfunded debt service date is defined as a coupon or principal payment date that does not have cash or investment securities available to satisfy said payment.

b. Construction Fund

The investment maturity of the Construction Fund shall generally be limited to the anticipated cash flow requirement or the “temporary period,” as defined by Federal tax law. During the temporary period, bond proceeds may be invested at an unrestricted yield. After the expiration of the temporary period, bond proceeds subject to yield restriction shall be invested considering the anticipated cash flow requirements of the fund and market conditions to achieve compliance with the applicable regulations. The maximum maturity for construction proceeds shall be five years.

c. Contingency Fund

The maximum allowable maturity for the Contingency Fund portfolio shall be five years.

d. Reserve Fund

Market conditions, Bond Resolution constraints and Arbitrage regulation compliance will be considered when formulating Reserve Fund strategy. Maturity limitations shall generally not exceed the call provisions of the Bond Resolution and shall not exceed the final maturity of the bond issue.

e. Revenue Fund

The maximum allowable maturity for the Revenue Fund portfolio shall be two years. The anticipated cash requirements will govern the appropriate maturity mix.

3. Liquidity

Liquidity shall be achieved by anticipating cash flow requirements, by investing in securities with active secondary markets and by investing a portion of the Agency's funds in short-term investments.

A security may be liquidated to meet unanticipated cash requirements, to redeploy cash into other investments expected to outperform current holdings, or to otherwise adjust the portfolio.

4. Depository and Repurchase Agreements

Consistent with the requirements of State law, the Agency requires all bank and savings and loan association deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as Agency Depositories will be required to sign a Depository Agreement with the Agency and the Agency's safekeeping agent. The safekeeping portion of the Agreement shall define the Agency's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
- the Agreement has to be executed by the Depository and the Agency contemporaneously with the acquisition of the asset;
- the Agreement must be approved by the Board of Directors or the loan committee of the Depository and a copy of the meeting minutes must be delivered to the Agency; and
- the Agreement must be part of the Depository's "official record" continuously since its execution.

Repurchase agreements must also be secured in accordance with State law. Each counter party to a repurchase transaction is required to sign a copy of the Master Repurchase Agreement as approved by the Agency. An executed copy of this Agreement must be on file before the Agency will enter into any transactions with a counter party. All Master Repurchase Agreements must be approved by the Agency's Attorney.

a. Allowable Collateral

Collateral securities are defined by the Bond Resolution as (i) Investment Securities and (ii) obligations issued or guaranteed by any state of the United States or District of Columbia, or any political subdivision of any such state or Agency, provided such obligations are rated for investment purposes at not less than "A" or its equivalent by a nationally recognized rating service such as Moody's Investors Service, Inc. or Standard & Poor's Corporation; and (iii) repurchase agreements with solvent banking or other financial institutions with respect to any of the obligations or securities referred to herein.

(1) Collateralized Deposits

Eligible securities for collateralization of deposits are defined by the Public Funds Collateral Act, as amended, and meet the constraints of this Policy.

(2) Repurchase Agreements

Securities underlying repurchase agreements are limited to U.S. Government, Agencies and Instrumentalities obligations, which are eligible for wire transfer (i.e., book entry) to the Agency's designated safekeeping agent through the Federal Reserve System and meet the constraints of this Policy.

b. Collateral Levels

(1) Collateralized Deposits

The market value of the principal portion of collateral pledged for certificates of deposit must at all times be equal to or greater than the par value of the certificate of deposit plus accrued interest, less the applicable level of FDIC insurance.

(2) Repurchase Agreements

A repurchase agreement's "purchased security" market value must be maintained at the following minimum levels in excess of the principal value of the transaction plus accrued interest:

Agreement Maturities Greater Than One Business Day	
U.S. Treasury Securities	102%
U.S. Agency and Instrumentalities	103%
Mortgage Backed Securities	105%

Agreement Maturities of One Business Day	
All Securities	100%

c. Monitoring Collateral Adequacy

(1) Collateralized Deposits

The Agency shall require monthly reports with market values of pledged securities from all financial institutions with which the Agency has collateralized deposits. The Investment Officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.

(2) Repurchase Agreements

Monthly monitoring by the Investment Officers of market values of all underlying securities purchased for Agency repurchase transactions is required. More frequent monitoring may be necessary during periods of market volatility.

d. Additional Collateral and Securities

(1) Collateralized Deposits

If the collateral pledged for a deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the institution holding the deposit will be notified by the Investment Officers and will be required to pledge additional securities no later than the end of the next succeeding business day.

(2) Repurchase Agreements

If the value of the securities underlying a repurchase agreement falls below the margin maintenance levels specified above, the Investment Officers will request additional securities. If the repurchase agreement is scheduled to mature within five business days and the amount is deemed to be immaterial, then the request is not necessary.

e. Security Substitution

Collateralized deposits and repurchase agreements often require substitution of securities. The substituted security's value will be calculated and substitution will be allowable if its value is equal to or greater than the required security level. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems.

5. Safekeeping

a. Safekeeping Agreement

The Agency shall contract with a bank or banks for the safekeeping of securities either owned by the Agency as a part of its investment portfolio or as part of its depository and repurchase agreements.

b. Safekeeping of Deposit Collateral

All collateral securing bank deposits must be held by a third-party banking institution acceptable to and under contract with the Agency, or by the Federal Reserve Bank.

c. Safekeeping of Repurchase Agreement Securities

The securities purchased under repurchase agreements must be delivered to a third-party custodian with which the Agency has established a safekeeping agreement.

6. Downgrade Provision for Investment Ratings

The Agency shall monitor the credit ratings on securities that require minimum ratings. This may be accomplished through research, or with the assistance of investment advisors, broker dealers, banks or safekeeping agents. An Investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Agency shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

C. Investment Advisors and Investment Providers

Investment Advisors shall adhere to the spirit, philosophy and specific terms of this Policy and shall invest within the same "Standard of Care." Investment Providers shall adhere to the spirit and philosophy of this Investment Policy and shall avoid recommending or suggesting transactions outside that "Standard of Care."

Selection of Investment Advisors and Investment Providers will be performed by the Investment Committee. The Investment Committee will establish criteria to evaluate Investment Advisors and Investment Providers, including:

a. Adherence to the Agency's policies and strategies;

b. Investment performance and transaction pricing within accepted risk constraints;

c. Responsiveness to the Agency's request for services, Information and open communication;

d. Understanding of public funds; and

e. Similarity in philosophy and strategy with the Agency's investment objectives.

Selected Investment Advisors and Investment Providers shall provide timely transaction confirmations and monthly transaction reports.

Investment Providers eligible to transact investment business with the Agency or offering to engage in an investment transaction with the Agency will be presented a written copy of this Investment Policy. Additionally, a qualified representative (as defined in the Public Funds Investment Act) of the business organization seeking to transact investment business shall execute a written instrument in a form acceptable to the Agency and the business organization substantially to the effect that the qualified representative has:

a. received and reviewed this Investment Policy, and

b. acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment activities with the Agency that are not authorized by this Investment Policy, except to the extent this authorization is dependent on an analysis of the makeup of the Agency's entire portfolio or requires an interpretation of subjective investment standards.

The Agency shall not enter into an investment transaction with an Investment Provider prior to receiving the written instrument described above.

D. Responsibility and Controls

1. Responsibility

   Except for the TMPA Employees Pension Plan, management responsibility for the investment program of the Agency is delegated to the General Manager. Daily cash management, disbursements, and portfolio investments shall be performed at the direction of the Chief Financial Officer.

   For the purpose of this policy, the Chief Financial Officer is the individual having the principal duties and responsibilities to account for all funds and property of the Agency and the maintenance of books, accounts and records pertaining to the financial transactions of the Agency, independent of actual title.

2. Authority to Invest

   The Chief Financial Officer is an investment officer ex-officio. The General Manager may designate additional Investment Officers of the Agency. As Investment Officers they are authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage Agency funds in accordance with this Investment Policy.

   The Investment Officers will form the Investment Committee. The Investment Committee shall review the investment portfolio's status and performance, determine and implement appropriate portfolio adjustments, oversee the Agency's Investment Advisor, monitor compliance with the Investment Policy and the Investment Strategy Statement, and perform other duties as necessary to manage the Agency's funds. In addition, at least annually, the Investment Committee shall review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Agency.

   Within twelve months of assuming these duties, the Investment Officers shall attend at least one training session and receive not less than ten hours of instruction that addresses investment controls, security risks, strategy risks, market risks, diversification of investment portfolios and compliance with the Public Funds Investment Act.

   Additionally, the Investment Officers shall attend an investment training session not less than once in a two-year period ending August 31, and receive not less than eight hours of instruction relating to investment responsibilities from an independent source approved by the Investment Committee.

3. Prudent Investment Management

The designated Investment Officers shall perform their duties in accordance with the adopted Investment Policy and internal procedures. In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the investment of all funds over which the Investment Officer had responsibility, rather than the prudence of a single investment, shall be considered. Investment Officers acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

4. Standard of Care

The standard of care used by the Agency shall be the "prudent investor rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Fund Investment Act states:

"In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity."

5. Standards of Ethics

The designated Investment Officers shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, all Investment Officers shall file with the Texas Ethics Commission and the Agency a statement disclosing any personal business relationship with a business organization offering to engage in an investment transaction with the Agency or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the Agency.

An Investment Officer has a personal business relationship with a business organization if:

a. The Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;

b. Funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year; or

c. The Investment Officer has acquired from the business organization during the previous year investments with a book value of $2,500 or more for his/her personal account.

6. Internal Controls

The General Manager shall establish and approve a system of written internal controls for cash management, disbursements, and investments. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent Actions of Agency employees. This Investment Policy is considered part of that written system of internal controls.

7. Market Value

The Investment Officers shall determine the market value of each investment and of all collateral pledged to secure deposits of Agency funds at least quarterly and at a time as close as practicable to the closing date of the reporting period. These values shall be included on the investment report. The following methods shall be used:

a. Certificates of deposit shall be valued at face value plus accrued but unpaid interest;

b. Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest;

c. Other investment securities may be valued in any of the following ways:

(1) The lowest of three bids obtained from securities broker/dealers for such securities;

(2) The average of the bid and ask prices for such investment securities as published in The Wall Street Journal;

(3) The bid price published by any nationally recognized security pricing service;

(4) The market value quote established by an independent third-party pricing agent; or

(5) The market value quoted by any other recognized industry sources.

8. Reporting

Investment performance shall be monitored and evaluated by the Investment Officers. The Investment Officers will provide to the Board of Directors a comprehensive quarterly report signed by all Investment Officers. This investment report shall:

a. Describe in detail the investment position of the Agency;

b. Contain a summary statement for each pooled fund group that states the: reporting period beginning market value; reporting period ending market value; and fully accrued interest for the reporting period.

c. State the reporting period ending market value and book value for each investment security by asset type and fund type;

d. State the maturity date of each investment security;

e. State the fund for which each investment security was purchased; and

f. State the compliance of the investment portfolio with the Agency's Investment Policy, including the Investment Strategy Statement, and the Public Funds Investment Act.

These quarterly reports shall be formally reviewed by the External Auditor at least annually, and the results of the review shall be reported to the Board of Directors.

The Agency, in conjunction with its annual financial audit, shall have the External Auditor perform a compliance audit of management controls on investments and adherence to the Agency's Investment Policy and Investment Strategy Statement.

APPENDIX A – DESCRIPTION OF FUNDS

<u>Bond Fund</u> – The Bond Fund shall be held in trust as an account of the Agency by the custodian of the Fund designated in the Bond Resolutions. The Bond Fund shall be held in trust for the benefit of the Bondholders. At any time, the Agency may remove the designated custodian for cause and designate another bank within the State of Texas as custodian of the Bond Fund.

In conjunction with the preparation of the Annual Budget, and immediately following the delivery of a Series of Bonds, a determination shall be made of the amount then on deposit in the Bond Fund for the purpose of paying interest on Outstanding Bonds to become due and the principal on Outstanding Bonds to become due, by reason of maturity or mandatory redemption. At the same time, a determination shall be made of the amount required to be deposited each month so as to provide the full amount required to pay the principal, interest, and premium, if any, on Outstanding Bonds as these payments become due. The amount of this deposit shall be made in equal monthly installments on or before the 25th day of each month by a transfer from the Revenue Fund to the Bond Fund.

In addition to the amounts provided for Bond interest and principal requirements, the Agency shall make appropriate arrangements for meeting the fees and charges of the Paying Agents.

In the event the amount on hand and available in the Revenue Fund for transfer to the Bond Fund is insufficient to permit the required deposit in full in accordance with the aforementioned provisions, the amount of any deficiency shall be transferred to the Bond Fund from other Funds as provided by the Bond Resolutions.

Construction Fund – The Construction Fund shall be held by a Depository. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Bond Resolution and any moneys from other sources which the Board of Directors may elect to deposit therein. Amounts in the Construction Fund, except as otherwise provided herein, shall be applied to the payment of the Cost of Acquisition and Construction.

The Agency may establish within the Construction Fund a separate project account for each project of the Agency but in any event shall provide for accounting controls with respect to the expenditures of amounts from the Construction Fund as to assure application of moneys therein as required by the Bond Resolution and applicable law.

The proceeds of insurance maintained pursuant to the Bond Resolution against physical loss of or damage to the System, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof of any project shall be paid into the Construction Fund.

Notwithstanding any other provisions for the Construction Fund, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of the principal, interest and premium, if any, on Bonds when due.

The substantial completion of construction or reconstruction of each project shall be evidence by certificate of the Authorized Officer (the Engineer in case of a Project), which shall be filed with the Depository of the Construction Fund, stating (a) that such project has been completed substantially in accordance with the plans and specifications applicable thereto, (b) the date of such substantial completion, and (c) the amount, if any, required (in his opinion) for the payment of any remaining part of Cost of Acquisition and Construction of such project. Upon the filing of such certificate, the balance in the Construction Fund allocable to such project in excess of the amount, if any, stated in such certificate shall be deposited in the Bond Fund or Reserve Fund, to the extend of any deficiencies therein, and to the extent there are no such deficiencies, may be deposited in the Bond Fund or Reserve Fund, to the extent of any deficiencies there, and to the extent there are no such deficiencies, may be deposited in the Bond Fund for use in retiring Bonds in advance of their regularly scheduled maturity or used for the payment of the cost of Acquisition and Construction as the Agency may direct.

Contingency Fund – The Contingency Fund shall be held by a Depository. The initial funding of the Contingency Fund in the amount of $2,000,000 occurred prior to the date of commercial operation as specified in the Bond Resolutions. The amount to be accumulated and maintained in this Fund may be increased if the same is accomplished in the manner provided in the Power Sales Contract.

In the event the amount on hand in this Fund is less than the Contingency Fund Requirement, monthly deposits shall be made from the Revenue Fund on or before the 25th day of each month (not more than 36 equal monthly installments) until the full amount required to be on deposit in the Contingency Fund has been restored.

Any amount on deposit in the Contingency Fund which is in excess of the Contingency Fund Requirement shall be transferred to the Bond Fund or Reserve Fund to make up any deficiency therein, and if there be no such deficiency, shall be transferred to the Revenue Fund.

If the amount of money on hand in the Bond Fund and the Reserve Fund is not sufficient to pay the principal, interest, or premium, if any, on the Bonds when due, amounts on hand in the Contingency Fund shall be transferred to the Bond Fund to cure the Deficiency.

