TEXAS MUNICIPAL POWER AGENCY
AUDIT & BUDGET COMMITTEE 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 ACTION GRANTING THE REQUEST OF THE OFFICE OF THE ATTORNEY GENERAL TO SUSPEND CERTAIN OPEN-MEETING STATUTES, 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/tZUtdOysrDktHdCgB_N4sQmmFcUz3EouZdGJ

MONDAY – MAY 3, 2021
9:30 AM

AGENDA

Preliminary matters:

- Call to order
- Public comments

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

1. Consider approval of the minutes of the May 13, 2020 Audit and Budget Committee meeting.
2. Review the notes from the December 10, 2020 Audit and Budget Committee meeting.
3. Consider appointment of a Vice-Chair for the Committee.
4. Discuss the Agency's proposed FY22 Budget Package.
5. Review new accounting standards and their impact on the Agency.
6. Consider approval of the engagement letters with BKD, LLP for Fiscal Year 2021.
7. Discuss proposed financing plans relating to the Transmission System.
8. Discuss future meeting dates and topics.
9. Adjourn

IN REGARD TO ITEMS SCHEDULED ON THIS AGENDA FOR DISCUSSION AND/OR ACTION IN THE OPEN PORTION OF THE MEETING, THE COMMITTEE 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.

THIS COMMITTEE MEETING MAY BE ATTENDED VIA VIDEOCONFERENCE CALL BY ONE OR MORE BOARD MEMBERS WHO ARE NOT MEMBERS OF THE COMMITTEE, IN WHICH CASE A QUORUM OF THE BOARD OF DIRECTORS MAY BE IN ATTENDANCE VIA VIDEOCONFERENCE CALL AT THIS COMMITTEE MEETING.

May 3, 2021

AGENDA ITEM NO. 1

SUBJECT: Consider approval of the minutes of the May 13, 2020 Audit and Budget Committee meeting.

DISCUSSION: There were not enough members present to approve these minutes at the last ABC meeting held on December 10, 2020. Therefore, we are seeking approval at this meeting.

BACKUP MATERIAL: Minutes of the May 13, 2020 Audit and Budget Committee meeting.

ACTION REQUESTED: Consideration and approval of minutes.

Lyndi Birkhead
4/26/21

TEXAS MUNICIPAL POWER AGENCY

AUDIT AND BUDGET COMMITTEE
MEETING MINUTES

DUE TO THE EXISTENCE OF AN EMERGENCY RELATED TO THE CORONA VIRUS EPIDEMIC, AND IN ACCORDANCE WITH GOVERNOR ABBOTT'S ACTION GRANTING THE REQUEST OF THE OFFICE OF THE ATTORNEY GENERAL TO SUSPEND CERTAIN OPEN-MEETING STATUTES, THIS MEETING WAS HELD USING A FREE-OF-CHARGE VIDEOCONFERENCE (ZOOM) TO THE VIDEOCONFERENCE CALL:

WEDNESDAY – MAY 13, 2020
10:00 AM

Ms. Harting called the meeting to order at 10:00 AM.

The following people were present at the meeting:

Committee Members:
Sue Ann Harting – City of Greenville (Chairman)
David Bairrington – City of Bryan
Bill Cheek – City of Denton
James Ratliff – City of Garland

Staff:
Lyndi Birkhead
Jan Horbaczewski
Bob Kahn
Tracy Stracener
Craig York

Public Comments

Ms. Harting called for public comments. There were none.

1. **Consider approval of the minutes of the February 13, 2020 Audit and Budget Committee meeting.**

   A motion was made by Mr. Bairrington and seconded by Mr. Ratliff to approve the minutes. The motion passed with voting as follows:

Harting - Aye	Bairrington - Aye
Cheek - Aye	Ratliff - Aye

2. Discuss the Agency's proposed FY21 Budget Package.

Ms. Birkhead highlighted several things about the Package:

a) In the Generation (No Sale) budget, regular Generation costs will be billed monthly to the Member Cities per normal practice. The Decommissioning Project will be billed as purchase orders are issued. Both the Financial Working Group (FWG) and the P&O Committee (P&O) agreed with this plan.

b) TMPA assumes that any excess funds from the Decommissioning Project in FY20 will be retained by TMPA and excluded from any FY20 refunds to the Member Cities. Based on discussions with the FWG and P&O, Garland and Denton would prefer to have excess funds returned to them at the end of FY20. Bryan and Greenville did not have strong opinions either way.

c) Based on discussions with the FWG and P&O, TMPA is proposing a list of Decommissioning Project tasks that could be deferred to later years. Both the FWG and the P&O agreed to these deferrals.

Other topics discussed included two Greenville Transmission capital projects that possibly needed to be removed from the Capital Plan (follow-up with Transmission Engineering Working Group), IT and HR staffing post FY21 (will continue to be evaluated), ongoing Mine costs if the mine is not sold in FY21 (these are non-regulatory costs), and the cost estimation for option 2 for the leachate treatment system (Mr. York did not have a good assumption of what the cost might be at the time of the meeting).

A motion was made by Mr. Bairrington and seconded by Mr. Cheek to recommend that the FY21 Budget Package be presented to the Board at the June meeting with the following recommendations:

a) No Sale scenario with the Generation budget being billed as discussed.

b) TMPA retains any Decommissioning Project excess funds at the end of FY20.

c) TMPA defers all recommended Decommissioning Project tasks as discussed. The motion passed with voting as follows:

Harting - Aye	Bairrington - Aye
Cheek - Aye	Ratliff - Aye

3. Review new accounting standards and their impact on the Agency.

Ms. Birkhead explained that there would be no significant impact on the Agency and that most standards will be pushed back due to the corona virus. There were no further questions.

4. Consider approval of the engagement letters with BKD, LLP for Fiscal Year 2020.

A motion was made by Mr. Bairrington and seconded by Mr. Cheek to approve the engagement letters. The motion passed with voting as follows:

Harting - Aye	Bairrington - Aye
Cheek - Aye	Ratliff - Aye

5. Discuss future meeting dates and topics.

Ms. Birkhead proposed December 10, 2020 for the next Audit & Budget Committee meeting with the primary topic to discuss the FY20 audited financial statements. All members agreed.

6. Adjourn

Ms. Harting adjourned the meeting at 10:27 AM.

Lyndi Birkhead, Director of Finance

May 3, 2021

AGENDA ITEM NO. 2

SUBJECT: Review the notes of the December 10, 2020 Audit and Budget Committee meeting.

DISCUSSION: As only two members were present at the last ABC meeting held on December 10, 2020, this is simply a "review" of that meeting. No action is required.

BACKUP MATERIAL: Notes of the December 10, 2020 Audit and Budget Committee meeting.

ACTION REQUESTED: None.

Lyndi Birkhead
4/26/21

TEXAS MUNICIPAL POWER AGENCY

AUDIT AND BUDGET COMMITTEE
MEETING NOTES

CAMBRIA HOTEL RICHARDSON - DALLAS
3605 SHIRE BOULEVARD
RICHARDSON, TEXAS 75082

THURSDAY – DECEMBER 10, 2020
9:00 AM

The following people were present at the meeting:

Committee Members:
James Ratliff – City of Garland
Summer Spurlock – City of Greenville

Absent – Chris Watts – City of Denton (Chairman)
Absent – Buppy Simank – City of Bryan

Staff:
Lyndi Birkhead
Bob Kahn
Tracy Stracener

Others:
Kevin Kemp – BKD, LLP
Doug Lyles – City of Bryan
William Smith – City of Bryan

1. **Consider approval of the minutes of the May 13, 2020 Audit and Budget Committee meeting.**

   No vote allowed as there was no quorum of members present.

2. **Consider appointment of a Vice-Chair for the Committee.**

   No vote allowed as there was no quorum of members present.

3. **Review the Agency's Financial Statements.**

   Ms. Birkhead explained that the FY20 financial audit went smoothly, as compared to past years during which big-ticket items such as the impairment of the generation assets and the decommissioning/environmental remediation entries were made.