Money in the Contingency Fund may be used, if funds are not otherwise available for such purpose, for any one or more of the following purposes:

1. To pay the cost of extraordinary renewals, replacements and additions to and extensions of the System which are required for the continuing operation of the System or any part thereof;

2. To pay the cost of extraordinary operation and maintenance costs, including extraordinary costs of fuel and the cost of preventing or correcting any unusual loss or damage (including major of fuel and the cost of preventing or correcting any unusual loss or damage (including major repairs), to the System, or the retirement from service, decommissioning or disposal of facilities of the System; and

3. For the security and payment of the bonds when there is a deficiency of money available for such purpose in the Bond Fund, the Reserve Fund, either or both.

<u>Reserve Fund</u> – The Reserve Fund shall be held in trust as an account of the Agency by the Custodian of the Fund designated in the Bond Resolutions. The Reserve Fund shall be held in trust for the benefit of the Bondholders. At any time, the Agency may remove the designated custodian for cause and designate another bank within the State of Texas as custodian of the Reserve Fund.

The amount to be accumulated and maintained in the Reserve Fund shall be the Average Annual Debt Service of the Bonds Outstanding calculated as of the date of, and giving effect to, the last Series of Bonds delivered.

In the event moneys in the Revenue Fund are not adequate to fully make any required transfer to the Bond Fund, an amount equal to the deficiency shall be transferred to the Bond Fund from the Reserve Fund unless such amount has been transferred to the Bond Fund from the Contingency Fund.

In the event money in the Reserve Fund is transferred to the Bond Fund, monthly deposits into the Reserve Fund shall be made on or before the 25th day of each month (note more than 36 equal monthly installments) until the a mount required to be on deposit in the Reserve Fund has been restored.

Any amounts on deposit in the Reserve Fund which are in excess of the amount required to be on deposit therein shall be transferred to the Bond Fund to make up any deficiency therein, and if there be no such deficiency, may be transferred to the Revenue Fund.

Revenue Fund – The Revenue Fund shall be held by a Depository. The Gross Revenues of the Agency shall be deposited, as received, into the Revenue Fund. Money in the Revenue Fund shall be used in the following order of priority:

1. For the payment of Operating and Maintenance Expenses as these become due.

2. For deposits into the Bond Fund for the payment of the principal of, premium, if any, and interest on the Bonds as these become due or are required to be called for redemption, and to the purchase of Bonds for delivery to the Paying Agent as permitted by the Bond Resolutions authorizing Previously Issued Bonds which are subject to mandatory redemption.

3. For deposits into the Reserve Fund for the security and payment of the Bonds when there is a deficiency of money available for such purpose in the Bond Fund.

4. For deposits into the Contingency Fund as specified in the Bond Resolutions.

5. To cure a deficiency in the Bond Fund, the Reserve Fund, and the Contingency Fund in that order.

6. For any lawful purpose, including (a) deposits into a Fuel Reserve Account for use in paying the cost of fuel acquisition or replacement or fuel working capital, and uninvested money therein shall be applied only to the cost of acquisition, leasing, reprocessing and replacement and disposal of fuel and fuel resources, assemblies, materials, services and components; and (b) for distribution to the Member Cities on such basis as the Board of Directors may determine would be fair and equitable if the Board determines an amount of money (and investments) will not be required for the aforementioned purposes.

Other Funds – The Investment Strategy in Appendix C applicable to the Revenue Fund shall apply to any fund not specifically described in this Appendix A-Description of Funds.

APPENDIX B – AUTHORIZED INVESTMENT SECURITIES

"Investment Securities" (as defined in the Bond Resolutions) are any of the following securities, if and to the extent that the same are at the time legal for investment of Agency funds:

1. Direct obligations of the United States of America; obligations which in the opinion of the Attorney General of the United States are general obligations of the United States and backed by it full faith and credit; obligations guaranteed by the Untied States of America;

2. Evidences of indebtedness of the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Federal National Mortgage Association, Federal Financing Bank Participation Certificates in the Federal Assets Financing Trust, New Housing Authority Bonds and Project Notes Fully secured by contracts with the United States of America, or any other agency or instrumentality of the United States of America; bonds secured by the general credit of the State of Texas; and deposits which are fully secured (to the extent not insured by a corporation, instrumentality or agency of the United States of America) by obligations in which the Agency may invest under the provisions of this definition;

3. With respect to proceeds of any series of Bonds delivered subsequent to the Series 1982A Bonds, obligations of the Student Loan Marketing Association;

4. With respect to the proceeds of any series of Bonds delivered subsequent to the Series 1986 Bonds, any obligations issued or guaranteed by any state of the United States of America, or any political subdivision there of which are rated single A or its equivalent or higher by a nationally recognized rating agency.

5. With respect to any series of Bonds delivered subsequent to the Series 1986A Bonds, any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association or government bond dealer reporting to, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in (1), (2), or (4) above, and with the securities delivered to and held by a Depository, as custodian;

6. With respect to the proceeds of any series of Bonds delivered subsequent to the Series 1986A Bonds, Certificates of Deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association provided that such certificates of deposit shall be purchased directly from such bank, trust company or national banking association and shall be either (a) continuously and fully insured by the FDIC or (b) continuously and fully secured by such securities defined as "Collateral Securities" which shall have a market value (inclusive of the FDIC coverage) at all times at least equal to the principal amount of such certificates of deposit, and such Collateral Securities shall be delivered to and held by a Depository, as custodian; and

7. With respect to a special fund held by a Depository for the purpose of providing a self insurance fund, in addition to the foregoing, money in such fund may also be invested in (a) corporate bonds, debentures or obligations (other than common or preferred stock) of the United States corporations which, at the time of the investment are (I) rated at least “A” by a nationally recognized rating agency, or (ii) are scheduled to mature in less than one year and are of the highest rating available by a nationally recognized rating agency, and (b) guaranteed investment contracts for a period not in excess of three (3) years at any one time which investment contract has been approved by the Board of Directors as a prudent investment and is executed on behalf of an entity which has the highest rating available by a nationally recognized rating agency for either (I) its claims paying ability or (ii) its debt having a term of not longer than the investment contract.

APPENDIX C - INVESTMENT STRATEGY STATEMENT

PREFACE

It is the policy of Texas Municipal Power Agency (the "Agency") that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and the adopted Investment Policy including the Investment Strategy Statement.

In accordance with the Public Funds Investment Act, Agency investment strategies shall address the following priorities in order of importance:

- Understanding the suitability of the investment to the financial requirements of the Agency
- Preservation and safety of principal
- Liquidity
- Marketability of the investment prior to maturity
- Diversification of the investment portfolio
- Yield

Each Fund has varying cash flow requirements and liquidity needs. Therefore, specific strategies shall be implemented considering the Fund's unique requirements.

INVESTMENT STRATEGY STATEMENT

Effective investment strategy development coordinates the primary objectives of the Agency's Investment Policy and cash management procedures to enhance interest earnings and reduce investment risk. Aggressive cash management will increase the available "investment period" and subsequently interest earnings. Maturity selections shall be based on cash flow and market conditions to take advantage of various interest rate cycles. The Agency's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

The Agency shall purchase securities with the intent to hold those securities in safekeeping until maturity.

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines shall be established for each fund.

Bond Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Bond Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but managing the Bond Fund's portfolio not to exceed the debt service schedule will minimize the market risk of the overall portfolio.

Liquidity – The Bond Fund has a predictable draw down schedule. Therefore, investment maturities shall not exceed the anticipated cash flow requirements of the semi-annual debt service payments.

Marketability – Securities with less active and efficient secondary markets are acceptable for the Bond Fund because of the predictable cash flow of the debt service schedule.

Diversification – Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" debt service payment date. Generally, if investment rates are trending down, it is best to lock in the investment. If interest rates are flat or trending up, concurrent market conditions will determine the attractiveness of extending maturity or investing in shorter alternatives. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury bill portfolio shall be the minimum yield objective.

Construction Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Construction Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but managing the Construction Fund's portfolio not to exceed the anticipated expenditure schedule will minimize the market risk of the overall portfolio.

Liquidity – The Construction Fund has a reasonably predictable draw down schedule. Therefore, investment maturities shall generally follow the anticipated cash flow requirements of the fund. Short-term investment pools, money market mutual funds and repurchase agreements shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. If investment rates exceed the applicable arbitrage yield, it is best to lock in most investments. If the arbitrage yield cannot be exceeded, concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter alternatives. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the applicable arbitrage yield is the desired objective for bond proceeds. For non-bond proceed funds, attaining a competitive market yield for comparable security-types is the desired objective.

Contingency Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Contingency Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but intent is to hold the investments until maturity thereby eliminating market risk. No investment maturity shall exceed the final maturity of the bond issue.

Liquidity – The Contingency Fund has no anticipated expenditures. The funds are deposited to cure any deficiency in the Bond Fund or the Reserve Fund as provided in the Bond Resolution. Investment maturities shall not exceed five years in accordance with the Investment Policy.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – Adhering to the Investment Policy's maximum investment-type limits shall restrict the exposure of the fund to any one market sector.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling six-month Treasury bill portfolio shall be the minimum yield objective.

Reserve Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Reserve Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but managing the Reserve Fund's portfolio to not exceed the call provisions of the bond issue will reduce the investment's market risk if the Agency's bonds are called and the reserve fund liquidated. No investment maturity shall exceed the final maturity of the bond issue. Annual market-to-market requirements or specific maturity and average life limitations within the bond issues' documentation will influence the attractiveness of market risk and reduce the opportunity for maturity extension.

Liquidity – The Reserve Fund has no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to the Agency's bond holders. The funds are "returned" to the Agency at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and liquidity. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, it is best to lock in the investment and reduce liquidity. If the arbitrage yield cannot be exceeded, concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.

Marketability – Securities with less active and efficient secondary markets are acceptable for the Reserve Fund.

Diversification – Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for the Reserve Fund. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the applicable arbitrage yield is the desired objective. Negative arbitrage portfolio management shall operate to the limit of the Investment Policy's risk constraints. Positive arbitrage portfolio management will allow tighter constraints than allowed by the Investment Policy.

Revenue Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Revenue Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but restricting the maximum allowable maturity to two years will minimize the price volatility of the overall portfolio.

Liquidity – The Revenue Fund requires the greatest short-term liquidity of any of the fund types. Short-term investment pools, money market mutual funds and repurchase agreements shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market “spreads” between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the Agency. Market cycle risk will be reduced by diversifying the appropriate maturity structure out through two years. Adhering to the Investment Policy’s maximum investment-type limits shall restrict the exposure of the fund to any one market sector.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury bill portfolio shall be the minimum yield objective.

February 11, 2021

AGENDA ITEM NO. 10

SUBJECT: Status report relating to the TMPA transmission operations and five-year transmission capital project plan.

DISCUSSION: The purpose of this agenda item is to provide two routine reports to the Board.

BACKUP MATERIAL:

1) Transmission Operations Status Reports
2) Transmission Capital Project Status Report

ACTION REQUESTED: None.

TRANSMISSION OPERATIONS STATUS REPORT
JANUARY 26, 2021

Outage Summary:

During the months of November and December 2020, TMPA had eleven planned outages on the 345kV system, twenty-seven planned outages on the 138kV system and no planned outages on the 69kV system. There was one forced extension on the 345kV, one on the 138kV and none on the 69kV system. There was one unplanned outage on the 345kV system, none on the 138kV system or the 69kV system.

Unplanned Outage Details: The unplanned outage was on the Gibbons Creek 5100 breaker on 12/09/20. It was opened to allow switch 5102 to be adjusted and closed back. The outage was from 12:45 to 12:54.

Forced Extension Details: The 345kV forced extension was on the Gibbons Creek to Jack Creek outage and the 138kV forced extension was on the Pruitt outage for ONCOR.

Personnel Summary:

Every TMPA operator is NERC-certified and current with all continuing education requirements.

Steve Martin
Matt Carter
1/26/21

TMPA Transmission Operations Report
2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Total
Planned Outages													
345 Kv	1	1	1	1	1	0	0	0	4	2	6	5	**22**
138 Kv	2	2	2	4	1	0	0	0	1	2	15	12	**41**
69 Kv	0	0	0	0	0	1	0	0	0	1	0	0	**2**
Devices requested													**0**
Un-Planned Outages													
345 Kv	0	0	0	0	0	0	0	1	0	0	0	1	**2**
138 Kv	1	0	0	0	0	0	0	0	0	0	0	0	**1**
69 Kv	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Forced Extension Outages													
345 Kv	1	1	1	1	0	0	0	0	0	0	1	0	**5**
138 Kv	1	1	1	1	1	0	0	0	0	1	1	0	**7**
69 Kv	0	0	0	0	0	0	0	0	0	0	0	0	**0**

Note: Outages are counted by the number of entries in the ERCOT Outage Scheduler.

TRANSMISSION FIVE-YEAR PROJECTS PLAN STATUS REPORT
January 2021

SUBJECT: Status report relating to the TMPA five-year transmission capital project plan.

DISCUSSION: The attached five-year Transmission Project Status Report incorporates the five-year period of Fiscal Year 2021 through Fiscal Year 2025. Projects reported as “Completed” in a previous report have been removed from this report.

Additional capital projects are being reviewed and discussed within the Transmission Engineering Working Group (TEWG) that could potentially affect the number of projects and capital investment on the Transmission Project Status Report.

Staff will update the Transmission Project Status Report and present to the P&O and Board as future capital projects are vetted and direction given.

Steve Martin
1/26/2021

Transmission Project Status Report
January 2021

Projects	Priority	Original Proposed Completion Date	Projected or Actual Completion Date	Original Approved Budget/Cost Estimate	Current Approved Budget/Cost Estimate	FY 2021	FY2022	FY2023	FY2024	FY2025	Total Estimated Expenditures FY21-FY25	Comments
T11009 CIP Substation Security	H	Dec-11	Sep-21	$1,250,700	$1,250,700	$225,494					$225,494	Cameras are active at Gibbons Creek.
T13001 Breaker Replacements	H	Sep-17	Dec-20	$12,201,239	$12,201,239	$446,525					$446,525	Gibbons Creek Twin Oak Switch installation complete.. Project on Budget Set to be closed out in 2021 after all bills and accounting is settled.
T13002 Relay and SCADA Upgrade	M	Sep-17	May-21	$7,552,776	$7,552,776	$250,000					$250,000	Relay panels at Dansby to be installed in conjunction with BTU Dansby upgrade. Relay enhancement at Gibbons Creek, Denton West and Jack Creek are replacing obsolete equipment.
T17007 Brand Rd. Pole Reroute	L	Sep-17	Dec-22	$192,000	$192,000				$159,039		$159,039	Project required for street improvements and cost will be reimbursed by City of Garland. Project on Hold.
T17009 Steep Hollow to Keith Switch fiber installation	H	May-18	Dec-21	$715,000	$715,000	$444,546					$444,546	Fiber installation delayed pending pole replacement project. River pump distribution will need to be replaced.
T18004 Pauwells Transformer Power Upgrades	H	Sep-19	Dec-20	$300,000	$300,000	$55,000					$55,000	Design Complete. Bill of Materialordered. Construction to be completed in Fall 2020.
T18005 JKCK-TWIN OAK Tower 8/2 Rust Project	H	Dec-19	Dec-20	$990,000	$2,190,000	$590,000					$590,000	Construction completed in the Fall 2020.
T19003 Black Start Path Generator Installation	M	May-20	May-21	$300,000	$300,000	$150,000					$150,000	Project is to install back up generators at Pruitt, Shelby, and Greenville Interchange. Shelby in Service. Greenville will be in Service Spring 2021. Pruitt will be coordinated with ONCOR project
T19004 McCree Equipment Installation	M	Jun-21	Jun-21	$1,644,500	$1,644,500	$1,419,321					$1,419,321	Project is in conjunction with GP&L ERCOT requested project to install a new 600 MVA transformer. Project has been approved by ERCOT.
T19006 Gibbons Creek TRV Capacitors	H	Dec-20	Dec-20	$768,211	$768,211	$613,195					$613,195	Design is complete. Material is on order. Construction completed.
T20001 Pruitt ONCOR Transmission Separation	H	May-20	May-21	$300,000	$300,000	$286,652					$286,652	Construction commenced.
T20002 Steep Hollow to Keith Switch T-line Rebuild	H	Mar-20	Mar-22	$12,800,000	$12,800,000	$6,000,000	$6,800,000				$12,800,000	Engineering and Soil Borings are proceeding. Poles out for bid.
T20003 Gibbons Creek Decommission Transmission Project	H	May-20	Apr-21	$1,265,000	$1,265,000	$1,265,000					$1,265,000	Project on hold pending TMPA approval.
T20004 Ben Davis Breaker Replacement Project	H	Dec-21	Dec-21	$4,290,000	$4,290,000	$1,000,000	$2,790,000				$3,790,000	Design has started. In service date pushed back due to delays at McCree.
T21001 Greenville to Olinger Airport Marker Ball	H	Dec-21	Dec-21	$150,000	$150,000	$150,000					$150,000	Design has started.
T21002 Shelby-Nevada elevation for SS1570	H	Jun-21	Jun-21	$600,000	$600,000	$600,000					$600,000	Project has been kicked off and engineering has been contracted with R Delta.
T21003 Ben Davis -Royse Replace Transmisson Line Tower 2/5	H	Dec-21	Dec-21	$2,200,000	$2,200,000	$1,800,000	$400,000				$2,200,000	Project has been kicked off and engineering has been contracted with Black and Veatch.
				Totals	**$48,719,426**	**$15,295,733**	**$9,990,000**	**$0**	**$159,039**	**$0**	**$25,444,772**	

February 11, 2021

AGENDA ITEM NO. 11

SUBJECT: Executive Session

Executive session will be held pursuant to the Open Meetings Act (Chapter 551, Government Code) for the following items:

A. Sale of the Gibbons Creek Steam Electric Station. (legal advice under Section 551.071, Government Code, value of real property, under Section 551.072, Government Code, and competitive matters under Section 551.086, Government Code.)

B. Real property matters – Liquidation Strategy for Mine Property (value of real property under Section 551.072, Government Code, and legal advice under Section 551.071, Government Code).

In the Board's discretion, the Board may discuss and/or take action on one or more of the above executive session items in open meeting. In regard to items scheduled on this Agenda for discussion and/or action in the open portion of the meeting, the Board may, in its discretion, address one or more of such items in executive session if and to the extent permitted by the Texas Open Meetings Act.

February 11, 2021

AGENDA ITEM NO. 11A

SUBJECT: Status Report relating to the potential sale of the Gibbons Creek Steam Electric Station, including legal issues associated with the potential sale.

DISCUSSION: A detailed update will be provided at the meeting.

BACKUP MATERIAL: None.

ACTION REQUESTED: None.

Bob Kahn Bob Kahn
1/27/21

February 11, 2021

AGENDA ITEM NO. 11B

SUBJECT: Real property matters – Liquidation Strategy for Mine Property

DISCUSSION: This agenda item summary addresses the history of the process used by Staff to select a real estate broker for the sale of the Mine Property, the proposed fee structures for brokerage services, and the matter of mineral rights. All these subjects relate to the value TMPA will receive from the sale of the Mine Property.

History of Request for Proposal for Real Estate Brokerage Services

TMPA started the process for the selection of a broker to sell the mine property almost two years ago. Board briefings on this subject began in June 2019 and were discussed at subsequent meetings (Table 1).

Table 1 – History of TMPA's Request for Proposal (RFP) for mine brokerage services and other actions related to the sale of the Gibbons Creek Lignite Mine Property.

Date of Board Meeting	Description of activities	Action taken
June 6, 2019	Staff presents draft Request for Proposal (RFP) for mine sale brokerage services and a list of 11 potential brokers to whom the RFP would be sent. Board discusses value and retention of mineral rights.	TMPA issues RFP in July 2019.
September 12, 2019	Staff reports that five proposals for brokerage services were received in July 2019 and that it proposes to interview the top three, all of which are acceptable.	Staff interviews the top three candidates for brokerage services and shows the mine property (September – October 2019).
December 12, 2019	Based on the interviews, Staff recommends selection of Republic Ranches as the broker for the sale of the mine property (Resolution No. 2019-12-1). Staff, with assistance of real estate consultant Tim Walton, presents options for mineral rights.	Board concludes that it is premature to hire a broker and passes a (unanimous) motion to postpone this action (Resolution No. 2019-12-1) until the next Board Meeting.
February 13, 2020	Staff presents the results of the January 2020 appraisal of the mine property ($50.4 million for 10,611 acres or $4,750/acre). Staff recommends hiring of Republic Ranches as the broker for the sale of the mine property (Resolution No. 2020-2-4). A complete copy of their proposal dated July 29, 2019 is included in the Board packet. Staff includes a detailed report on the options for brokerage services fee	The Board decides to table Resolution No. 2020-2-4 (which would have authorized a contract for real estate brokerage services relating to the sale of the mine property).

	structures and the mineral estate.	
June 4, 2020	Staff presents a detailed report on the strategy for the sale of the mine property, including a review of the 2015-2020 history related to preparing for a sale, and the current critical market change (primarily due to the COVID-19 pandemic) warranting postponement of the sale. Staff recommends that the marketing plan for the reclaimed land be postponed for further discussion at the September 2020 Board meeting.	No action was requested by Staff and no action was taken by the Board.
September 10, 2020	Staff presents a detailed report updating the marketing plan for the mine property. Staff recommends waiting to hire a broker until the COVID-19 pandemic is under control (projected to occur in early 2021). However, Staff does recommend the authorization of a contract for the surveying of the mine property in preparation for a sale (Resolution No. 2020-9-3).	The Board unanimously passes Resolution No. 2020-9-3 authorizing a contract for surveying services relating to the mine property.
December 10, 2020	Staff recommends a delay in considering a sale of the mine property until the February 2021 Board Meeting in view of the uncertainty that is still being caused by the COVID-19 pandemic and its economic impacts.	The Board accepts the Staff's recommendation and takes no action on this matter.

Brokerage Services Fee Structures

In July 2019, Staff issued a Request for Proposal for real estate brokerage services relating to the sale of the mine property (approximately 10,611 acres). Five proposal were received. In September and October, Staff and its real estate consultant, Tim Walton, interviewed the three finalists. They were: Hall and Hall, Icon Global, and Republic Ranches. Following the interviews and evaluations, the highest ratings were given to Republic Ranches.

Staff recommends that the contract for brokerage services be awarded to Republic Ranches. Republic Ranches is agreeable to performing the services for the following compensation:

Fee will be earned and payable only upon the final closing and funding of the sale of the Property.

1) 2.0% of the sales price if Republic Ranches, LLC sells as an intermediary (brings the Buyer themselves) or otherwise is the only real estate broker involved in the transaction and receiving a real estate commission.
2) 3.0% of the sales price if the Buyer is represented by a broker other than Republic Ranches, LLC. In this case Republic Ranches, LLC will share this commission with the Buyer's Broker (to be shared equally).

There is a resolution, authorizing the award of this contract, posted for the open session portion of this meeting, following the executive session.

Mineral Estate

We believe that oil and gas minerals should be handled as a "negotiable item" and that the rights that comprise the mineral estate should be carefully considered when negotiating.

Negotiation options should include:

1) Retain all owned minerals.
2) Convey all the minerals to the buyer at a fair market price (this may require an appraisal of the mineral estate).
3) Convey half of owned minerals to the buyer.
4) Waive surface rights for mineral development except the existing pad and road locations so that the buyer will know the extent of future exploration in terms of TMPA's ability to develop its minerals.

BACKUP MATERIAL: Republic Ranches' Proposal of July 29, 2019.

ACTION REQUESTED: In open session, consideration and action on Resolution No. 2021-2-3.

Bob Kahn
Jan K. Horbaczewski
01/26/21

Jan K. Horbaczewski

REPUBLIC RANCHES LLC

Our Legacy is in the Land

GIBBONS CREEK LIGNITE MINE PROPERTY

RFP # TX701

7/29/19

REPUBLIC RANCHES LLC

Our Legacy is in the Land

LETTER OF INTRODUCTION

We would like to thank the Texas Municipal Power Agency for considering Republic Ranches, LLC to represent the agency in the sale of the Gibbons Creek Lignite Mining Property in Grimes County, TX (RFP #TX701). Our company takes a unique approach to Farm & Ranch Real Estate Brokerage in that we use a teamwork approach to tackling larger listings. This allows us to serve our clients more effectively by providing multiple areas of expertise for those properties that are very diverse and require a more sophisticated and diverse expertise to properly be represented.

Our team has been assembled with a discerning eye towards how we could best serve the TMPA property, and with our untouchable access to higher end clients throughout the country ensure that the seller will have the exposure and expertise to properly market and sell your property. Republic Ranches focuses its business on rural properties and sells more rural property in Texas than any other brokerage company and we only sell rural properties as a specialty.

Should you have any questions about our presentation or about our firm, please feel free to reach out to me.

Sincerely,

JM Boswell

Jeff Boswell
Partner and Broker Associate
Republic Ranches, LLC
713-304-8186
bos@republicranches.com

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GIBBONS CREEK LIGNITE MINE PROPERTY

ORGANIZATIONAL PROFILE

A summary of our firms experience in marketing and selling properties similar to the type and price range of the Property and, if applicable, our experience or familiarity in the particular market in which the Property is located. Describe the internal resources providing information on such markets and its current trends.

Republic Ranches, LLC is an elite farm, ranch and rural properties brokerage firm serving Texas, Oklahoma, New Mexico, Colorado, Arkansas, Louisiana and, via a strategic alliance with Fay Ranches, the remainder of the Rocky Mountain West and the southeastern states. Republic Ranches is one of the most powerful land brokerages in the country. We have offices in Austin, Corpus Christi, Dallas, Hondo, Houston, Pagosa Springs, and San Antonio that allow us to effectively cover a broad region home to some of the finest ranches in North America. Our well-connected presence in the major metropolitan areas of Texas provides regular networking opportunities with qualified buyers who often come from these capital-rich major metro areas. As a team, we provide professionalism, talent, dedication and unwavering ethics to our clients. Republic Ranches has built a team of knowledgeable associates across the State and regions; each of the 36 associates (31 based in Texas) bringing an expertise and extensive network to the table on behalf of our clients.

So far in 2019, Republic Ranches has sold 66 properties representing 65,401 acres with a value over $235,000,000. Over the past 8 years Republic Ranches has been one of the top sellers of properties over $10M in the State of Texas, and according to sales comparable records from LandsofTexas.com, Republic Ranches has sold the most ranches over $10M since the beginning of 2016, accounting for over 20% of those sold. Further the top ten sales (by price) recorded in LandsofTexas.com for the region covering Grimes, Waller, Austin, Brazos, Washington & Burleson Counties show that Republic Ranches has sold 6 of the top ten, including the top 4 in that region (see table below). In the most recent quarter (2nd qtr. 2019), Republic Ranches was the selling broker for 4 of the 18 sales over $5M and represented the buyer in 2 more of those 18 transactions. Republic Ranches also won the Land Star Award for most sold (listing) sales in the state in 2018 (see graphics and table/screenshot below).

Importantly, we are experienced in several specialized areas that will have an impact on the marketing and sale of the Gibbons Creek property as follows;

1) We have done extensive work with water rights both groundwater and surface/riparian water in Texas. Representing both sellers and buyers we have worked on transactions involving surface water rights and re-establishing permits through TCEQ. We also have worked for clients regarding groundwater rights across multiple Groundwater Conservation Districts, including transactions involving water rights in multiple jurisdictions, establishing grandfathered established rights to old water wells, and helping to gain permitxated drilling and pumping rights for new water wells in various districts.

2) We possess extensive experience and knowledge of surface water valuations and permits. We have done extensive studies to establish the value of large lakes and impoundments around the state and how they affect the overall pricing of ranches as well as working through the labyrinth of TCEQ regulations that govern large lakes. We have sold multiple properties with permitted lakes (over 200 acre feet of water) in Texas including properties having 150 surface acres (Henderson County), 315 surface acres surface acres (Henderson County), 80 surface acres (Lee County), 175 surface acres (Henderson County) and 135 surface acres (Jackson County).

3) We have worked with numerous clients and properties that involve conservation easements and/or wetland mitigation complexities. We currently work with and represent four mitigation companies in purchasing properties for mitigation purposes (one sold in 2019 and four more under contract), and have represented sellers of both properties with mitigation on them or being sold to companies that intend to mitigate after the close of a sale.

All of our Texas licensed associates are members of Texas Association of Realtors. Both Charles Davidson and Bryan Pickens (two principals of the firm that will be actively involved with this assignment) are members of the Texas Alliance of Land Brokers; importantly for the Brazos River Valley area a more relevant association is present: The Texas Land Brokers Network (TLBN). The lead principal on this project, Jeff Boswell, is a member and one of our associates, Rick Doak, is currently the president of this association.

Source	County City	Asking Price Sold Price	Acres Price/Acre	Date Sold Days on Market
Keller Williams Realty - Brazos Valley ~~Property: Details | Map~~	Burleson County ~~Somerville, TX~~	$1,300,000 ~~$999,999,999~~	200.00 ~~$5,000,000.00~~	04/30/2019 ~~[illegible]~~
Republic Ranches, LLC Property: Details | Map	Waller County Hempstead, TX	$15,200,000 $15,200,000	1378.00 $11,030.48	06/16/2014 26 Days
Republic Ranches, LLC Property: Details | Map	Waller County Pattison, TX	$14,280,000 $12,522,760	2100.00 $5,963.22	12/20/2014 320 Days
Republic Ranches, LLC Property: Details | Map	Waller County Waller, TX	$9,438,000 $9,438,000	858.00 $11,000.00	06/04/2014 1691 Days
Republic Ranches, LLC Property: Details | Map	Austin County Sealy, TX	$9,360,000 $8,688,615	1040.00 $8,354.44	05/14/2015 93 Days
Hodde Real Estate Co Property: Details | Map	Grimes County Navasota, TX	$8,695,000 $8,300,000	715.14 $11,606.12	02/07/2014 78 Days
Waller County Land Company ~~Property: Details | Map~~	Waller County ~~Waller, TX~~	$73,500 ~~$7,000,000~~	0.17 ~~$41,176,470.59~~	11/22/2013 ~~11 Days~~
Hodde Real Estate Co Property: Details | Map	Washington County Burton, TX	$7,250,000 $6,600,000	393.52 $16,771.70	06/10/2016 91 Days
Republic Ranches, LLC Property: Details | Map	Waller County Hempstead, TX	$5,223,250 $5,223,250	614.50 $8,500.00	12/30/2014 not available
Republic Ranches, LLC Property: Details | Map	Washington County Brenham, TX	$4,900,000 $4,750,000	152.00 $31,250.00	10/03/2018 161 Days
Capitol Ranch Real Estate, LLC Property: Details | Map	Washington County Burton, TX	$4,500,000 $4,500,000	600.00 $7,500.00	10/12/2016 72 Days
Capitol Ranch Real Estate, LLC Property: Details | Map	Washington County Burton, TX	$4,500,000 $4,500,000	600.00 $7,500.00	10/12/2016 72 Days
Waller County Land Company Property: Details | Map	Waller County Hockley, TX	$4,100,000 $4,100,000	272.00 $15,073.53	10/26/2012 185 Days
Bill Johnson & Associates Real Estate Company Property: Details | Map	Austin County Bellville, TX	$4,650,000 $4,000,000	355.56 $11,249.86	06/15/2011 363 Days
RE/MAX Advantage Property: Details | Map	Washington County Brenham, TX	$444,900 $4,000,000	5.95 $672,268.91	10/23/2015 171 Days

Table/screenshot shows the top ten sales for the region specified above; struck lines are incorrectly entered information.