Mr. Kemp stated that BKD issued a clean, unmodified opinion.

Mr. Kemp highlighted the decommissioning/environmental remediation liability/receivable, the funding of the indemnity reserve account, and the fact that the mine liability is now shown as current only as TMPA plans to wrap up the bulk of the mine activity in the next year.

No vote allowed as there was no quorum of members present.

4. <u>Receive report on the City of Garland transmission expense billing audit.</u>

Ms. Birkhead explained that this audit was part of the annual audit schedule, that no significant errors or findings were noted, and that this item was strictly for the Committee's information. She also mentioned that a formal audit of the City of Denton's invoices is not performed as they send invoices so infrequently (she audits each invoice when received).

5. <u>Consider approval of the external auditors for the audit relating to the 2021 Fiscal Year.</u>

Ms. Birkhead explained that staff is recommending continuing with BKD as auditors for the 2021 Fiscal Year. Fiscal year 2021 would be the second year of their five-year contract.

No vote allowed as there was no quorum of members present.

6. <u>Receive update on the Annual Audit Plan.</u>

Ms. Birkhead stated that no changes will be made to the Annual Audit Plan. Mr. Ratliff asked if the deferred assets would continue to be audited after the sale of the plant. Ms. Birkhead and Mr. Kahn explained that the majority of the deferred assets no longer exist. Those that are remaining will continue to be audited by BKD as part of the annual financial audit.

7. <u>Receive Annual Ethics Program update.</u>

Ms. Birkhead reported that there were no cases reported through the Ethics hotline and the annual conflict of interest survey revealed no significant conflicts.

8. <u>Consider amendments to the Fiscal Year 2021 Generation Budget, Mine Budget, and Transmission Budget.</u>

Ms. Birkhead explained that because the Generation budget is being amended, the Mine and Transmission budgets must also be amended due to the change in allocation of A&G. She also explained that none of the amendments will go into effect until all four Member Cities approve the sale of the plant.

No vote allowed as there was no quorum of members present.

9. Discuss future meeting dates and topics.

Ms. Birkhead explained that the next Audit & Budget Committee meeting will be held to discuss the FY22 Budget Package. All members agreed.

Lyndi Birkhead, Director of Finance

May 3, 2021

AGENDA ITEM NO. 3

SUBJECT: Consider appointment of a Vice-Chair for the Committee.

DISCUSSION: For several years, the Committee has elected a Vice-Chair to serve in the absence of the Chairperson. This election is optional. Last year, Bill Cheek was Vice-Chair.

BACKUP MATERIAL: None.

ACTION REQUESTED: Elect a Vice-Chair for the Committee.

Lyndi Birkhead
4/26/21

May 3, 2021

AGENDA ITEM NO. 4

SUBJECT: Discuss the Agency's proposed FY22 Budget Package

DISCUSSION: Staff has prepared the FY22 Budget Package for the Committee's review and comment. Please refer to the attached FY22 Budget Package for further information. The package was reviewed with the Financial Working Group on 4/8/21 and the P&O Committee on 4/21/21. Their comments/changes have been incorporated.

BACKUP MATERIAL: FY22 Budget Package

ACTION REQUESTED: Review and approval to take the FY22 Budget forward to the Board.

Lyndi Birkhead
4/26/21

TEXAS MUNICIPAL POWER AGENCY

FY22 BUDGET PACKAGE

For Years FY22-31

Prepared by

TMPA Staff

March 2021

CONFIDENTIAL-COMPETITIVE INFORMATION

TEXAS MUNICIPAL POWER AGENCY
FY22 BUDGET PACKAGE

TABLE OF CONTENTS

TEXAS MUNICIPAL POWER AGENCY
FY22 BUDGET PACKAGE

EXECUTIVE SUMMARY & KEY BUDGET ASSUMPTIONS

The primary goals of the TMPA budget process continue to be reducing costs in accordance with the business plans of our Member Cities, while maintaining the reliability of the transmission system, preparing the mine land to be sold, and overseeing the decommissioning, demolition, and remediation activities in accordance with the Asset Purchase Agreement (APA) with Gibbons Creek Environmental Redevelopment Group (GCERG), all while achieving a compliant and safe working environment.

Staff prepared the attached budgets based on discussions at the February P&O and Board meetings.

Below is more detail on each business unit of TMPA:

- Generation – The only Generation function remaining after the sale of the plant on February 10, 2021 is overseeing the decommissioning, demolition, and remediation activities in accordance with the APA with GCERG. The Agency's Technical Manager will oversee this activity and will also take on additional responsibilities (i.e. remaining mine functions and land matters) as headcount continues to reduce.

- Transmission – It is assumed that the transmission business will remain with TMPA for the foreseeable future, being managed as it is currently with Garland Power & Light (GP&L) and Denton Municipal Electric (DME) under Transmission Operation, Maintenance, and Construction Services Agreements.

- Mine – It is assumed that the mine land will be sold in FY22, with almost all activity ceasing at that time (except for that associated with acid seeps). In FY22, the staff consists of the Mine & Land Manager and college students as necessary.

- A&G – It is assumed that the General Manager will be retained until the end of FY22, to align with the expiration of his contract. The IT Specialist and HR Generalist will also be released at this time. A group of A&G employees will be retained until TMPA "dissolves" (Director of Finance & Support Services, Accountant, Document Control Specialist, and Executive Assistant).

On the following page is the TMPA headcount chart to illustrate the staffing needs of each department.

TMPA Headcount			
RA	Department	FY22	FY23-31
A&G			
1B	General Manager	2	1
2C	Finance & Document Control	3	3
3B	IT	1	0
3E	HR	1	0
Generation			
6D	Regulatory/Compliance	1	1
Mine			
6E	Mine & Land	1	0
		9	**5**

Included in the budgets are estimates for employee retention bonuses and severance packages, as applicable. The details of these incentives are discussed below. Under TMPA's current circumstances, there is concern that employees will seek employment elsewhere. However, these incentives, as applied in FY17-20, proved effective in retaining staff. It is management's belief that continuing with these incentives will preserve the knowledge and skills necessary for the Agency to function with a much reduced staff. The General Manager is excluded from both the retention bonus and severance package.

Retention bonus period: Annually, October 1 – September 30
Retention bonus: 20% of actual gross wages (less prior retention payments) during the bonus period. If the employee is released by TMPA prior to September 30, the employee will receive a retention bonus for actual gross wages earned through the date of release.

Severance package: Severance is budgeted for all remaining, full-time employees in the year it would be expensed. Severance packages are equal to one week of pay for every year of service up to a maximum of 15 years.

Retiree medical/dental benefits are assumed to remain in effect until TMPA "dissolves".

GENERATION

GENERATION STRATEGY & KEY BUDGET ASSUMPTIONS

The Generation business unit consists of a single responsibility area under the administration of Daniel Meadows, Technical Manager. The primary function of this department is to oversee the decommissioning, demolition, and remediation activities in accordance with the APA with GCERG. It is anticipated this department will be maintained for several years and evolve into TMPA's sole technical resource once the mine property is sold.

History

The Member Cities allowed the Power Sales Contract to expire in September 2018 and operated in accordance with the JOA and an annual Generation budget until such time as Gibbons Creek Steam Electric Station (GCSES) was sold or decommissioned.

GCSES was in a Forced Outage status after depleting coal inventory and coming off-line on 9/19/18 at 00:18 hours until 9/30/18 at midnight, then moved to Reserve Shutdown on 10/1/18 until 6/1/19 (the start of ERCOT's summer operation season). In January 2019, ERCOT determined that GCSES was not required to support ERCOT transmission system reliability and allowed suspension of operation indefinitely effective 6/1/19, at which time GCSES entered an Indefinite Mothball status.

At the 6/6/19 Board meeting, TMPA's Board approved Resolution No. 2019-6-14 directing cessation of power and energy from GCSES and giving authority to TMPA's General Manager to direct the filings to retire GCSES with ERCOT and other regulatory agencies as applicable and, in consultation with the P&O Committee, to terminate contracts no longer necessary for generation operations. On 10/30/19, GCSES was Retired/Decommissioned from the ERCOT system.