CURRENTLY LISTED PROPERTIES

A short description of all properties currently being marketed by firm, including size, location, and type.

Please see the appendix for a complete list of all of our publicly listed properties.

BROKERAGE TEAM AND RESPONSIBILITIES

Describe the marketing/sales strength of the broker(s) assigned by the brokerage firm to sell the property and the number of projects currently being marketed by this broker/agent.

For this important and exciting opportunity to assist the Texas Municipal Power Agency, Republic Ranches has assembled a team of seasoned experts with significant and relevant experience in marketing and selling similar properties throughout Texas. The combined team effort will offer TMPA a comprehensive understanding of how this property will appeal to a multitude of investors and buyers. Additionally, Republic Ranches possesses significant experience with conservation easements, statutory water rights and regulation, mineral interests, wildlife/rangeland management, habitat mitigation, boundary/easement discrepancies, and surface use agreements. Our organizational structure for this project follows below with roles and responsibilities, as well as key team member's profiles.

Jeff Boswell will lead the team and serve as the TMPA's local Houston contact, providing TMPA with direct and immediate contact, feedback and status reports, while ensuring the field team is always aware of the TMPA's objectives for the property. He will also identify potential buyers in the greater Houston area and be the lead in assembling marketing materials for the property and coordinating photographers, videographers and coordinating showings.

Charles Davidson will be responsible for identifying prospective buyers in the San Antonio and Austin areas. He will also be familiar with all aspects of the Property and available for showings when needed.

Bryan Pickens will be responsible for identifying prospective buyers in the Dallas/Ft. Worth areas. He will also be familiar with all aspects of the Property and available for showings when needed.

Drake Heller will be an additional resource on the team because of his familiarity with this area and experience in Brazos Valley ranch sales. He also has expertise in game management and exotic game ranches.

William Swanson will have primary responsibility for commercial brokerage outreach and targeted marketing effort to commercial/"non-ranch" prospects and has expertise in cattle operations.

Chris Busbee will advise on the attractiveness of the site for potential renewable and conventional power producers.

THREE PERTINENT SALES

List the last three sales closed by firm most similar to the subject property (important; provide description of property, date of sale, and specific location of property sold).

EL RANCHO CIMA (Seller: Sam Houston Area Council of the Boy Scouts of America)

2,383 Acres
Hays & Comal Counties
List Price; $24,500,000
Republic Ranches, LLC and a partner represented the Seller

Overview

• The ranch was a long standing Boy Scout camp on the Blanco River near Wimberley Texas. It included multiple improvements, fantastic river frontage, and the well known Devils Backbone.

Approach

• Similar to the TMPA property, the client's "decision maker" was a board/committee and our team had regular reporting and update protocols in place to keep the various client groups up to speed on all activities and effectively relay information through various networks to keep everyone informed as needed.

• This property had multiple complexities that had to be addressed during the sales process, some likely similar to the TMPA property including having potential for a both recreational buyer and/or development type buyer, environmental due diligence, property tax related issues to re-establish 1D1, neighbor and public interest interaction and a myriad of conservation issues that had to be dealt with and addressed.

Results

• A cash buyer was identified by Republic Ranches and his group acquired the property with a price and terms acceptable to our Sellers. The Buyer was a mixed use investor type buyer that Republic Ranches, while representing the Seller, had to provide background, contacts and information to throughout their due-diligence in order to bring about a successfully closed transaction. During the process we also had to deal with several environmental issues that could have de-railed the sale without considerable work.

HG RANCH

1,048 Acres
Henderson County
List Price; $13,000,000
Republic Ranches represented the Seller

Overview

• This ranch had one of the largest privately owned lakes in the State of Texas (3,000 acre-foot reservoir, 320 surface acres). This ranch was owned by the family of Former Texas Governor, Bill Clements. It was is located approximately 17 miles south of Athens, Texas.

Approach

• This ranch is an example of a successful private marketing sale that Republic was able to identify a buyer during a "Select Buyers Campaign" (see Marketing Plan Summary).

Results

• Again, Republic Ranches was able to secure a cash buyer for the property. During the contract phase we dealt with many issues concerning the permitted lake and the various state agencies that came into play.

RIVERBANK RANCH

2,020 Acres
Waller County
List Price; $15,750,000
Republic Ranches represented the Seller

Overview

• Large ranch just south of Hempstead Texas that similar to the TMPA property, had a mix of prairie, a large lake, river frontage and was largely undeveloped.

Approach

• This ranch given its location and size was primarily marketed to investors in the Houston market. We were able to have a Houston news television station do a story on the property which significantly enhanced its profile to the market.

Results

• An cash investor for the property was identified. Representing the seller, we had to deal with issues related to floodplain, wetlands, erosion/accretion and historic sites on the property.

ISSUES OF SIGNIFICANCE

Briefly state the top three (3) issues (positive or negative) in order of significance with respect to marketing this property, (i.e., significant economic developments; favorable zoning or zoning restrictions; deed restrictions; utilities; proposed road, highway, or other; neighborhood, city or P&Z resistance; environmental or wetland factors, etc.; or any other key issues).

---

1. **Size-** Due to the size of the offering and the area where it is located, pricing will be a major issue in determining the success of the sale. Republic Ranches believes that a considerable amount of further work will need to be done on the property to come to an accurate price for the property, taking into consideration the multiple potential uses and ultimate end users for uses such as commercial, residential, recreational, working ranch, conservation, alternative energies and mitigation.
2. **Mine reclamation-** While there is considerable evidence that such properties of this nature, when mitigated correctly do not see a significant impact on value, this issue may surface in the public banter should any local or state press folks pick up on it. Republic Ranches has the team with experience and connections to help reduce any blowback from negative outside PR should it occur, and the ability to properly explain to potential buyers why such issues are not a negative factor for the property and highlight the benefits (such as tremendous surface water).
3. **Creating and understanding a portfolio of values.-** We anticipate many potential buyer types; including end user ranch buyers, long term investors, short term investors/subdividers, industrial (renewables) users, developers, cattle producers and others requiring a broker with a broad understanding of how this property fits into the criteria and strategy of these various buyer types (including an exit strategy in some cases). The Republic Ranches' team approach provides the expertise and track record necessary to be able to understand and appropriately address these different prospects. Similarly, we have the knowledge to help TMPA evaluate the buyer profile during negotiations, as necessary.

MARKETING PLAN SUMMARY

Briefly summarize your company's marketing plan to sell the Property.

- Step One; Executed Listing Agreement will include the following key elements-

*Price – This will be agreed upon after a site visit. Republic Ranches has done a lot of data research on this issue and we will spend a considerable amount of time determining what we think is the appropriate list price in conjunction with you all. This number can be critical to getting the most $ for the ranch as well as limiting the time on the market (see article in appendix).

*Term of Agreement- We will ask for a one year listing agreement with the stipulation that the agreement could be terminated sooner or extended longer if done in writing by both parties.

* Exclusivity- Owner(s) would appoint Republic Ranches as its exclusive agent with respect to the Property during the term of the Listing Agreement. Owner(s) is entering into this Agreement relying on Broker's special and unique abilities with respect to performing the services of marketing and selling the Property. Broker accepts the relationship of trust and confidence established between Broker and Owner(s) by this Agreement.

*Decision to Sell- The Owner may decide to accept or reject any offer in its sole and absolute discretion and no Broker's Fee will be due Broker unless a Closing and funding of a sale of the Property occurs during the Term of the Agreement or during the Protection Period.

*Broker's Fee- Republic Ranches fee will be earned and payable only upon the final closing and funding of the sale of the Property. We propose a Broker's Fee as follows:

> 1) 3.0% of the sales price if Republic Ranches, LLC sells as an Intermediary (brings the Buyer themselves) or otherwise is the only real estate broker involved in the transaction and receiving a real estate commission.
>
> 2) 4.0% of the sales price if the Buyer is represented by a broker other than Republic Ranches, LLC. In this case our firm will share this commission with the Buyer's Broker (to be shared equally).

- Within a three week period after the Listing Agreement is executed (weather permitting), we will finalize marketing materials for your review. This material will include professional photography and videography, maps, write-ups, flyers and as much data as we can assemble both from you all and other sources about the ranch. This comprehensive data will be maintained in an electronic data room and made available to pre-qualified buyers when appropriate. During this time frame we will also develop a working knowledge of all aspects of the Property to best position the Property within the market place and importantly determine logistically how to best physically show the property to prospective buyers.

- Once all marketing material has been prepared and approved, we will begin a "Select Buyers Campaign". This will be a targeted marketing effort to individuals that we know may have an interest in the property. This will be undertaken with all the members of the Republic Ranches team. This effort would likely last 60 to 90 days in the hopes that certain buyers will react to having the privilege of having a first look. Republic Ranches shall utilize a Non-disclosure agreement ("NDA") approved by TMPA before the Ranch is shown to a prospective buyer. Any prospective buyer will be required to execute the NDA before being allowed to tour the Ranch or access the data room. Republic Ranches will pre-qualify the financial ability and creditworthiness of such prospects, to the best of our ability. During this period we would not disclose a list price but rather just give guidance towards where an offer would need to come in.

- In the event we do not receive an acceptable offer during the Select Buyers Campaign, we would then move on to a more public marketing effort. The Property will be marketed regionally, nationally and internationally utilizing all the contacts, networks, groups, resources and marketing reach of Republic Ranches. Such efforts will include marketing through both web based sites and print materials, email campaigns to our exclusive list of potential clients reaching over 13,000 individuals, and public relations outreach related to the property. Our web-based marketing platforms will include our own Republic Ranches website, LandsofTexas.com website via our Signature level membership (and its numerous partner sites), Fay Ranches' website and Loopnet. Print marketing includes potential advertisements in Texas Monthly, The Wall Street Journal, Texas based business journals, Texas Land Magazine, Land Magazine, LandsofTexas Magazine, and The Land Report Magazine, and our own magazine that we publish called Land Investor which is distributed to over 40,000 people across the country. The property will also benefit from our (and our associate's) significant social media presence via Facebook, Instagram, and LinkedIn.

- Additionally, we will conduct a focused outreach to the commercial brokerage community, and if appropriate, a targeted marketing campaign to large land developers.

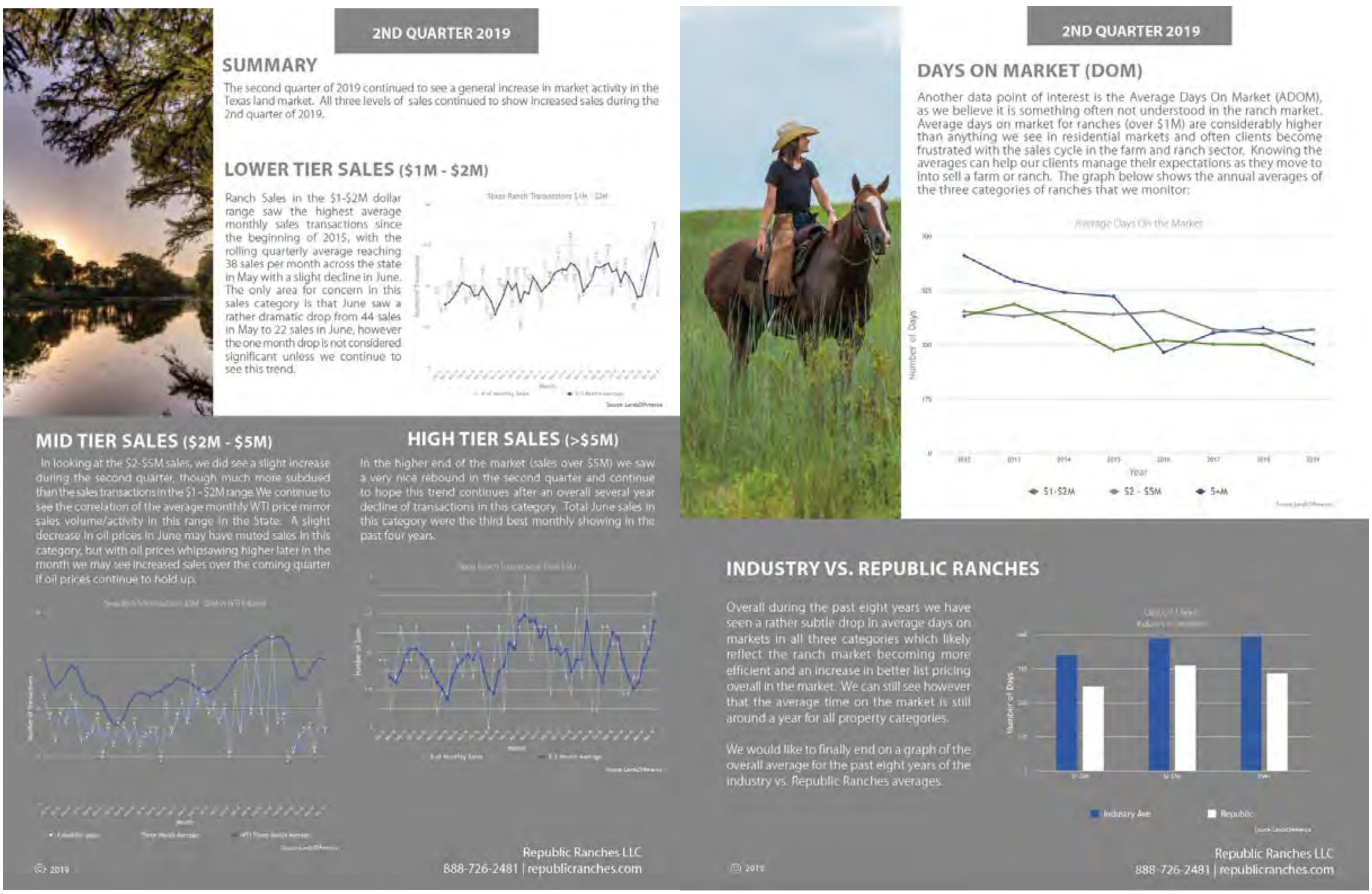
- Communications between TMPA and Republic Ranches will take place as often and in a form that most effectively keeps all parties informed and up to date. This communication plan may include regularly scheduled meetings, conference calls, periodic detailed reports, email communications, etc. so that we can closely monitor how the efforts are moving along and make any adjustments needed to finalize a sale.

MARKET ANALYSIS

Provide a very brief market analysis which includes an assessment of the sales activity, past and present, in the area of the subject Property. Please provide an assessment of the sales potential, a profile of potential buyers for the Property. Also include a pricing opinion based on both sales comparable and current competitive listings, if any. The listing price for the Property has not yet been established.

Please see appendix for our Preliminary Brokers Price Opinion & Article on Pricing Your Ranch correctly the first time.

Below, please find our latest market report for Texas land markets.



2ND QUARTER 2019

SUMMARY

The second quarter of 2019 continued to see a general increase in market activity in the Texas land market. All three levels of sales continued to show increased sales during the 2nd quarter of 2019.

LOWER TIER SALES ($1M - $2M)

Ranch Sales in the $1-$2M dollar range saw the highest average monthly sales transactions since the beginning of 2015, with the rolling quarterly average reaching 38 sales per month across the state in May with a slight decline in June. The only area for concern in this sales category is that June saw a rather dramatic drop from 44 sales in May to 22 sales in June, however the one month drop is not considered significant unless we continue to see this trend.

MID TIER SALES ($2M - $5M)

In looking at the $2-$5M sales, we did see a slight increase during the second quarter, though much more subdued than the sales transactions in the $1 - $2M range. We continue to see the correlation of the average monthly WTI price mirror sales volume/activity in this range in the State. A slight decrease in oil prices in June may have muted sales in this category, but with oil prices whipsawing higher later in the month we may see increased sales over the coming quarter if oil prices continue to hold up.