On 2/10/21, GCSES was sold to GCERG.

Key Budget Assumptions

1) The primary function of the Generation business unit is to ensure GCERG's performance of remediation. In accordance with the APA, a professional engineer was contracted in FY21 to serve as the Environmental Designee to monitor the progress of the remediation work, suspend payments from escrow when work falls behind schedule, review correspondence between GCERG and regulatory authorities, and report to TMPA on environmental conditions at the plant site. The remediation activities are currently scheduled to conclude in FY24 with the acceptance of post-closure plans by the Texas Commission on Environmental Quality (TCEQ). Post-closure requirements from TCEQ to GCERG will become known toward the end of closure activities, likely in FY23. TMPA's oversight of post-closure will be better understood at that time.

2) As part of GCERG's closure plans for the Coal Combustion Residuals (CCR) units, it is anticipated that TCEQ will challenge the CCR groundwater monitoring Alternate Source Demonstration (ASD) prepared for TMPA by Wood Group in April 2019. It is probable that TMPA, with the assistance of consultants, will be required to participate in or defend the assertions made in the ASD.

3) Permits and regulatory responsibility related to GCSES, Gibbons Creek Reservoir, and the ash landfills will have been fully transferred to GCERG by the end of FY21. Due to

TMPA's ownership of GCSES for a portion of CY21, some regulatory reporting will be required in FY22.

4) The Environmental Designee has the authority to deny escrow payments if the remaining closure costs are more than the total security available (remaining Escrow and Regulatory Closure Bonds), if there are environmental issues with GCERG's performance, or if GCERG falls behind schedule. If a situation such as this arises, engineering or legal consulting may be required to resolve.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY21's Amended Budget - Generation

	FY21 Amended Budget	FY22 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	434,055	202,079	(231,976)	-53.4%	1
L01 Retention Bonuses	43,000	30,246	(12,754)	-29.7%	
L01 Severance Packages	135,000	-	(135,000)	-100.0%	1
M02 Direct Purchases	8,896	2,225	(6,671)	-75.0%	
R27 Maintenance Agreements	2,500	-	(2,500)	-100.0%	
R51 Contractor Maintenance	244,858	3,200	(241,658)	-98.7%	1
S02 Consulting Services	169,625	173,200	3,575	2.1%	
S04 Legal Services	632,269	118,000	(514,269)	-81.3%	1
Other Fixed Costs	40,179	7,508	(32,671)	-81.3%	
Allocation of A&G	1,188,408	230,133	(958,275)	-80.6%	2
Subtotal Fixed Costs	**$ 2,898,790**	**$ 766,591**	**$ (2,132,199)**	-73.6%	
C02 Sale of Plant Fund	28,146,238	-	(28,146,238)	-100.0%	1
Subtotal Decommissioning Project	**$ 28,146,238**	**$ -**	**$ (28,146,238)**	-100.0%	
TOTAL FIXED COSTS	**$ 31,045,028**	**$ 766,591**	**$ (30,278,437)**	**-97.5%**	
OTHER REVENUES					
Interest Income	(59,068)	(5,388)	53,680	90.9%	
Other Revenue	(38,642)	-	38,642	100.0%	
TOTAL OTHER REVENUES	**$ (97,710)**	**$ (5,388)**	**$ 92,322**	**94.5%**	
TOTAL COSTS	**$ 30,947,318**	**$ 761,203**	**$ (30,186,115)**	**-97.5%**	

* Explanations are provided for changes over $100K AND 5%.

Fixed Costs

1) Almost all of the cost elements within the Generation budget decreased as a result of the sale of the plant in February 2021.

2) Allocation of A&G decreased as a result of the sale of the plant in February 2021. More A&G is now allocated to the Transmission and Mine business units. Also, total A&G decreased as property insurance premiums for the Transmission assets are now directly budgeted in the Transmission budget. The property insurance premiums for the Generation assets, previously budgeted in A&G, reduced to zero with the sale of the plant.

TEXAS MUNICIPAL POWER AGENCY
FY22-31 Generation Budget Pro Forma

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY22-31 Total
FIXED COSTS											
I49 Postage Stamp Expense											
L01 Labor & Benefits	202,079	208,141	214,385	220,817	227,441	234,265	241,292	248,531	255,987	263,667	2,316,605
L01 Retention Bonuses	30,246	31,154	32,088	33,051	34,043	35,064	36,116	37,199	38,315	39,465	346,741
M02 Direct Purchases	2,225	510	520	531	541	552	563	574	586	598	7,200
R51 Contractor Maintenance	3,200	3,264	3,329	3,396	3,464	3,533	3,604	3,676	3,749	3,824	35,039
S02 Consulting Services	173,200	142,800	145,656	58,366	59,533	60,724	61,938	63,177	64,441	65,730	895,565
S04 Legal Services	118,000	120,360	33,293	33,958	34,638	35,331	36,037	36,758	37,493	38,243	524,111
Other Fixed Costs	7,508	7,658	7,811	7,967	8,127	8,289	8,455	8,625	8,795	8,973	82,208
Allocation of A&G	230,133	218,019	189,691	154,291	154,555	158,062	163,212	166,928	172,370	191,554	1,798,816
TOTAL FIXED COSTS	**$ 766,591**	**$ 731,906**	**$ 626,773**	**$ 512,377**	**$ 522,342**	**$ 535,820**	**$ 551,217**	**$ 565,468**	**$ 581,737**	**$ 612,054**	**$ 6,006,285**
OTHER REVENUES											
Interest Income	(5,388)	(11,587)	(14,515)	(15,364)	(19,225)	(23,124)	(27,062)	(31,039)	(35,055)	(42,493)	(224,853)
TOTAL OTHER REVENUES	**$ (5,388)**	**$ (11,587)**	**$ (14,515)**	**$ (15,364)**	**$ (19,225)**	**$ (23,124)**	**$ (27,062)**	**$ (31,039)**	**$ (35,055)**	**$ (42,493)**	**$ (224,853)**
TOTAL COSTS	**$ 761,203**	**$ 720,319**	**$ 612,258**	**$ 497,013**	**$ 503,117**	**$ 512,695**	**$ 524,155**	**$ 534,429**	**$ 546,682**	**$ 569,560**	**$ 5,781,432**
Monthly Charge	**$ 63,434**	**$ 60,027**	**$ 51,022**	**$ 41,418**	**$ 41,926**	**$ 42,725**	**$ 43,680**	**$ 44,536**	**$ 45,557**	**$ 47,463**	**$ 481,786**

TRANSMISSION

TRANSMISSION STRATEGY & KEY BUDGET ASSUMPTIONS

TMPA's transmission system will continue to be maintained for safety, reliability, and operational compliance requirements.

GP&L, in collaboration with the other Member Cities, and TMPA staff will continue to monitor for new projects required for system reliability. These will be assessed project-by-project to determine if it is better for the project to be pursued by TMPA or a Member City.

GP&L will continue to provide transmission operator, maintenance, compliance, and construction services under the agreement with TMPA. DME has a similar transmission operator agreement for the transmission assets in the Denton area. Denton only charges incremental, third-party costs under its contract.

Discussions have occurred regarding the Member Cities possibly acquiring the transmission assets, however that timeline has not yet been defined.