HIGH TIER SALES (>$5M)

In the higher end of the market (sales over $5M) we saw a very nice rebound in the second quarter and continue to hope this trend continues after an overall several year decline of transactions in this category. Total June sales in this category were the third best monthly showing in the past four years.

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Republic Ranches LLC
888-726-2481 | republicranches.com

2ND QUARTER 2019

DAYS ON MARKET (DOM)

Another data point of interest is the Average Days On Market (ADOM), as we believe it is something often not understood in the ranch market. Average days on market for ranches (over $1M) are considerably higher than anything we see in residential markets and often clients become frustrated with the sales cycle in the farm and ranch sector. Knowing the averages can help our clients manage their expectations as they move to into sell a farm or ranch. The graph below shows the annual averages of the three categories of ranches that we monitor:

INDUSTRY VS. REPUBLIC RANCHES

Overall during the past eight years we have seen a rather subtle drop in average days on markets in all three categories which likely reflect the ranch market becoming more efficient and an increase in better list pricing overall in the market. We can still see however that the average time on the market is still around a year for all property categories.

We would like to finally end on a graph of the overall average for the past eight years of the industry vs. Republic Ranches averages.

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CLIENT LIST

Please state if firm has a standing client list for this type of property.

One of the primary advantages that Republic Ranches brings to the table over its competitors is our list of potential buyers that we have developed over the years of work and through our well networked associates. Our current list contains over 13,000 contacts of potential buyers around the country that we have painstakingly developed over the years. A large reason for our success has been the early recognition that many buyers of rural properties have more recently been based in large metropolitan areas than from rural areas, which is why we have established most of our offices in large cities rather than in smaller towns. We currently have contacts that put us in front of the wealthiest individuals in the state and beyond. Our individual associates hold memberships at some of the most prestigious private country clubs and dining clubs in Texas allowing networking opportunities with a segment of potential buyers that our competition does not have ready access to. We also regularly hold events and invitation only presentations at these clubs and other venues so that we frequently get in front of these potential buyers.

For this property our expectations are that the most likely buyers will be an investment grade individual or company in the following two broad categories;

- Individual Ranch Buyer with ties to Texas A&M University. This individual would consider the purchase as a recreational/working ranch and a long term investment.
- A Real Estate Investor who would look to subdivide the property into multiple uses such as; recreational ranches, working ranches, both commercial and residential development, conservation/mitigation uses, and alternative energy.

We have strong contacts in all of these categories.

INSURANCE COVERAGE

Provide evidence of your company's ability to provide the insurance coverage on your company's operations as required in the Agreement. Include a copy of your Certificate of Insurance.

ACORD® CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 07/18/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lipscomb & Assoc. 5429 Lyndon B Johnson Fwy Suite 450 Dallas TX 75240	**CONTACT NAME:** Shyla Lankford **PHONE (A/C, No, Ext):** (214) 420-5206 **FAX (A/C, No):** (214) 420-5250 **E-MAIL ADDRESS:** slankford@lipscombinsurance.com

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A :	Ohio Security Insurance Company	24082
INSURER B :	Ohio Casualty Insurance Company	24074
INSURER C :	Hanover American Insurance Co.	36064
INSURER D :	Hiscox Insurance Company Inc.	
INSURER E :		
INSURER F :		

INSURED
Republic Ranches LLC
8100 Lomo Alto
Suite 262
Dallas TX 75225

COVERAGES **CERTIFICATE NUMBER:** 18/19 Liability **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC OTHER:			BKS55362406	12/03/2018	12/03/2019	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 15,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
								$
A	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [X] HIRED AUTOS ONLY [X] NON-OWNED AUTOS ONLY			BKS55362406	12/03/2018	12/03/2019	COMBINED SINGLE LIMIT (Ea accident)	$ Included
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
B	[X] UMBRELLA LIAB [X] OCCUR [ ] EXCESS LIAB [ ] CLAIMS-MADE [ ] DED [X] RETENTION $ 10,000			USO55362406	12/03/2018	12/03/2019	EACH OCCURRENCE	$ 1,000,000
							AGGREGATE	$ 1,000,000
								$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? [ ] **(Mandatory in NH)** If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		WZDD159504	02/01/2019	02/01/2020	[X] PER STATUTE [ ] OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
D	Errors & Omissions Liability			MPL162025118	09/01/2019	09/01/2019	Each Claim	$1,000,000
							Aggregate	$1,000,000
							Bodily Injury/Prop Damag	$50,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER	CANCELLATION
FOR INFORMATION ONLY	**SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.** **AUTHORIZED REPRESENTATIVE**

MARKETING SAMPLES

Please enclose a sample of marketing package which firm produces for this type of property. This package should ;include all marketing materials including print ads, publications, arial maps, executive summary, etc.

Please see Appendix for examples of our marketing materials.

STAFFING PLANS AND BIO'S

Provide a staffing plan reflecting evidence that the respondent firm has adequate staffing and appropriate resources so that the project director and other key managers will be committed for the duration of the project. Include resumes of key personal. Personnel resumes are limited to two pages per person.

Jeff Boswell

Jeff Boswell specializes in selling farm and ranch properties throughout Texas. Jeff possesses significant knowledge of and experience in developing wetlands, quail rehabilitation, pond and lake development in the Gulf Coast, Brazos Valley and South Texas, as well as farming and ranching as a landowner. Jeff has been featured in Texas Monthly (February 2015) and has been interviewed numerous times by Houston news stations for his expertise concerning ranch sales in Texas.

Education: The University of Texas at Austin (MBA), Washington & Lee University (BS geology).

Current listings: Shouse Ranch (6,302 acres in Goliad County), Winchell River Ranch (4,567 acres in Coleman County), Monarch Ranch (40,138 acres in Val Verde County), Quiet Waters (335 acres in Brazoria County), Spring Creek Ranch (1,800 acres in Bee County).

Pertinent Sales: Jeff was the lead broker on all of the six of ten largest sales reported in this property's region earlier. Jeff has also sold multiple wetland, conservation easement, and mitigation properties in his career.

Charles Davidson

Charles Davidson possesses extensive experience buying and selling ranch properties and interests. A fourth-generation Texan, Charles is passionate about rural Texas and holds or has held leadership positions in numerous wildlife and agri-business organizations, including; Borderlands Research Institute for Natural Resource Management, the Texas Agricultural Land Trust (current Board Chair), Texas Parks & Wildlife Department (White-tailed Deer Advisory Committee), Texas Wildlife Association (past President), and Texas Wildlife Association Foundation. Charles has been profiled in Lands of Texas Magazine.

Education: The University of Texas at Austin (MBA), Washington & Lee University (BS Finance).

Current listings: French Ingram Ranch (14,035 acres in Val Verde County), Pinon Ranch (10,318 acres in Edwards and Kinney Counties), Rock Canyon Ranch (12,250 acres in Val Verde County) and Loma Ranch options (400 acres, one in Blanco County and one in Comal County).

Pertinent Sales: El Rancho Cima (2,383 Acres Hay/Comal Counties with an asking price of $24,500,000), Enchanted Rock Ranch (4,500 acres in Llano County with an asking price of $19,350,000), Represent buyer of Lion Mountain Ranch (17,450 acres in Jeff Davis County with an asking price of $34,027,500 and Recassa Ranch (1380 acres in Leon County with an asking price of $3,443,624).

Bryan Pickens
Bryan Pickens is an expert in the rural real estate market through his experience that includes timber production, mineral and aggregate exploration, pre-development land sales, and wildlife and habitat management. He has sold many of the largest private lakes and high-volume reservoirs in Texas in recent years. Through his brokerage work with pre-development properties and his active involvement in several professional networking associations, Bryan also has excellent, national connections to capital groups seeking land investment opportunities.

Education: Southern Methodist University (MBA), Vanderbilt University (BA)

Current listings: Veale Ranch (3,790 acres in Tarrant County) -- Berrendo-Palma Ranches (160,000 acres in Chihuahua, Mexico) – Shoop Ranches (2,377 acres in Denton County) – Bridgeport Lakeview Ranch (1,417 acres in Wise County)

Pertinent Sales: Hageman Farms, 12,961 acres, Red River County, asking price of $31,100,000, HG Ranch, 320 surface acre lake (3,000 acre-foot reservoir) on 1,100 acres, Henderson County, off-market asking price $13,000,000, Mine Creek Ranch, 175 surface acre lake (1,130 acre-foot reservoir) on 870 acres, Henderson County, asking price of $9,500,000.

Drake Heller
Drake Heller will be an additional resource on the team because of his familiarity with this area and experience in Brazos Valley ranch sales. He graduated from Texas A&M University and has focused his efforts in the Post Oak region. His family owns and operates ranches in Colorado, Washington, and Burleson Counties.

Education: Texas A&M University (BA)

Current listings: Myers Ranch (550 acres in Brazos County), Circle E Ranch (2,002 acres in Grimes County), Rancho Espiritu (284 acres in Burleson County), Wild Oaks Ranch (630 acres in Lavaca County), Black Diamond Ranch (270 acres in Milam County).

Pertinent Sales: 270 acres located on highway 6 just south of College Station, 400 acres located outside of Navasota (Off Market) 580 acres located in Millican and 276 acres in Independence, 8,000 acres of farm land in Red River county and1,800 acres in Live Oak County, off market.

William Swanson

William Swanson has over 20 years experience in real estate, including brokerage and development. Prior to joining Republic Ranches, he held the position of Vice President, Southwest Markets with the international brokerage firm of Jones, Lang, LaSalle, where he represented multiple global companies in their real estate transactions. He has also developed and acquired over $50MM in industrial real estate. He has extensive experience in closing high value transactions, maintains numerous relationships within the commercial world, and is experienced in the marketing and underwriting of transitional properties.

Education: Texas A&M University(BA; Finance Masters;Land Economics & Real Estate)

Current listings: County Line Ranch (644 acres in Harris County), JAG Ranch (1,323 acres in Victoria County), B-B Ranch(1,947 acres in Kinney County), Brazoria Oaks Ranch (1,295 acres in Brazoria County), The Passes at Pontchartrain (2,189 acres in Orleans Parish, LA), Wearden Farm & Ranch (5,077 acres in Jackson County).

Pertinent Sales: 1,068 acre cattle ranch sale, Liberty County, $3.8MM; 1,700 acre cattle ranch sale, Wharton County, freeway and rail frontage, $6.4MM; $40MM land acquisition, Harris County, for corporate campus; 5077 acre farm & ranch, Jackson County, $20.1MM listing; >8,000 acre assemblage, confidential location and value.

Chris Busbee

Chris Busbee will advise on the attractiveness of the site for potential renewable and conventional power producers. Less than 1/2 mile from the property lies a 345kV transmission line, originating at the closed 470 megawatt TX Municipal Power facility. The property may be an attractive asset for a wind and/or solar developer due to transmission availability. Mr. Busbee has over 20 years' experience with solar, wind and conventional power production, development and advisory.

Education: University of Texas (MBA), Washington & Lee University(BA; History)

Current listings: Chris specializes in representing Buyers in Colorado.

ADMINISTRATIVE SUPPORT

A description of firm's administration support services, including, but not limited to preparation of marketing advertisements, and/or brochures, lending and prospective contracts.

Republic Ranches will have two administrative support employees to aid the preparation of marketing materials and coordinate both internal and external communications concerning the project.

Virginia Thomson is our Director of Operations and is a licensed Real Estate Agent in Texas. She will be responsible for communications between the Associates working on this project, and for communications and reports being filed with the TMPA Board.

Chase Studer is our in-house marketing and graphic design producer. She has worked for Republic Ranches for three years and has a Masters in Graphic Design, allowing for us to produce professional quality marketing materials in a very timely manner.

REFERENCES

Provide the names, addresses, and telephone numbers of at least three (3) business references (owner or owner representative) and two (2) banking references, including addresses, contact persons, and telephone numbers.

Business References:

1) John Zachry, CEO and Chairman of the Board, Zachry Group, 527 Logwood Avenue San Antonio, TX 78221, (210) 588-5000

2) Ellen Randal, Cenizo Ranches & Board Member of Caesar Kleberg Wildlife Research Institute, 3733 Westheimer Rd., ste. 1, Houston, TX 77027 (713) 409-1336.

3) Dr. Leldon Sweet, cardiologist, Cardiac Consultants PA, 3345 Plaza 10 Dr., Beaumont, TX 77707, (409) 658-0672.

Banking References:

1) Republic Ranches, LLC Account, Buddy Woolls, Community National Bank, 1502 Ave. M, Hondo, TX 78861, (830) 426-3066.

2) 1836 Land Company, LP Account, Meloni Davis, Frost Bank, 3707 Richmond Ave, Houston, TX 77046 (713) 388-7600.

APPENDIX

List of current properties on the market by Republic Ranches

Ranch	County	Acres	Price	Description
Berrendo - Palma Ranches	Janos (MEX)	159,622	contact for price	Incredible scenery and location in Mexico. Great cattle property.
Historic Veale Ranch	Tarrant and Parker	3,790	$95,000,000	This large working cattle ranch is unique because of its size and location in the area.
Monarch Ranch	Val Verde	40,138	$27,100,000	A rare jewel in the desert, the Monarch Ranch is located on over 5 miles of the pristine Devils River.
Shouse Goliad Ranch	Goliad	6,302	$22,055,635	Diverse working property with a big house.
Wearden Farm & Ranch	Jackson	5,076	$20,100,000	Exceptional recreational property featuring farming income and prime rice land.
Mallard Rest	Tallahatchie (MS)	4,553	$16,000,000	One of the most famed duck hunting properties in the country. Incredible habitat and farming oppertunity.
Winchell River Ranch	Brown & Coleman	4,567	$15,961,665	Hunting and agricultural ranch overlooks approximately 2.5 miles of the Colorado River.
Shoop Ranch West	Wise and Denton	1,807	$14,950,000	Live water and a lot of character just north of Fort Worth.
Black Rock Ranch	Kootenai (ID)	1,140	$14,900,000	One of the best horse ranches in Northwest US. State of the art veterinary clinic and fascilities. Large house with helicopter pad.
Monarch West Ranch	Val Verde	19,933	$14,000,000	Monarch West Ranch is located on over 3 miles of the pristine Devils River.
Monarch East Ranch	Val Verde	20,205	$14,000,000	Located on over 2 miles of the pristine Devils River 27 miles upstream from Lake Amistad.
6 Mile Creek Ranch	Colfax (NM)	1,769	$14,000,000	Livewater, timber, and mountains make for an unbelievable hunting and fishing property. Easy access to excellent skiing.
Bull Basin Ranch	Delta (CO)	864	$13,850,000	Exceptional Elk hunting property with live water, quality lodging, and ammenities.
Piñon Ranch	Kinney and Edwards	10,318	$13,619,760	Located on the southern edge of the Edwards Plateau.
El Corazon	Waller	381	$13,400,000	Very imporoved piece of property with house and exotics.
Diamond B Ranch	Duval	6,710	$12,936,250	High fenced pasture, with a 50 acre entrance parcel and 160 acres on the northwest side.
Rock Canyon Ranch	Val Verde	12,250	$12,403,125	Stunning views, outstanding hunting, star filled night skies and first class improvements.
Wild Horse Mountain Ranch	Missoula (MT)	18,300	$11,621,000	Large piece of land with diverse terrain and great views of mountains and forest.
Wolf Point Club	Harris	1,600	$11,500,000	Private ranch with an incredible priavte golf course.
Menehune	Henderson	210	$9,750,000	Luxury Ranch on Lake Athens.
Brazoria Oaks Ranch	Brazoria	1,295	$9,600,000	Working cattle ranch thats cleared of thick timber and underbrush. House
D Bar Ranch	Coke	7,656	$9,570,000	Located in a unique transitional zone with many habitats.
Bledsoe Ranch	Rogers (OK)	3,054	$9,162,000	Surrounded by the Caney River, this large property presents ample oppertunity for development.
French Ingram Ranch	Val Verde	14,035	$9,122,750	THE FINEST LIVE WATER OPPORTUNITY IN TEXAS!
Cook Ranch	Hamilton	1,900	$9,120,000	Hunting ranch with diverse topography.
Flying S Ranch	Grant (OR)	14,471	$8,900,000	Consists of creeks, timber, and the mountain meadows to form incredible hunting. Had lodging as well.
High Alpine Ranch	Sweet Grass (MT)	1,261	$8,500,000	Incredible estate with many ammenities and facilities. Scenic views with hunting and fishing.
Blanco Creek Ranch	Refugio	2,110	$8,438,000	Extraordinary amount of giant oak trees and wide variety of soils . Lodge
Myers Cattle & Land	Brazos	550	$7,975,000	Gentleman's cattle ranch with lake.
Turtle Bay Ranches	Matagorda	805	$7,931,250	Waterfront frontage on Turtle Bay and Tres Palacios Bay with abundant waterfowl.