Key Budget Assumptions

1) Identified the Transmission Capital Plan needed for safe, compliant, reliable operations.
2) The current Series "A" bank notes have $60M in capacity (approximately half of which is outstanding) and expire on November 23, 2022. Based on the 10-year Capital Plan provided by GP&L and DME, the current note program may not be sufficient through the expiration date. Staff, Steven Adams, and the Financial Working Group are currently analyzing the options available. These include amending the current note program, fixing out the portion of current notes outstanding for assets placed in service, and fixing out the current notes as well as refunding the current Series 2010 and 2017 bonds. Current low interest rates could provide significant savings if we chose to refund the existing bonds. Therefore, to be conservative, until one of these options is chosen, the current debt structure remains in the pro forma.
3) As of 9/1/20, the Member Cities have the option to pay off the TMPA transmission debt and dispose of or acquire the transmission assets, if they choose. As the analysis mentioned above continues and transmission debt fix outs are considered, the price of a short call will be evaluated to maintain flexibility.
4) An interim rate case filing was approved by the PUCT on December 22, 2020. TMPA's return related to deferred assets was eliminated, and the corresponding reduction to revenue is reflected in the budget pro forma.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY21's Amended Budget - Transmission

	FY21 Amended Budget	FY22 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	615,738	614,717	(1,021)	-0.2%	
R06 Bank Charges	298,050	301,350	3,300	1.1%	
R41 Insurance Premiums	-	341,186	341,186	100.0%	1
R51 Contractor Maintenance	1,587,500	1,567,000	(20,500)	-1.3%	
S04 Legal Services	88,000	132,000	44,000	50.0%	
Other Fixed Costs	1,301,296	1,263,109	(38,187)	-2.9%	
Allocation of A&G	1,835,172	1,918,202	83,030	4.5%	
Subtotal Fixed Costs - Non-Debt	**$ 5,725,756**	**$ 6,137,564**	**$ 411,808**	7.2%	
R57-R58 Debt Service - Bonds	13,622,808	13,623,267	459	0.0%	
R55 Interest on Series "A" Notes	695,383	706,181	10,798	1.6%	
I62 Debt Coverage Payment (DCP)	3,541,930	3,542,049	119	0.0%	
Subtotal Fixed Costs - Debt	**$ 17,860,121**	**$ 17,871,497**	**$ 11,376**	0.1%	
TOTAL FIXED COSTS	**$ 23,585,877**	**$ 24,009,061**	**$ 423,184**	**1.8%**	
OTHER REVENUES					
I50 Transmission System Revenue	(47,079,270)	$ (30,890,630)	16,188,640	34.4%	2
Interest Income	(368,453)	$ (133,532)	234,921	63.8%	3
Other Revenue	(72,300)	(82,300)	(10,000)	-13.8%	
TOTAL OTHER REVENUES	**$ (47,520,023)**	**$ (31,106,461)**	**$ 16,413,562**	**34.5%**	
TOTAL COSTS / (REVENUE)	**$ (23,934,146)**	**$ (7,097,400)**	**$ 16,836,746**	**70.3%**	

* Explanations are provided for changes over $100K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY21's Amended Budget – Transmission

Fixed Costs – Non-Debt

1) Insurance Premiums increased because property insurance premiums for the Transmission assets are now directly budgeted in the Transmission budget instead of in A&G.

Other Revenues

2) Transmission System Revenue decreased because the Agency's interim filing was approved by the PUCT on 12/22/20, which eliminated TMPA's return related to deferred assets.

3) Interest Income decreased primarily due to lower budgeted interest rates resulting from the COVID pandemic.

TEXAS MUNICIPAL POWER AGENCY
FY22-31 Transmission Budget Pro Forma

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY22-31 Total
FIXED COSTS											
L01 Labor & Benefits	614,717	633,158	652,153	671,718	691,869	712,625	734,004	756,024	778,705	802,066	7,047,039
R06 Bank Charges	301,350	307,377	313,524	319,794	326,192	332,713	339,369	346,157	353,079	360,140	3,299,695
R41 Insurance Premiums	341,186	348,010	354,970	362,069	369,311	376,697	384,231	391,915	399,754	407,750	3,735,893
R51 Contractor Maintenance	1,567,000	1,598,340	1,630,307	1,662,913	1,696,171	1,730,095	1,764,697	1,799,990	1,835,990	1,872,710	17,158,213
S04 Legal Services	132,000	134,640	137,333	140,079	142,882	145,739	148,653	151,626	154,659	157,753	1,445,364
Other Fixed Costs	1,263,109	1,288,371	1,314,139	1,340,421	1,367,230	1,394,574	1,422,466	1,450,915	1,479,934	1,509,532	13,830,691
Allocation of A&G	1,918,202	1,946,501	2,062,001	2,134,682	2,127,300	2,164,321	2,223,266	2,262,084	2,323,715	2,568,878	21,730,950
Subtotal Fixed Costs - Non-Debt	**$ 6,137,564**	**$ 6,256,398**	**$ 6,464,426**	**$ 6,631,676**	**$ 6,720,955**	**$ 6,856,764**	**$ 7,016,686**	**$ 7,158,712**	**$ 7,325,836**	**$ 7,678,829**	**$ 68,247,845**
R57-R58 Debt Service - Bonds	13,623,267	13,618,454	13,620,975	13,620,896	13,620,004	13,619,795	13,620,026	13,619,942	13,619,094	13,619,884	136,202,337
R55 Interest on Series "A" Notes	706,181	1,122,076	1,404,401	1,690,689	1,973,413	2,256,136	2,538,860	2,821,584	3,104,308	3,387,032	21,004,680
I62 Debt Coverage Payment (DCP)	3,542,049	3,540,798	3,541,454	3,541,433	3,541,201	3,541,147	3,541,207	3,541,185	3,540,964	3,541,170	35,412,608
Subtotal Fixed Costs - Debt	**$ 17,871,497**	**$ 18,281,328**	**$ 18,566,830**	**$ 18,853,018**	**$ 19,134,618**	**$ 19,417,078**	**$ 19,700,093**	**$ 19,982,711**	**$ 20,264,366**	**$ 20,548,086**	**$ 192,619,625**
TOTAL FIXED COSTS	**$ 24,009,061**	**$ 24,537,726**	**$ 25,031,256**	**$ 25,484,694**	**$ 25,855,573**	**$ 26,273,842**	**$ 26,716,779**	**$ 27,141,423**	**$ 27,590,202**	**$ 28,226,915**	**$ 260,867,471**
OTHER REVENUES											
Transmission System Revenue	(30,890,630)	(31,508,442)	(32,138,611)	(32,781,383)	(33,437,011)	(34,105,751)	(34,787,866)	(35,483,623)	(36,193,296)	(36,917,162)	(338,243,775)
Interest Income	(133,532)	(288,727)	(432,128)	(575,988)	(717,107)	(858,205)	(999,280)	(1,140,334)	(1,281,366)	(1,467,729)	(7,894,395)
Other Revenue	(82,300)	(83,946)	(85,624)	(87,338)	(89,085)	(90,865)	(92,683)	(94,536)	(96,427)	(98,357)	(901,161)
TOTAL OTHER REVENUES	**$ (31,106,461)**	**$ (31,881,115)**	**$ (32,656,363)**	**$ (33,444,709)**	**$ (34,243,203)**	**$ (35,054,821)**	**$ (35,879,829)**	**$ (36,718,493)**	**$ (37,571,089)**	**$ (38,483,248)**	**$ (347,039,330)**
TOTAL COSTS / (REVENUE)	**$ (7,097,400)**	**$ (7,343,389)**	**$ (7,625,107)**	**$ (7,960,014)**	**$ (8,387,630)**	**$ (8,780,979)**	**$ (9,163,051)**	**$ (9,577,070)**	**$ (9,980,887)**	**$ (10,256,333)**	**$ (86,171,860)**
Monthly Charge	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