Veale Ranch – North Breckenridge Division	Stephens	**2,511**	**$7,784,000**	Large ranch with diverse habitat in Stephens county.
Elkhorn Ranch	Gallatin (MT)	**443**	**$7,750,000**	Located in the gorgeous Gallatin Valley. Lots of wildlife and exceptional terrain.
Tarkington Bayou Ranch	Liberty	**3,500**	**$7,243,600**	The property is covered in towering hardwoods and pines, with multiple water features.
Last Spread Farm	Cooke	**355**	**$7,100,000**	The Last Spread is a multi-use showplace farm located in heart of the North Texas Horse Country.
Blue Ranch	Lee	**1,150**	**$6,900,000**	Family ranch with hunting.
Rock Canyon Ranch – Western Division	Val Verde	**5,603**	**$6,723,600**	Stunning views, outstanding hunting, star filled night skies and first class improvements.
Spring Creek Ranch	Bee	**1,800**	**$6,570,000**	Great herd of managed native white-tailed deer, a large number of turkey.
Crooked Horn Ranch	Young	**2,115**	**$6,500,000**	Crooked Horn Ranch is a premier 2,115-acre high fenced ranch.
Oliver Creek Place	Denton	**570.98**	**$6,250,000**	Parcel of land very close to development in one of the fastest growing regions in DFW.
Lower Middle Fork	Grant (OR)	**9,382**	**$6,150,000**	Located in one of Oregon's best big game hunting areas. Easy access to river. Cattle opperunities.
The Briscoe Mountain Ranch	Llano	**941**	**$5,975,000**	Briscoe Mountain Ranch is one of the finest whitetail hunting properties in Llano county.
Diamond Hitch Ski Chalet	Gallatin and Madison (MT)	**1**	**$5,950,000**	Very large home sitting right atop great skiing and other outdoor activities. Ski in/out of house.
Rock Canyon Ranch – Eastern Division	Val Verde	**6,595**	**$5,935,500**	Stunning views, outstanding hunting, star filled night skies and first class improvements.
Miller Ranch	Madison (MT)	**317**	**$5,800,000**	Located on the famed Ruby River and Valley. Access to one of the finest fishing rivers. Hunting oppertunity as well.
Bray Ranch	Fort Bend	**70**	**$5,600,000**	Beautiful Ranch/Equestrian property located in the heart of Fulshear.
Double T Ranch	Medina	**750**	**$5,600,000**	Located in the transition zone where the Hill Country meets the South Texas Plains.
Blackleaf Cattle Company	Teton (MT)	**6,799**	**$5,400,000**	Diverse habitat and terrain makes for lots of wildlife. Gorgeous scenery with many development oppertunities.
JRC Ranch	Cooke	**902**	**$5,300,000**	Classic North Texas ranch located just five minutes east of Gainesville.
County Line Cattle Ranch	Harris & Liberty	**644**	**$5,152,000**	Working cattle ranch close to Lake Houston.
Shouse Refugio Ranch	Refugio	**1,930**	**$5,114,315**	Frontage on the Mission River and Melon Creek with a diverse topography and habitat.
Valdina Ranch North	Medina	**2,543**	**$5,073,285**	The Valdina Ranch is the house pasture of the historic Valdina Farms.
Deep Canyon Ranch	Teton (MT)	**580**	**$4,995,000**	Rocky Mountain Front and Teton Canyon River Valley creates a stunning landscape with ample wildlife.
Circle A Ranch	Jim Wells	**2,331**	**$4,953,375**	Grass pasture with mixed brush and large mesquite trees make an ideal habitat .
Trafford Lake Ranch	Collier (FL)	**1,001**	**$4,900,000**	Easy access to Naples and Ft. Meyers. Worldclass hunting and fishing. Great bass fishing lake.
Cameron Ranch	Atascosa	**921.81**	**$4,800,000**	Ideal ranch for someone looking to hunt, fish, graze cattle or get out of the city. Lodge.
Bridgeport Lakeview Ranch	Wise and Jack	**1,417**	**$4,782,500**	The rare opportunity to buy a larger ranch with diverse scenery, a desirable location.
Red River Valley Ranch	Cooke	**430**	**$4,750,000**	Premier 430 acre river-front property located in the beautiful North Texas Hill Country. Lodge
The Passes at Pontchartrain	Orleans Parish (LA)	**2,189**	**$4,750,000**	Tremendous development oppertunity with immediate access to prime hunting and fishing waters.
Loma Ranch's Koch Pasture	Blanco	**400**	**$4,600,000**	The westernmost pasture of the Loma Ranch is called the Koch Pasture
Loma Ranch's East Pasture	Comal	**400**	**$4,600,000**	The easternmost pasture of the Loma Ranch features pleasant topography.
JAG Farm & Ranch	Calhoun & Victoria	**1,323**	**$4,392,360**	Excellent hunting and diverse land.

Bear Man Bluff Ranch	Hardin	**251**	**$3,900,000**	On the banks of the Neches river with multiple habitats.
Bear Man Bluff Ranch	Hardin	**251**	**$3,900,000**	Idyllic family retreat that features the highest end of authentic Texas ranch lifestyle. house
Waterfront Compound Near Briarcliff Marina	Travis	**2.35**	**$3,850,000**	This property features a beautiful main home with 4 bedrooms, 4 baths, a loft/office.
20X Ranch	Kerr	**400**	**$3,830,400**	Located on the highly sought after and much coveted Fall Creek.
Cool Acres	Fort Bend	**130**	**$3,800,000**	Hosue with several other amenities on the property with a fishing lake as well.
Quiet Waters	Brazoria	**327**	**$3,750,000**	Great lodge and equipment on property. Outstanding bass fishing and duck hunting.
Aransas River Ranch	Refugio	**1,195**	**$3,525,250**	Mixture of river bottom, large trees, thick brush, creeks/ swales.
Flying W Ranch	Nueces	**320**	**$3,495,000**	This 320 acre ranch borders the Legendary King Ranch and is a sportsman's paradise.
Superior Lane Ranch	Montgomery	**160.29**	**$3,400,000**	Horse ranch with very impressive lodgeing.
Cypress Mill Retreat	Blanco	**177**	**$3,400,000**	Cypress Mill is one of the most prestigious and beautiful places to own land in the Texas Hill Country.
Arceneaux Ranch	Kerr	**417**	**$3,300,000**	The Arceneaux Ranch is very well known in the Texas hunting world.
Bluestem Prairie Ranch	Brazoria	**841**	**$3,257,185**	Cattle ranch with recreational opportunities.
North Canadian River Ranch	Woodward (OK)	**1,230**	**$3,195,000**	A live water hunting property with incredible terrain, lodging, wildlife, and a grass airstrip.
Selkirk Island Ranch	Matagorda	**608**	**$3,154,650**	Historic ranch on the Colorado river with hunting and fishing.
Circle S Hunting Ranch	Anderson	**520**	**$2,950,000**	It is high-fenced, infused with superior whitetails. Houses
Crowell Ranch	Brazoria	**1,067**	**$2,934,250**	Ranch with a river bottom and several improved pastures.
Chaparral Ranch	Duval	**1,233**	**$2,774,250**	Excellent native wildlife and habitat to a top notch trophy deer herd.
Wearden North Farm	Jackson	**986**	**$2,711,500**	Good farming land, rice fields, and great waterfowl hunting.
Cooley Ranch	Fort Bend	**277**	**$2,700,000**	Beautiful property just 20 minutes west of the Grand Parkway. River/lake
Headwaters Ranch	Kerr	**315**	**$2,677,500**	Crystal clear 3 acre spring fed lake .
Headwaters Ranch	Kerr	**315**	**$2,677,500**	Situated at the headwaters of Mason Creek in Kerr County, TX.
Riverview Ranch	Sullivan (TN)	**49**	**$2,650,000**	Located on the South Holston River with great views of mountains and forest. Worldclass trout fishing.
B – B Ranch	Kinney	**1,947**	**$2,579,775**	Located in the transitional zone between the Rio Grande Plains and the Edwards Plateau.
Snyder Ranch	Refugio	**850**	**$2,507,500**	850 acres of big trees and thick native brush.
Mountain Equestrian Paradise	Archuleta (CO)	**88**	**$2,500,000.00**	Located in scenic mountain ranges and terrain. Great equestrian and housing fascilities.
Lambert Ranch G Pasture	Refugio	**930**	**$2,464,500**	Good grass pasture, scattered brush and trees.
Painted Dreams Ranch	Washington	**84**	**$2,420,000**	Luxury turkney ranch with nice houses and barns.
Lonesome W Ranch	Edwards	**1,800**	**$2,385,000**	Ideal hunting ranch in north west Edwards County.
Nelson Land & Cattle Ranch	Jefferson	**354**	**$2,340,000**	Turnkey cattle operation and good dove hunting/bass fishing.
Turkey Draw Ranch	Bee	**647**	**$2,329,200**	Deer, turkey, quail , dove and hogs are all abundant in this area.
Rancho Espirito South	Burleson	**284**	**$2,257,800**	Ranch with hunting and close to College Station.
Valdina South Pasture	Medina	**1,112**	**$2,218,440**	The southern pasture of the Valdina Ranch is part of the historic Valdina Farms.

Wild Oaks Ranch	Lavaca	**630**	**$2,205,000**	Ranch with oaks and water.
Wild Oaks Ranch	Lavaca	**630**	**$2,205,000**	Ranch with cool habitat and close to Houston.
Bee County Ranch	Bee	**428**	**$2,118,600**	Native south Texas brush making abundant wildlife forage and cover.
VBC Industrial	Calhoun	**290**	**$2,100,000**	Well positioned for industrial and/or commercial use.
JAG Ranch	Calhoun & Victoria	**584**	**$2,026,480**	Excellent waterfowl hunting, saltwater fishing, hogs. Recreational property.
Gazley Hills Ranch	Bastrop	**394**	**$2,009,400**	Potential commuter ranch with lots of hardwoods.
Pastos Verdes Ranch	Bee	**649.38**	**$2,000,000**	This is one of the finest cattle grazing ranches in South Texas.
Painted Dreams Estate	Washington	**44**	**$1,980,000**	Luxury, turnkey horse ranch with house and barns.
Saathoff Ranch	Medina	**430**	**$1,935,000**	The Saathoff Ranch is a perfect mix of farmland and ranchland.
Sportsman River Farm	Archuleta (CO)	**112**	**$1,900,000**	Good hunting and fishing with river flowing through. A great horse property.
Tate Ranch	Webb	**1,309**	**$1,832,600**	This is a great hunting and cattle ranch!
Jawbone Canyon Ranch	Archuleta (CO)	**106**	**$1,800,000**	Hosts an incredible mountain scenery. Easy access and great house.
Black Diamond Ranch	Milam	**270**	**$1,790,000**	High fenced hunting property with exotics.
Oaklane II Ranch	Colorado	**273**	**$1,773,200**	Live oaks, gentle rolling topography, ample game, and excellent access from Houston.
The Salt Mines	Kleberg	**121**	**$1,750,000**	Waterfront acreage on the protected Laguna Salada Finger of Baffin Bay.
Wales Canyon Ranch	Pueblo (CO)	**760**	**$1,750,000**	Abundant wildlife and habitat. Oppertunity for cattle or horses
Big Sprig Ranch	Brazoria	**130**	**$1,700,000**	Outstanding recreational property just outside of Danbury.
North Simms Creek Ranch	Lampasas	**452**	**$1,700,000**	The ranch spans both sides of beautiful Simms Creek for nearly one-half mile.
Mountain Retreat	Archuleta (CO)	**50**	**$1,700,000**	Surrounded by the San Juan Mountain range with an exquisite, large home.
Boswell Ranch	Choctaw (OK)	**560**	**$1,700,000**	Grazing property with a large ranch house, great scenery, cattle fascilities, and ponds.
Querencia	Rio Arriba (NM)	**250**	**$1,685,000**	A beautiful stucco home with great mountain views. Nearby rivers and lakes with fishing/boating.
Doucette Ranch	Tyler	**487**	**$1,600,000**	Rolling hill gem just located north of Woodville.
Choctaw Lakes Ranch	Grayson	**383**	**$1,590,000**	Turn-key multi-use ranch located just one hour north of Dallas.
Chertoma Ranch	Lee	**159.546**	**$1,515,000**	Diverse habitat with good fishing and a large house.
Spring Creek Ranch East	Waller	**87**	**$1,479,000**	Pretty views, harwoods and a prime location.
Jack Road North	Harris	**266**	**$1,463,000**	Tall grass prairie and wetland property .
Bridge Creek Ranch	Burleson	**200**	**$1,400,000**	A great recreational property, easy access, rolling topography and water features.
Brazos Long Bend Ranch	Young	**188**	**$1,350,000**	Sits on the Long Bend of the Brazos River just as it pours into Possum Kingdom Lake.
Oyster Creek Ranch	Brazoria	**330**	**$1,320,000**	Specimen live oaks and pecans draped in Spanish Moss are on this property.
Creek Ranch	Brazoria	**87**	**$1,304,913**	An hour from downtown Houston, offering a tremendous variety of outdoor activities.
Pine Hill Ranchette	Tyler	**55**	**$1,300,000**	Luxury, turnkey ranchette located just west of downtown Woodville. Home
Hacienda Bayview	Cameron	**21**	**$1,300,000**	Built in the early 1920s surrounded by a 21 acre grapefruit farm, resaca frontage.

Triple R Ranch	Bastrop & Lee	322	$1,273,875	Maily wooded with many ponds that hold watefowl in the winter and bass year round.
PP Farm	Brazoria	148	$1,250,000	This property has great access; just over 1 mile from HWY 35.
Henry Prairie Ranch	Robertson	289	$1,228,250	Farm with lodeging close to College Station.
Madrone Ranch	Kerr	310.3	$1,225,685	Madrone Valley Ranch is a perfect hunting and recreational ranch at the end of Rocky Top Road.
Pine Grove Ranch	Polk	250.65	$1,200,000	Pine Grove is a classic East Texas land tract with amazing terrain and views.
Schumann Lake Ranch	Gillespie	76.2	$1,200,000	Has everything this classic area of the Hill Country has to offer and more!
Copano Bay Compound	Aransas	1	$1,187,000	Private and spacious 5,000+ sq ft compound on Copano Bay.
Poesta Creek Ranch	Bee	222	$1,165,500	Native south Texas brush making abundant wildlife forage and cover.
Circle M Ranch	Grimes	84	$1,125,000	Has a house with a 2 acre bass lake. Ag exempt
Lone Palm Ranch	Kleberg	206.65	$1,100,000	Unique small-ranch recreational opportunity in the heart of the lower coast's big ranch country.
Cedarwood Ranch	Pueblo (CO)	1,085	$1,090,000	Placed in a gorgeous setting with easy access to larger cities and fishing lakes.
Tehuacana Creek Ranch	Freestone	363	$1,089,000	Cattle/recreational ranch with live water.
Tehuacana Creek Ranch	Freestone	363	$1,089,000	Running cattle operation, or can be used as a fantastic recreational ranch.
Salt Creek Ranch	Bee	206	$1,081,500	Live Oak and Mesquite Trees are most common along with native south Texas brush.
Mission River Ranch	Refugio	265	$1,046,750	The Mission River forms the north and east boundaries of the ranch.
Wild River Ranch	Victoria	343	$995,000	Good hunting and fishing on the Guadelupe river.
Spring Creek 1488 Ranch	Waller	53	$994,375	Gorgeous property with improved pastures close to Houston.
Walnut Hill Ranch	Grimes	52.94	$989,000	Gentleman's ranch that is very private and also has a 5 acre lake.
4-C Ranch	Jim Wells	390	$975,000	South Texas brush country ranch.
Call Ranch	Jasper	201	$950,000	Historic ranch located just south of Kirbyville with two homes and multiple barns.
Bauer 320 Farm	Refugio	320	$928,000	A large lake is located on the property that once was used as a fish farm for raising Red Fish.
Magnolia Hill Ranch	Jasper	259	$906,500	Stunning historic ranch located in the Piney Woods of East Texas.
Schumann Lake Estate	Gillespie	25	$895,000	Wine country between Stonewall and Blanco.
Magnolia Hill Timber	Jasper	239	$884,000	Majority of the ranch is heavy timber, with 5,480 +/- feet of CR 1747 frontage
Tolivar Farm	Jefferson	22	$880,000	Tolivar Farm has sandy soil, improved pastures and spectacular horse facilities.
Prairie Oaks Ranch	Goliad	265	$861,250	Light brushy prairie habitat that includes a mixture of good brush, open areas, and oak mottes.
Tecolote Ranch	Jim Wells	363	$853,050	This is an excellent small South Texas ranch, located on Tecolote Creek.
Skidmore 240	Bee	240	$825,000	Located in the sweet spot of South Texas lies this gorgeous 240 acres ranch.
Veale Ranch – South Breckenridge Division	Stephens	309	$772,500	This is a good setting for a livestock or quail hunting ranch.
Prairie Creek Ranch	Fayette	126	$740,000	Small cabin with a creek that runs through the property that attracts game.
Quarter Oaks Ranch	Gonzales	123	$687,960	Big house and a nice mix of hardwoods, brush, and cleared green pastures.
Superior Road Ranch	Montgomery	93	$650,000	Recreational and hunting ranch close to Houston.

Grimaldi Ranch	Sante Fe (NM)	59	**$650,000**	Has an artistic, Soutwestern style home with great ammenities and views.
Brown Lake Ranch	Brazoria	76	**$645,000**	The crown jewel of the property is Brown Lake, a 28 acre trophy bass fishing lake.
Shiloh Ranch	Houston	160	**$560,000**	Heavily wooded tract located between historical Crockett Texas and Lovelady.
Lake Buchanan Compound	Llano	20	**$550,000**	This beautiful 20-acre compound is located on the shoreline of Lake Buchanan.
Rocky Creek Ranch	Lavaca	58	**$524,000**	Multi use ranch with hardwoods and a lake.
Rose Hill Farm	Lavaca	64	**$499,000**	Farm house with grazing land and fishing ponds.
Placedo Creek Ranch	Victoria	162	**$496,973**	Encompassing the live water creek are old live oak trees and other towering hardwoods.
Silver Wings	Gillespie	47.1	**$447,516**	47 acres at the Silver Wings Airport subdivision just west of Fredericksburg Texas.
Linhart Ranch	Karnes	181	**$443,450**	Linhart Ranch that is known for its high volume dove shooting.
Linhart Ranch	Karnes	181	**$443,450**	The properties best use is a cattle ranch with the opportunity of a small farming operation.
Grider Ranch	McKinley (NM)	640	**$425,000**	Contains 2 hunting cabins, ammenities, wildlife, and cattle oppertunity.
Tehuacana Creek Ranch	Freestone	97	**$388,000**	Fenced ranch with large pond.
Tehuacana Creek Ranch	Freestone	97	**$388,000**	The ranch is suited perfectly for a weekend getaway from the metroplex.
Wallis Acreage	Austin	26.9	**$349,700**	Great location for commercial, single family homes, industrial park or other development.
Pin Oak Creek Ranch	Robertson	100	**$340,000**	Densely wooded property with creek. Hunting as well.
Willow Lakes Ranch	Brazoria	71	**$325,000**	There is a 7 + acre fishing lake stocked, 4 duck ponds, and a 9 acre hay field.
Giovengo	Torrance (NM)	160	**$315,000**	Horseman's Ranch with a home and easy access to Santa Fe and Albuquerque.
Cranfills 60 Ranch	Hamilton	60	**$288,000**	Good farmland and potential place to have a house.
Lake Gonzales Retreat	Gonzales	3	**$250,000**	Lakefront property ready to be molded into an outdoor enthusiasts playground.
Double S Development East	Madison	29	**$217,500**	This property would work well for an industrial location or a home site.
Magnolia Hill House	Jasper	20	**$210,000**	Historic ranch located in the Piney Woods of East Texas.

Preliminary Broker's Price Opinion

Mine Property Ranch
10,611+/- ACRES, GRIMES COUNTY, TX

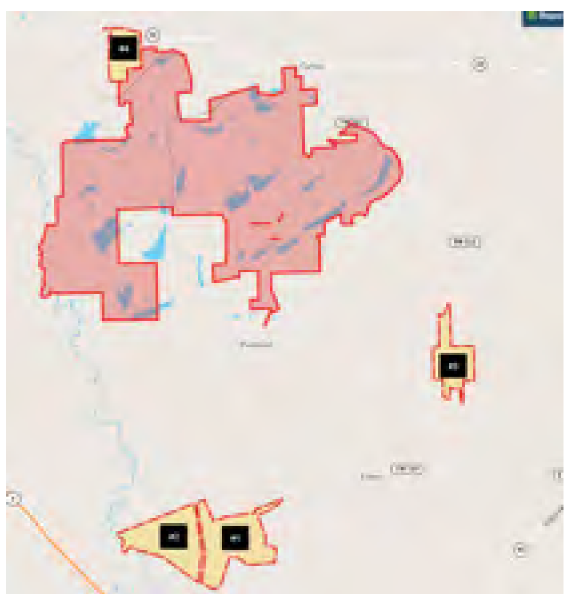
PRELIMINARY BROKER PRICE OPINION
July 26, 2019

Subject Property Overview:

- 10,611+/- acres approximately 11 miles east of College Station, TX.
- Multiple points of access from both paved State Highways and unpaved County Roads.
- Multiple large lakes.
- 5,000 acre feet of non State Controlled water.
- Mixed improved grass prairies, Navasota River frontage, and lowland forests.
- Good groundwater in the Yegua-Jackson aquifer.

Sales Comparables:

We reviewed and referenced numerous sales "comps" that are useful to consider in order to develop our price opinion for this property (the BPO map below shows noteworthy sales in relatively close proximity to subject property):



As required by law: "THIS IS A BROKER PRICE OPINION OR COMPARATIVE MARKET ANALYSIS AND SHOULD NOT BE CONSIDERED AN APPRAISAL. In making any decision that relies upon my work, you should know that I have not followed the guidelines for development of an appraisal or analysis contained in the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation."

#1) 820 acres 3 miles south of property sold at auction in June of 2019 for $4,900/acre surface only and an additional $600/acre for 100% of the mineral estate. This was an award winning hunting ranch that was high fenced and well maintained. It had shop/apt and some equipment as far as improvements.

#2) 712 acres next door to sale #1 sold in July of 2014 for $2,848,000 ($4,000/acre). This property did not have any improvements other than it was high fenced for hunting. It also had good frontage on the Navasota River. Dirt road access. Mostly tree covered. Most of the property is in the floodplain.

#3) 443 acres 2 miles southeast of the Property sold in March of 2015 for $2,250,000 ($5,079/acre). There were no improvements on this property and it was accessed by dirt road. Inferior shape to property. It was listed at $2,834,000 and was on the market for 1,215 days. Little to no floodplain.

#4) 330 acres sold for $2,260,500 The property was listed for almost a year. The property sold in March of 2016. This property has no improvements and has an oil well. Property is located of Hwy 30 and is prime for development. This property was next door to the TMPA property.
Price Per Acre $6,850.

#5) (not on map) 2,307 acres sold for $13,152,500 in December of 2016. The ranch included approximately $100/acre in improvements, which put net land price at $5,594/acre. This property is located on Hwy 105 between Navasota and Conroe in Grimes County. It was also located at the exchange area of the coming Aggie Expressway (SH 249).

#5) (not on map) 10,600 acres in far north Grimes County sold at auction in 2011 for a per acre price of $2,689/acre (Camp Cooley Ranch). This ranch was highly improved with a mix of open pasture improved grasses, recreational hunting lands with some high fencing and exotic game, large lake and lodge improvements.

Current Listings

Current "similar" properties on the market are also important to review as we need to understand the current competition, even though asking prices don't always reflect the whole story. Below are the most relevant nearby listing comps:

#1) 2,096 acres located between Singleton and Bedias in Grimes County. This ranch is a highly improved game ranch which is high fenced into multiple pastures, several nice lakes, large lodge and very good road system with most minerals intact. The ranch had been on the market for $16M, but will be lowering the price to $14M in September. It has been on the market for over a year now with no Contract offers. Broker considers the raw land price without improvements and cattle/exotic inventory to be in the range of $5,000/acre (Republic Ranches is the listing broker).

#2) 685 acres just outside of Navasota for sale for $7,192,500 ($10,450/acre). This ranch is raw land with high vistas and is hoping to be sold to a developer with its proximity to Navasota. It has been on the market for eight months and lowered its price once by 10% in May of 2019.

#3) 685 acres just southwest of College Station in Brazos County for sale for $7,425,000 ($10,839/acre). This ranch is a highly attractive finished ranch with a large lake, overlooking the Brazos River Valley with a refurbished 2,000 sq. ft. home. It has been on the market for 27 months and had one 10% price reduction in June of 2019.

#4) 1,556 acres in far northern Brazos County just went on the market in June of 2019 for $11,670,000 ($7,500/acre). This ranch is a finished recreational ranch with a mix of open prairie and heavy woods with multiple small lakes and ponds. Includes a re-furbished home and set of barns and equipment.

Our Price Opinion and List Price Recommendation:

The opinion detailed below is based on the review of applicable sales comps, current listings, current market conditions and the features and condition of the subject property. Please keep in mind that this is a Preliminary Brokers Opinion of Value as Republic Ranches would require several days of boots on the ground to better establish a value to the property. Therefore the price ranges will be considerably broader than one where we have had time to spend on the ranch. Should Republic Ranches receive the listing, we would promptly get on the property and better fine tune our findings on value.

Looking at past sales for the larger ranches sold in the area, the data indicated an average of around $5,000/acre, importantly recognizing that most of the comp sales have been for less than 1,000 acres. Floodplain properties in the area generally appear to generally trade in the $4,000/acre range. Smaller properties with good paved road frontage will generally receive closer to $6,000/acre.

Specific to this ranch, there are approximately 3,000 acres in the FEMA floodplain, over 600 surface acres of large lakes, and the remainder is primarily in improved open pastures.

- 3,000 acres of floodplain @$4,000/acre = $12,000,000
- 7,611 acres of property not in floodplain @$5,000/acre = $38,055,000
- 600 acres of surface water of large lakes @$20,000/acre = $12,000,000 (Republic Ranches has done studies of sold lakes in Texas with surface areas over 10 acres and established a surface acre price of an additional $20,000 per surface acre).
- 5,000 acre feet of water (this is an asset that will need considerably more consideration before we would render a opinion of value).
- Mineral rights (again this would require considerably more of our consideration as there are currently producing wells and some of the well sites can have a negative impact on the value of the surface).
- Total valuation before adjustments of $62,055,000 ($5,850/acre).

As we will be selling the entire property as one piece, this will significantly reduce the number of potential buyers and we would expect a reduction of approximately 20% for the size of the property and the propensity of the number of surface lakes. This would put us roughly at a price of $50M.

After doing extensive work on relating to listing prices and ultimate sales prices and Days On the Market, we believe that it is VERY important to be sure that the original list price stays reasonably close to the ultimate sales price or it has the risk of creating a very stale listing, and ultimately in our opinion may reduce the actual price the seller would receive for this ranch (see our article on this subject in Appendix).

Based on current information our recommendation is to bring the property to market via a "Select Buyer's Campaign" in the \$50M - \$57M range in order to test if an end user that wishes to own the property as a personal/operating ranch and of course a long term investment. Following that stage of the campaign, should the desired end user not be out there, we would re-evaluate our pricing model to determine if we would have to go to the real estate investment community. This would require a price adjustment likely in the range of \$40M - \$45M to be attractive to this market segment.

While we make suggestions for list price, our clients ultimately will make that decision. We would happily list this ranch at any reasonable price that you would like. Generally, we will want to re-evaluate the list price 4-6 months after the initial listing, if not sold and depending on the level of attention we are seeing from prospective buyers as well as the Seller's timing objectives.

REPUBLIC RANCHES LLC
Our Legacy is in the Land

PRICING LAND

HOW MUCH SHOULD I ASK? WHO DO I TALK TO? WHAT SHOULD MY STRATEGY BE?

By Jeff Boswell, Partner/Broker, Republic Ranches
Greg Fay, Broker/Owner, Fay Ranches

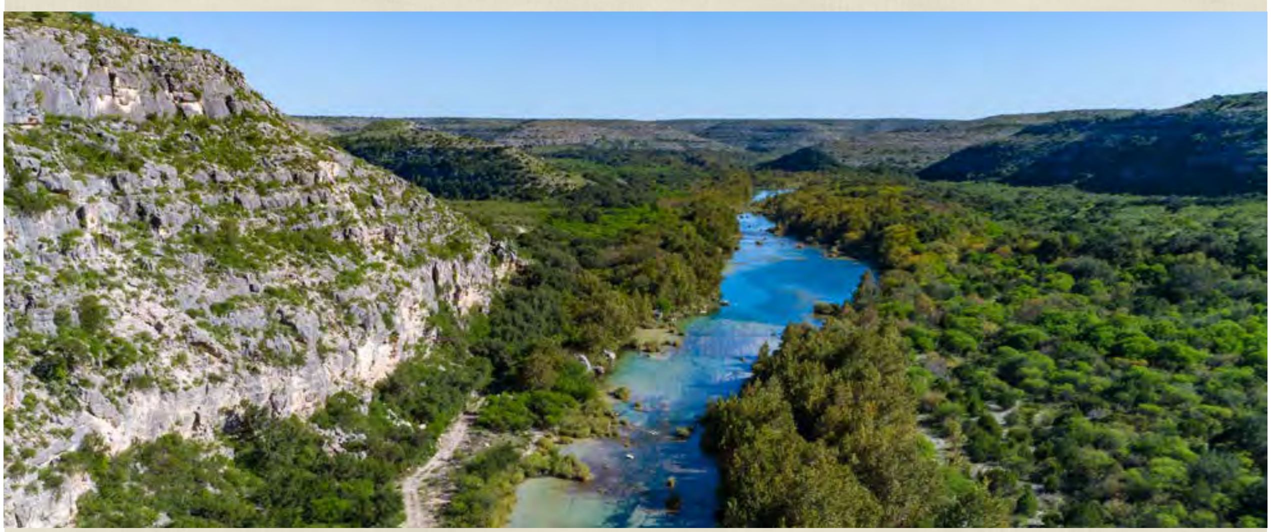
One of the most challenging aspects of selling your land is knowing how to price it. The process of selling land is more often derailed by poor pricing strategy than any other factor. Pricing land is not an exact science. It is fraught with subjectivity and emotion, and therefore inaccuracy. And by inaccuracy, we mean overpricing. In over 25 years of selling land, we can't remember ever seeing land that was underpriced.