TEXAS MUNICIPAL POWER AGENCY
FY22-31 Transmission Capital Plan

NEW DEBT FUNDED TRANSMISSION PROJECTS	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	10-YEAR TOTALS
DME											
Masch Branch-North Denton TxDOT I35 Road Widening	**1,800,000**										**1,800,000**
West Denton to Jim Christal - correct erosion for two transmission poles	**1,950,000**										**1,950,000**
West Denton - erosion on south side of station		**505,000**									**505,000**
West Denton - upgrade 138kV bus support	**360,000**										**360,000**
West Denton - relocate capacitor bank and arrange to connect to either 138kV bus	**150,000**	**350,000**	**700,000**								**1,200,000**
West Denton - construct two new 138kV terminals to serve two new Brazos TM lines			**650,000**	**850,000**							**1,500,000**
West Denton - install new 600 MVA Autotransformer		**350,000**	**3,650,000**	**2,100,000**							**6,100,000**
Hickory Creek Road Bridge	50,000										50,000
Underwood Substation - transmission tie-in				**530,000**							**530,000**
GP&L											
Ben Davis- 345kV breaker Replacement and Elevating Equipment	990,000										990,000
Brand Rd. Pole Reroute		159,039									159,039
McCree- install 2-345kv/2-138kv breakers/switches	1,419,321										1,419,321
Steep Hollow to Keith Switch- fiber installation	233,333										233,333
Steep Hollow to Keith Switch - Rebuild Transmission Leaning Structures	6,800,000										6,800,000
Ben Davis - Royse Transmisson Line Tower Replacement	400,000										400,000
Substation Security	125,494										125,494
Plum Creek Solar Termination & Line	**6,700,000**	**6,000,000**									**12,700,000**
Pink Solar Termination & Line	**450,000**	**5,400,000**									**5,850,000**
Misc. capital projects, failed equipment, modifications, instrument transformer replacements	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**						**5,000,000**
TOTAL DEBT FUNDING REQUIREMENT	**$ 22,428,148**	**$ 13,764,039**	**$ 6,000,000**	**$ 4,480,000**	**$ 1,000,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$47,672,187**

***Does not yet have Board approval**

MINE

MINE STRATEGY & KEY BUDGET ASSUMPTIONS

Bond Release

TMPA's plan for the release of reclamation bonds on the GC lignite mine property is summarized in Table 1 and depicted on the map (Figure 1). Items shown in the table in blue font have been completed; items in green have been submitted for bond release and are in review by the Railroad Commission of Texas (RCT) Staff; items in red are to be submitted in 2021.

Table 1 – Plan and Status of Final Bond Release (as of 2/22/21)

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 1/15/13
38D – Rev. 14 (map adjustments)	295	257	38	Approved 7/31/13
26D – Rev. 21 (map adjustments)	254	212	42	Approved 12/8/14
26D – Falco + Ciesielski property	111	0	111	Released 8/25/15
38D – Rail spur (Permit 38D part)	55	55	0	Released 10/20/15
38D – Rev. 35 (map adjustments)	111	82	29	Approved 2/7/17
26D – Rev. 40 (map adjustments)	3	3	0	Approved 2/23/18
26D – Kolbachinski property	7	0	7	Released 2/27/18
26D – Rail spur (Permit 26D part)	131	131	0	Released 6/5/18
38D – A2/A3 Blocks (core area)	971	957	14	Approved 6/18/19
26D – "Big" application	4,293	4,045	248	Released 1/14/20
38D – A2/A3 Blocks (Peripheral Area), including Phase I and II release of Pond SP-50 area	554	544	10	Released 1/26/21
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 9/14/20**
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 – Plan for Final Bond Release

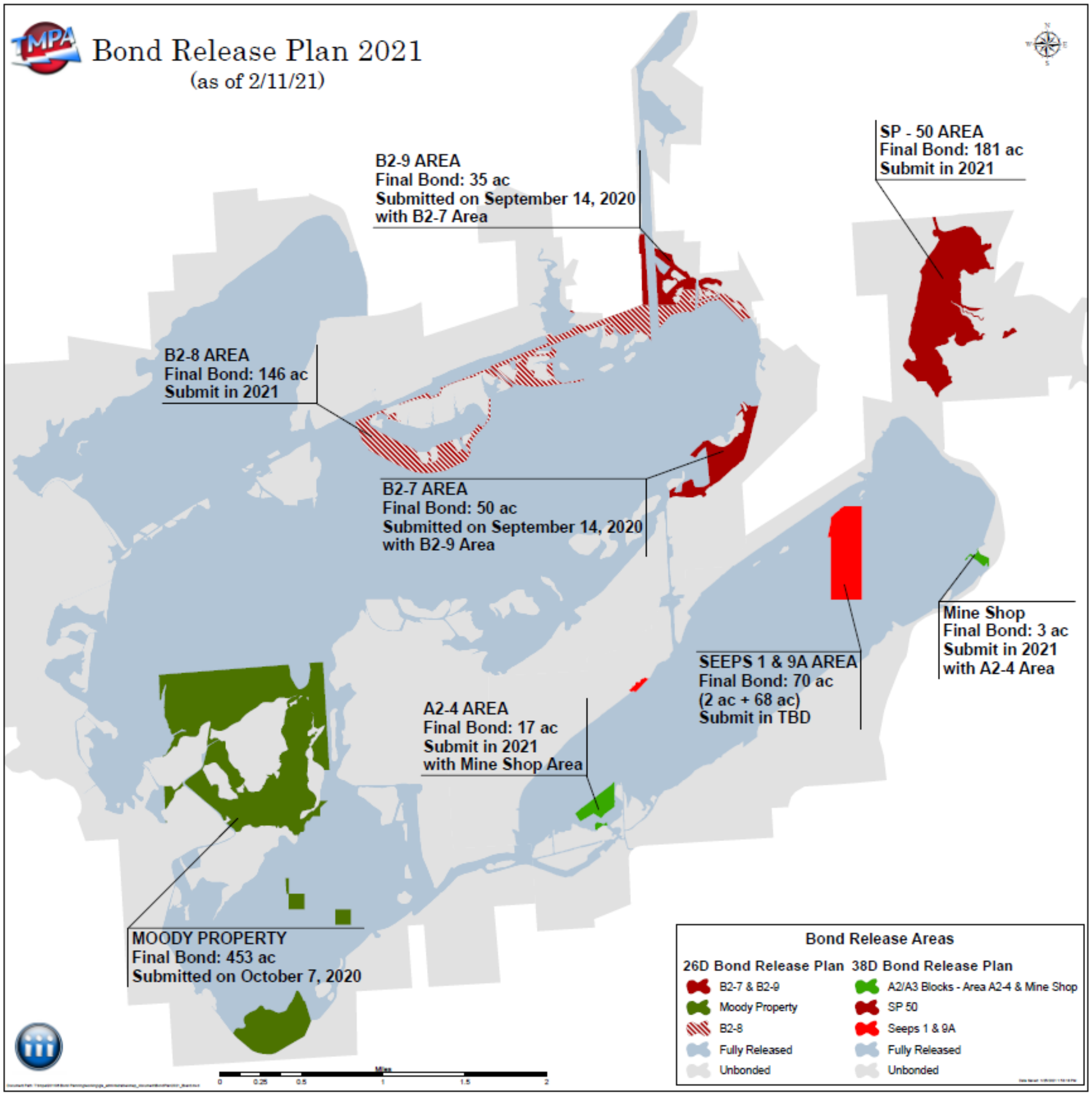


Table 1 represents the plan for <u>submittal</u> of bond release applications. The duration of the bond release process for TMPA's last five applications is summarized below (Table 2).

Table 2 – Duration of bond release approval process

Description	Date submitted	Date released	Duration
Permit 26D – "Big" bond release (4,301 acres)	6/11/18	1/14/20	19 months
Permit 38D – "Core Area" (971 acres)	10/18/17	6/18/19	20 months
Permit 26D – Kolbachinski tract (7 acres)	5/3/17	2/27/18	10 months
Permit 26D – Rail Spur (131 acres)	10/25/16	6/5/18	19 months
Permit 38D – "Peripheral Area" (554 acres)	5/5/20	1/26/21	9 months

Like the last application (Permit 38D, "Peripheral Area"), the two pending applications and future submittals are expected to take 9-12 months because most of the prerequisite requirements have already been met with the larger releases in both permit areas.

It is therefore projected that by early FY22, the only areas remaining to be released will be the 22 acres representing the Seep 1 and Seep 9A areas. These will require longer-term maintenance and monitoring before becoming eligible for final bond release, perhaps by the end of 2030.

Timing of sale of mine property

For budgeting purposes, it is assumed that the mine land will be sold by the end of FY22. Permitting and reclamation activities are therefore shown as ending after FY22. (If the sale of the mine is delayed beyond FY22, there will be continuing costs associated with the routine permitting and maintenance of the mine, estimated at $405K per year until the land is sold).

Long-term budget for the mine

Regardless of when the mine is sold, the Seep1 and Seep 9A areas (22 acres) will remain under RCT jurisdiction until bond release. TMPA is trying to find a way to achieve bond release on these areas but this is not expected to happen before 2030. Permit 38D, which lies south of Gibbons Creek, will therefore continue to remain active requiring all the associated permitting, monitoring, inspection, and reporting activities. Permit 26D, which lies north of Gibbons Creek, is not affected by any seeps, and is expected to be terminated by the end of FY22.

Costs associated with these activities are included in the FY22 Mine budget pro forma. They include, but are not limited to, items such as: mine reclamation bonding renewals, annual mine permit fees, monthly sampling of the seeps, laboratory analysis of seep waters, monthly RCT inspections, and associated paperwork.

At one time it was thought that oil and gas revenues would help to offset these expenses. However, this revenue steam has shrunk to $59K per year and even this could be lost if TMPA's mineral interests are sold with the mine property.

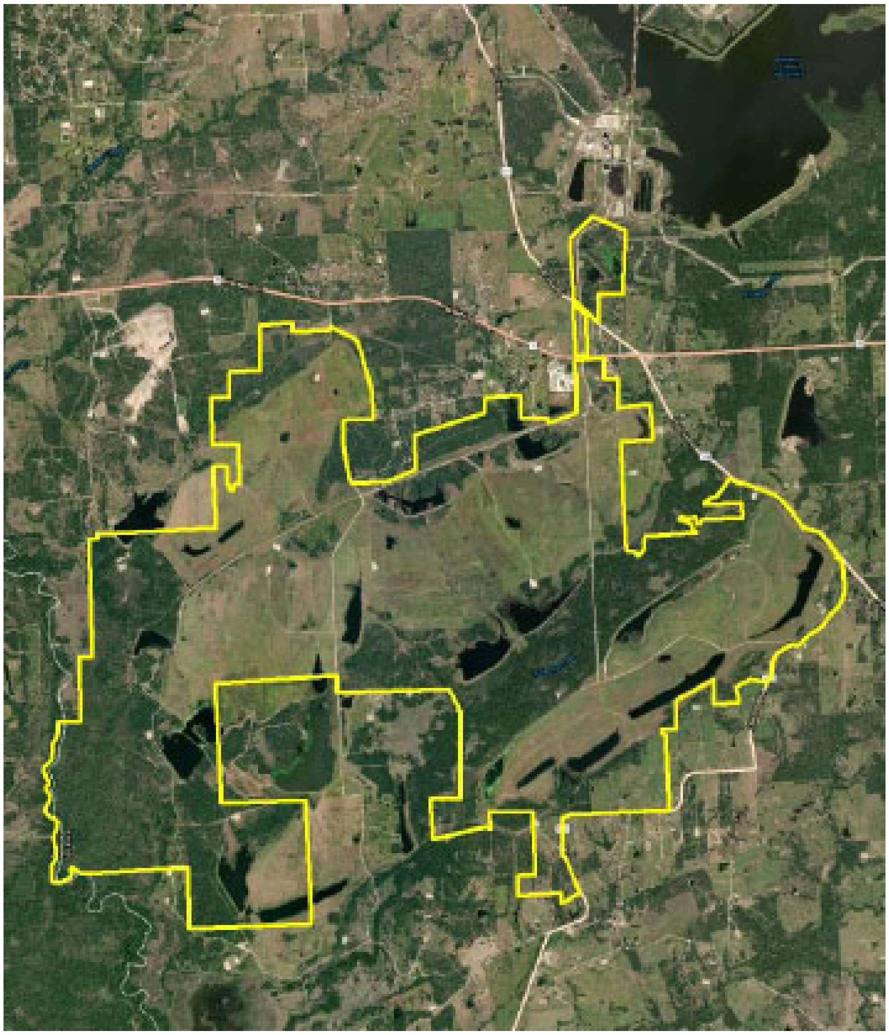
Land Ownership

TMPA owns the following land associated with the mine property (Figure 2):

Area between FM 244 and the power plant:	185.0 acres
Area between FM 244 and SH 30:	23.5 acres
Main mine area south of SH 30:	10,402.5 acres
	10,611.0 acres

This entire area was appraised by Valbridge at $4,750 per acre as of 11/6/19.

Figure 2 – TMPA property (10,611 acres) appraised by Valbridge in November 2019



In addition, TMPA owns the separate Pond SP-50 tract (723 acres) east of FM 244, which is not included for sale at present because it is non-contiguous and is on a separate reclamation timeline.

Special Issues

- Changes in leadership at RCT Commission: There have been two recent changes in leadership at the RCT's Surface Mining and Reclamation Division. In November 2018, Director Denny Kingsley and Assistant Director Travis Wootton suddenly left without notice. Under Director Kingsley's leadership, there had been considerable improvement in review times for both permitting and bond release actions. Director Kingsley was replaced by Interim Director Alex Schoch who also acted as General Counsel for the Commission. On 2/3/20, Interim Director Schoch was replaced by Dr. Brent Elliott as the new Director. In March 2020, the functioning of the Commission, like all other businesses, was disrupted by the COVID-19 pandemic.

- Bonding renewals: TMPA is projecting that after FY22, the only areas that will require bonding will be Acid Seeps 1 and 9A. These currently total 70 acres but will decrease to 22 acres after TMPA has achieved bond release on the "buffer areas" around the seeps. This is expected to occur by 2024.

  TMPA's strategy is to investigate the feasibility of cash bonding these small areas instead of using bonds collateralized with letters of credit. The bonding requirement for 70 acres at the full "mined" disturbance rate ($22K/acre) will be approximately $1.5M; for 22 acres it will be less than $500K. Cash bonding would avoid the costs associated with letters of credit, including bank commitment fees, bank bond counsel fees, TMPA bond counsel fees, rating fees, and fees associated with obtaining Attorney General approval. All of these fees totaled approximately $175K for the letters of credit recently closed on in February 2021.

- Remediation plans for Acid Seeps 1 and 9A: A remediation structure for Seep 1 was installed in 2011 and is being monitored. A phased remediation plan for Seep 9A was implemented in December 2020. End lake A3P-1 was permanently lowered by 4.5 feet and End Lake A3P-2 by 3.0 feet. It is expected that these lower water levels will lower the spoil water table and thereby reduce the hydrostatic pressure driving the Seep 9A system.

- Reclamation of Pond SP-50 waste piles: Construction of the islands was completed on 11/17/17, grasses were planted in January 2018, and planting of trees was performed in March 2018, with supplemental planting in December 2018 and 2019. Bond release on the 181 acres currently bonded on this tract (total of 723 acres, much of which was undisturbed by mining activities) will depend on the performance of the trees. A survey conducted in July 2020 recorded 950 live trees (the standard for bond release is 360 trees).

Preparation for Sale of Mine Property

Several activities are under way in preparation for the sale of the mine property:

- Sale of property: TMPA received proposals from five brokers in the summer of 2019. Three were short-listed and interviewed for a better evaluation in September and October 2019. Staff made a recommendation to hire Republic Ranches as the broker. This was approved by the Board at the February 2021 meeting (Resolution 2021-2-3), and a Listing Agreement was signed with Republic Ranches, LLC on 3/4/21.

- Tax valuation: TMPA obtained an agricultural land valuation for its mine property effective 1/1/17. Tax payments have been: $14.5K (2017), $15.4K (2018), and $15.4K (2019). The mine property can therefore be offered for sale with an established agricultural tax exemption.