In addition to our own observations, we interviewed several successful land brokers and sellers and asked them for their opinions on the proper process to price land accurately. We also asked their opinions on strategies that most often result in the highest sale price for your land.

There was remarkable consistency in the comments we heard from both agents and sellers who had gone through the process of selling land. First and foremost: find an honest, competent and experienced land broker to help you value the land, and listen to them. There is nothing wrong with asking two or three recommended land brokers to provide a valuation. However, most landowners cannot help but fall into the trap of listing their land with the agent that gives them the highest valuation.

That agent is almost always your worst choice, for a couple of reasons. The most successful agents will provide accurate valuations because they have enough business that they don't need to 'buy the listing.' Those agents invest a substantial amount of time, effort and money into marketing and selling the listing, so it is a waste of everyone's time, effort and money if the land does not sell. Inflating the recommended list price to get the listing is a common practice amongst real estate agents. Falling into that trap is like hiring the builder who gives you the lowest bid. This strategy almost always turns into a nightmare and ends up costing you more money in the long run. It is extremely difficult for a landowner to turn away the agent that provides the highest valuation. If you can do this, you will sell your ranch for more money.

Real estate pricing 101 dictates that your land listing will never have as much interest as it does when you first put it on the market. You can only do this once. If you don't take full advantage of this initial offering period, you will likely have a long road ahead of you, and will ultimately sell your land for less money than if you had priced it accurately from the start. For land, this initial offer period is the first year the ranch is listed.



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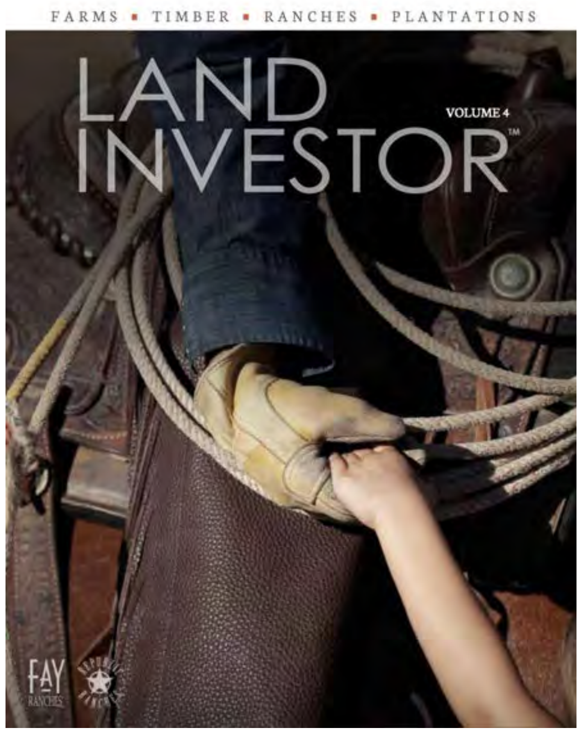
Samples of our Marketing Materials



LAND INVESTOR™

VOLUME 4

FARMS ▪ TIMBER ▪ RANCHES ▪ PLANTATIONS

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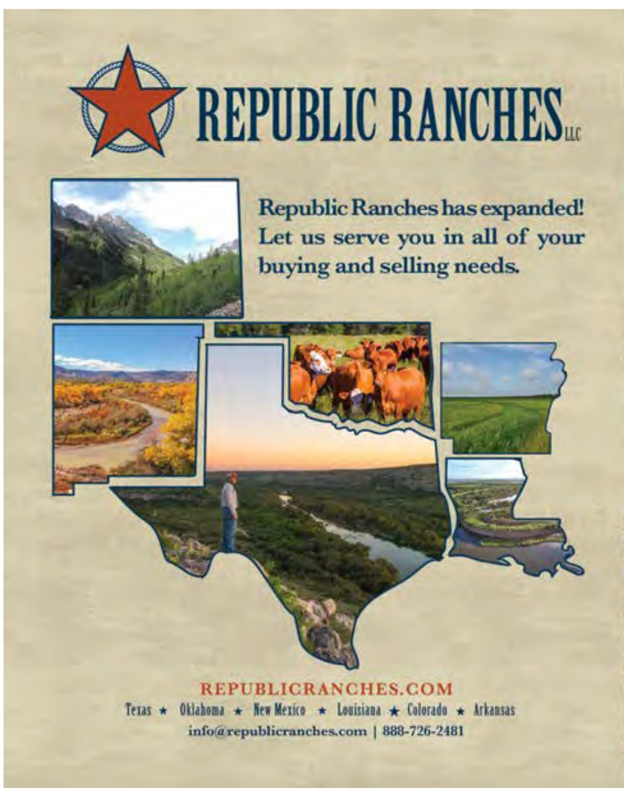

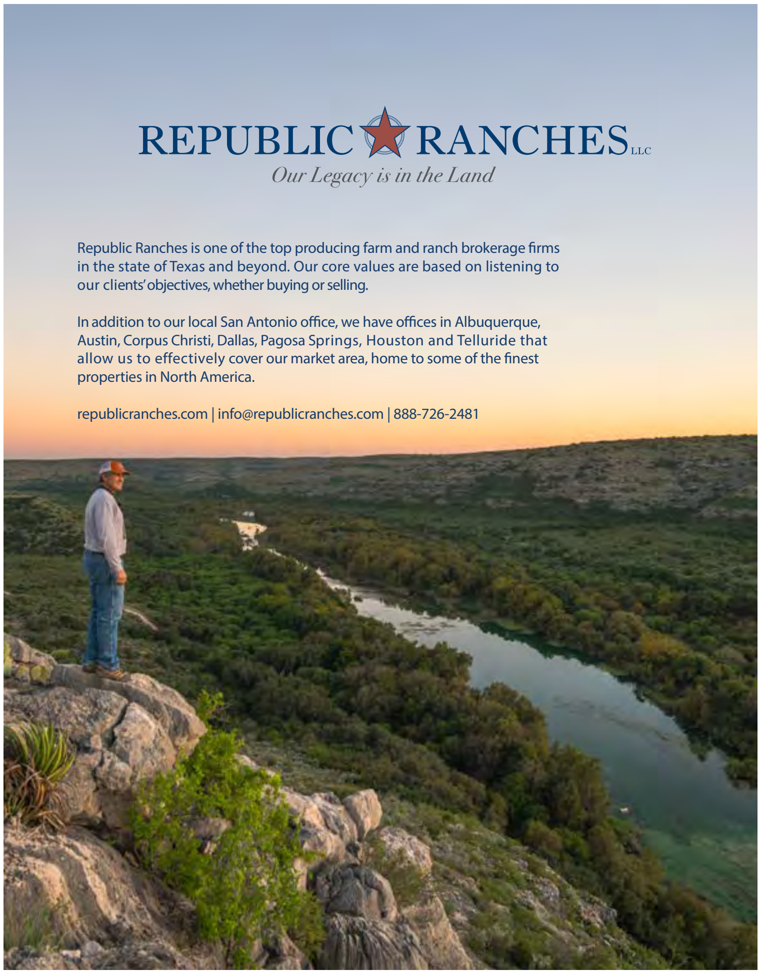
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In addition to our local San Antonio office, we have offices in Albuquerque, Austin, Corpus Christi, Dallas, Pagosa Springs, Houston and Telluride that allow us to effectively cover our market area, home to some of the finest properties in North America.
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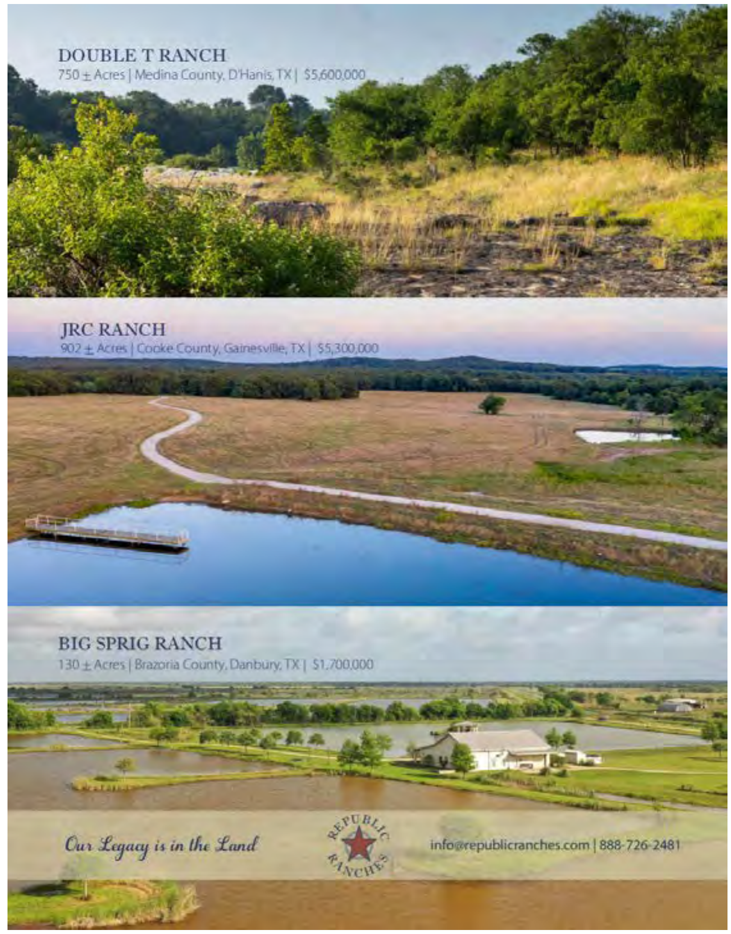
DOUBLE T RANCH
750 ± Acres | Medina County, D'Hanis, TX | $5,600,000
JRC RANCH
902 ± Acres | Cooke County, Gainesville, TX | $5,300,000
BIG SPRIG RANCH
130 ± Acres | Brazoria County, Danbury, TX | $1,700,000
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6 MILE CREEK RANCH
1,769 ± Acres | $14,000,000 | Colfax County, Eagle Nest, NM
Majestic. Stunning. Paradise. These words perfectly describe this once in a lifetime offering. Views of Wheeler Peak rising above the ranch to the west and Eagles Nest Lake framed below Touch Me Not and Baldy Mountains to the east; you immediately feel the full depth of the Sangre De Cristo mountains from almost any location on the ranch. Imagine sitting quietly on an early, fall morning enjoying the sheer beauty and listening to the bugle of a bull as hundreds of elk move back to the sanctuary of tall timber on the ranch. Water is key to life in the mountains, 6 Mile and Probar Creeks meander through the ranch providing life to game both large and small. With ponds being fed by the live water flowing through the ranch, the fishing is outstanding. In addition, significant water rights convey allowing a new owner many options to expand the already amazing trout experience. Lying in the center of the Golden Triangle for New Mexico winter sports, the ranch is minutes away from Angel Fire Resort, Red River Ski area, and Taos Ski Valley. If searching for that perfect year round family estate or looking for development potential, 6 Mile Creek Ranch is the place for you.
Broker, Republic Ranches, LLC (210) 416- 2737
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Appendix B

General Information and Instructions
for
Real Estate Broker Services
CERTIFICATION

The undersigned affirms that they are duly authorized to execute this contract, that this RFP has not been prepared in collusion with any other firm, and that the contents of this RFP have not been communicated to any other firm prior to the official opening of this RFP.

Signed By:	[signature]	Title:	Partner
Name: *(print or type)*	Jeff Boswell	Date:	7/29/19
Company Name:	Republic Ranches, LLC		
Address	3535 Westheimer, Ste. 227		
City, State, Zip	Houston, TX 77027		
Phone:	713 304-8186		
Fax:			

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From: Jeff Boswell
To: Tracy Stracener
Subject: RFP #TX701
Date: Monday, July 29, 2019 1:56:56 PM
Attachments: TMPA RFP #TX701.pdf

Tracy,

Please let me know that you received this.

Thank you

Texas Information About Brokerage Services

Sincerely,

Jeff Boswell

Partner, Broker
Republic Ranches, LLC
www.republicranches.com
713-304-8186 cell
bos@republicranches.com
3535 Westheimer, Suite 227
Houston, Texas 77027

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February 11, 2021

AGENDA ITEM NO. 12

SUBJECT: Resolution No. 2021-2-3, authorizing a contract for real estate brokerage services relating to the sale of the Gibbons Creek Lignite Mine; and resolving matters incidental and related thereto.

DISCUSSION: In July 2019, Staff issued an RFP for real estate brokerage services relating to the sale of the mine property, approximately 10,611 acres. Five proposals were received. In September and October, Staff, and its real estate consultant, Tim Walton, interviewed the three finalists. They were: Hall and Hall, Icon Global, and Republic Ranches. Following the interviews and evaluations, the highest ratings were given to Republic Ranches.

Staff recommends that the contract for brokerage services be awarded to Republic Ranches. Republic Ranches is agreeable to performing the services for the following compensation:

Fee will be earned and payable only upon the final closing and funding of the sale of the Property.

1) *2.0% of the sales price if Republic Ranches, LLC sells as an Intermediary (brings the Buyer themselves) or otherwise is the only real estate broker involved in the transaction and receiving a real estate commission.*
2) *3.0% of the sales price if the Buyer is represented by a broker other than Republic Ranches, LLC. In this case our firm will share this commission with the Buyer's Broker (to be shared equally).*

[Note: Staff brought a substantially identical Resolution to the Board for consideration and action at the Board Meeting of February 13, 2020. The Board voted to table the Resolution at that meeting.]

ACTION REQUESTED: Consideration and action on Resolution No. 2021-2-3.

RESOLUTION NO. 2021-2-3

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING A CONTRACT FOR REAL ESTATE BROKERAGE SERVICES RELATING TO THE SALE OF THE GIBBONS CREEK LIGNITE MINE; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Agency issued a request for proposals for real estate brokerage services relating to the sale of the Gibbons Creek Lignite Mine (the "Mine Real Estate Brokerage Services");

WHEREAS, based upon the interviews and the evaluations, Staff recommends the award of the contract for the Mine Real Estate Brokerage Services to Republic Ranches;

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 General Manager, or a person acting at his direction, is authorized to award a contract for the Mine Real Estate Brokerage Services to Republic Ranches;

3. That the contract shall provide that Republic Ranches be compensated for the Mine Real Estate Brokerage Services as follows:

Fee will be earned and payable only upon the final closing and funding of the sale of the Mine property.

1) 2.0% of the sales price if Republic Ranches, LLC sells as an Intermediary (brings the Buyer themselves) or otherwise is the only real estate broker involved in the transaction and receiving a real estate commission.

2) 3.0% of the sales price if the Buyer is represented by a broker other than Republic Ranches, LLC. In this case Republic Ranches, LLC will share this commission with the Buyer's Broker (to be shared equally).

4. 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 11TH DAY OF February 2021.

Sue Ann Harting, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

Buppy Simank, Secretary
Board of Directors
Texas Municipal Power Agency

February 11, 2021

AGENDA ITEM NO. 13

SUBJECT: Future meeting dates and subjects

DISCUSSION: The date for the next scheduled Board meeting is **June 10, 2021 in Garland**.

TENTATIVE MEETING DATES FOR 2021 and 2022:

September 9, 2021 - Bryan
December 9, 2021 – Garland

February 10, 2022 – Bryan
June 9, 2022 – Garland
September 8, 2022 – Bryan
December 8, 2022 – Garland