- Cultural resources (archeological and historical): On 4/30/81, a Memorandum of Agreement was executed among TMPA, the Advisory Council on Historic Preservation, the EPA, and the Texas State Historic Preservation Officer. This Agreement stipulates (Paragraph I.I) that:

  > TMPA will ensure that all notes, photographs, negatives, and processed data (tables, maps, etc.) will be stored in good order and in a manner that makes them available for future study at an appropriately equipped institution that meets the standards set forth in the proposed 36

CFR Part 66 and that makes these data available to other parties for research or other appropriate purposes.

TMPA has completed the scanning of all relevant documents for future availability.

- Document control – hard-copy and electronic files: Critical current records and documents were moved from the power plant site with the move to the Bryan office in February 2020. Following the sale of the power plant area in February 2021, Staff relocated the Agency's remaining legacy records to long-term storage in Bryan.

Dissolution of the Mine Business Unit

It is expected that with the sale of the mine property in FY22, the mine business unit will have a much-diminished scope, staffing, and budget. The strategy is to release the Land Administrator, Murphy Hawkins, at the end of FY21, and the Mine and Land Manager, Jan Horbaczewski, in FY22. Residual work (summarized below) will be managed by the Technical Manager (Daniel Meadows) hired on 2/8/21:

- Long-term maintenance and monitoring plan for the lignite mine acid seep areas.
- Safeguarding of the regulatory records of the mine.
- Safeguarding of information on the long-term assets associated with the mine property, such as the existing lignite reserves and the private (non-state) water in the end lakes, on both of which the Agency retains 50% of the royalty.
- Disposal of the southern rail spur and other remaining properties.
- Final closure / notification to regulatory authorities with jurisdiction over the mine, such as the RCT, the TCEQ, the federal Office of Surface Mining and Reclamation Enforcement (OSMRE), the US Environmental Protection Agency (EPA), the US Army Corps of Engineers, the US Mine Safety and Health Administration, the US Fish and Wildlife Service, the Texas Parks and Wildlife Department (TPWD), and the Texas Historical Commission (THC).

Other Key Budget Assumptions

- The mine acid seeps will be fully released from bond by the end of 2030. This assumption is based on finding a mitigation solution that will be approved by the RCT. Director Kingsley, who started work at the Surface Mining Division in May 2016, had a keen interest in this matter and took the initiative with the federal Office of Surface Mining to find a way to achieve bond release on mitigated mine acid seeps. However, he left the RCT in November 2018, and it remains to be seen whether the initiative will be continued by the new leadership.
- The five-year Extended Responsibility Period (ERP) for all areas will be completed no later than 2021. The last ERP area, Area B2-8 (about 146 acres), was delayed by a year because it narrowly failed to meet the vegetation productivity standard in 2019. However, it was re-tested in 2020 and was approved by the Railroad Commission as having

completed ERP requirements in February 2021. No other areas are expected to require ERP monitoring.

- Bond release on the Pond SP-50 wetland/wildlife habitat islands (12 acres) will be obtained in 2021. The concept of the islands was approved by the RCT in February 2017, and construction work was completed in the fall of 2017. Vegetation (trees, wetland species, and grasses) was planted in the spring and winter of 2018. The RCT's performance standard for trees on the islands is 30 stems per acre x 12 acres = 360 trees total. A survey in 2020 showed 950 live trees. Another survey is planned for spring 2021.

- The mine property is expected to sell at a value no less than the most recent appraisal (Valbridge appraisal – $4,750/acre as of 11/6/19). This value is also used in Table 3 for the Stephens property (originally reserved as a potential lay-down area for the Union Pacific Rail Spur project).

- The southern rail spur, and other remaining properties, will be sold in separate actions and are not included in the proposed budget.

Table 3 – Potential Sale Prices of Mine and Other Property

Description	Acreage	$/Acre *	Projected Sale Price	Timing
GC lignite mine property	10,611	$4,750	$50,402,250	No later than 2022
Pond SP-50 property	723	$4,750	$3,434,250	TBD
Stephens property (reserved for rail spur construction lay-down area)	81	$4,750	$384,750	TBD
Total	**11,415**		**$54,221,250**	

**Value as of 11/6/19 (Valbridge appraisal, dated 1/17/20).*
Note: Does not include the cost to market and sell the land.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY21's Amended Budget - Mine

	FY21 Amended Budget	FY22 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	436,759	266,326	(170,433)	-39.0%	1
L01 Retention Bonuses	66,773	38,485	(28,288)	-42.4%	
L01 Severance Packages	85,632	50,790	(34,842)	-40.7%	
M02 Direct Purchases	1,500	1,500	-	0.0%	
M44 Mine Maintenance	320,000	320,000	-	0.0%	
R06 Bank Charges	221,000	140,000	(81,000)	-36.7%	
R51 Contractor Maintenance	110,000	110,000	-	0.0%	
S02 Consulting Services	555,000	375,000	(180,000)	-32.4%	2
S04 Legal Services	200,000	160,000	(40,000)	-20.0%	
Other Fixed Costs	100,650	82,550	(18,100)	-18.0%	
Allocation of A&G	771,791	661,642	(110,149)	-14.3%	3
TOTAL FIXED COSTS	**$ 2,869,105**	**$ 2,206,293**	**$ (662,812)**	**-23.1%**	
OTHER REVENUES					
Interest Income	(74,939)	(15,492)	59,447	79.3%	
Other Revenue	(46,000)	(60,000)	(14,000)	-30.4%	
TOTAL OTHER REVENUES	**$ (120,939)**	**$ (75,492)**	**$ 45,447**	**37.6%**	
TOTAL COSTS	**$ 2,748,166**	**$ 2,130,802**	**$ (617,364)**	**-22.5%**	

* Explanations are provided for changes over $100K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY21's Amended Budget – Mine

<u>Fixed Costs</u>

1) Labor & Benefits decreased because Murphy Hawkins, Land Administrator, will retire at the end of FY21. Jan Horbaczewski, Mine & Land Manager, will remain with the Agency until the mine land is sold in FY22.

2) Consulting Services decreased because most of the mine land will have been released by the RCT, who requires services such as soil sampling, etc. The Agency is still bound by two permits which necessitate the work of consultants for work such as ground water and surface water sampling, monitoring, and submittals.

3) Allocation of A&G decreased because property insurance premiums for the Transmission assets are now directly budgeted in the Transmission budget. Also, the property insurance premiums for the Generation assets, previously budgeted in A&G, reduced to zero with the sale of the plant in February 2021.

TEXAS MUNICIPAL POWER AGENCY
FY22-31 Mine Budget Pro Forma

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY22-31 Total
FIXED COSTS											
L01 Labor & Benefits	266,326	-	-	-	-	-	-	-	-	-	266,326
L01 Retention Bonuses	38,485	-	-	-	-	-	-	-	-	-	38,485
L01 Severance Packages	50,790	-	-	-	-	-	-	-	-	-	50,790
M02 Direct Purchases	1,500	255	260	265	271	276	282	287	293	-	3,689
M44 Mine Maintenance	320,000	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583	-	757,731
R06 Bank Charges	140,000	51,000	10,404	10,612	10,824	11,041	11,262	11,487	11,717	-	268,347
R51 Contractor Maintenance	110,000	33,150	33,813	34,489	35,179	35,882	36,600	37,333	38,079	-	394,525
S02 Consulting Services	375,000	204,000	208,080	212,240	216,488	220,817	225,232	229,738	234,332	-	2,125,927
S04 Legal Services	160,000	96,900	88,434	90,202	92,006	93,846	95,723	97,638	99,591	-	914,340
Other Fixed Costs	82,550	35,241	20,339	20,747	21,161	21,585	22,017	22,456	22,907	-	269,003
Allocation of A&G	661,642	212,967	193,604	200,137	199,155	202,321	207,523	210,830	216,247	-	2,304,425
TOTAL FIXED COSTS	**$ 2,206,293**	**$ 684,513**	**$ 606,954**	**$ 621,752**	**$ 629,206**	**$ 640,972**	**$ 654,947**	**$ 667,203**	**$ 681,749**	**$ -**	**$ 7,393,588**
OTHER REVENUES*											
Interest Income	(15,492)	(11,319)	(14,814)	(19,929)	(24,773)	(29,599)	(34,409)	(39,202)	(43,978)	-	(233,516)
Other Revenue	(60,000)	-	-	-	-	-	-	-	-	-	(60,000)
TOTAL OTHER REVENUES*	**$ (75,492)**	**$ (11,319)**	**$ (14,814)**	**$ (19,929)**	**$ (24,773)**	**$ (29,599)**	**$ (34,409)**	**$ (39,202)**	**$ (43,978)**	**$ -**	**$ (293,516)**
TOTAL COSTS	**$ 2,130,802**	**$ 673,194**	**$ 592,140**	**$ 601,823**	**$ 604,433**	**$ 611,373**	**$ 620,537**	**$ 628,000**	**$ 637,771**	**$ -**	**$ 7,100,072**
Monthly Charge	**$ 177,567**	**$ 56,099**	**$ 49,345**	**$ 50,152**	**$ 50,369**	**$ 50,948**	**$ 51,711**	**$ 52,333**	**$ 53,148**	**$ -**	**$ 591,673**

**It is assumed the mine property will be sold in FY22 (estimated in total as $50.4M for 10,611 acres ($4,750/acre) based on the Valbridge appraisal, dated 1/17/20). This revenue is NOT reflected above.*

SUPPLEMENTAL INFORMATION

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY21's Amended Budget - A&G

	FY21 Amended Budget	FY22 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	1,102,785	1,120,840	18,055	1.6%	
L01 Retention Bonuses	127,917	130,991	3,074	2.4%	
L01 Severance Packages	33,497	33,926	429	1.3%	
R06 Bank Charges	12,000	10,000	(2,000)	-16.7%	
R27 Maintenance Agreements	43,861	45,883	2,022	4.6%	
R41 Insurance Premiums	1,645,851	624,768	(1,021,083)	-62.0%	1
R51 Contractor Maintenance	-	10,000	10,000	100.0%	
S02 Consulting Services	216,180	237,530	21,350	9.9%	
S04 Legal Services	179,400	143,375	(36,025)	-20.1%	
Other Fixed Costs	433,881	452,665	18,784	4.3%	
TOTAL FIXED COSTS	**$ 3,795,372**	**$ 2,809,978**	**$ (985,394)**	**-26.0%**	
TOTAL COSTS	**$ 3,795,372**	**$ 2,809,978**	**$ (985,394)**	**-26.0%**	

* Explanations are provided for changes over $100K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY21's Amended Budget – A&G

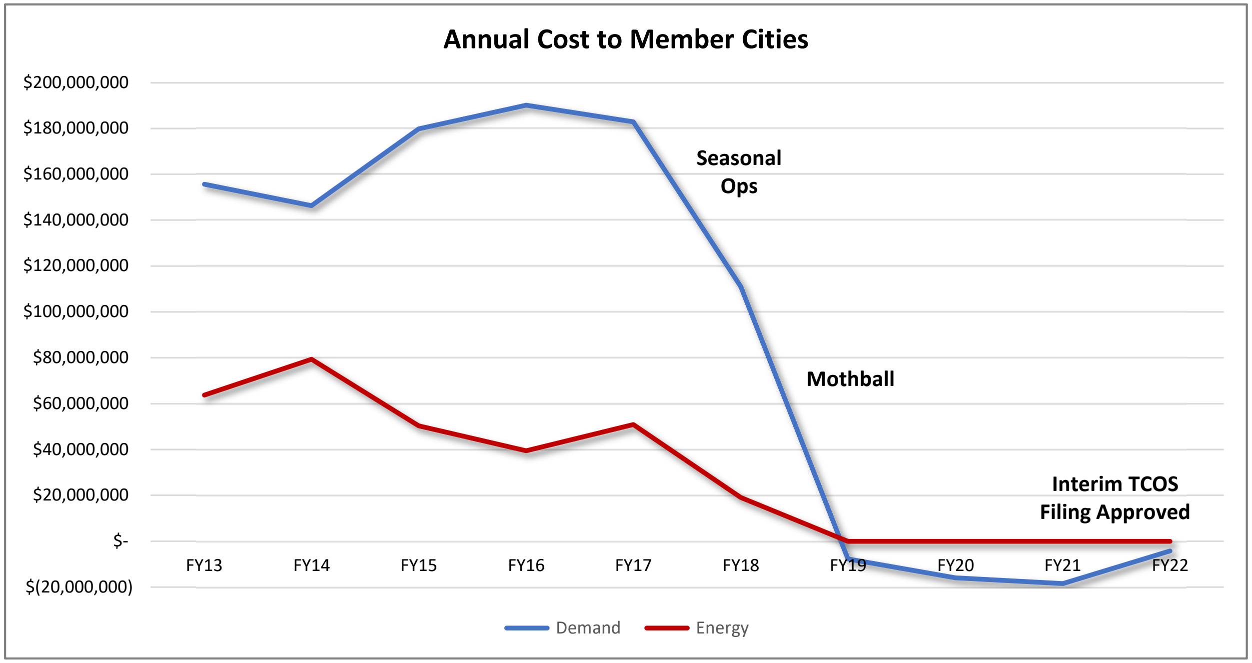
Fixed Costs

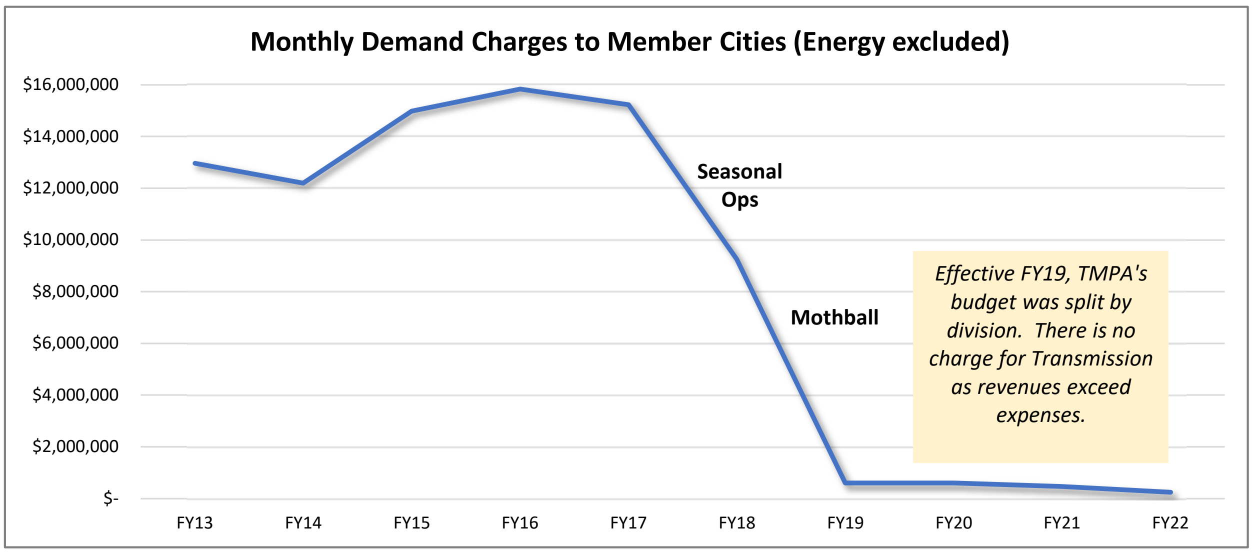
1) Insurance Premiums decreased because property insurance premiums for the Transmission assets are now directly budgeted in the Transmission budget. Also, the property insurance premiums for the Generation assets, previously budgeted in A&G, reduced to zero with the sale of the plant in February 2021.

TEXAS MUNICIPAL POWER AGENCY
FY22-31 A&G Budget Pro Forma

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY22-31 Total
FIXED COSTS											
L01 Labor & Benefits	1,120,840	548,505	564,960	581,909	599,366	617,347	635,867	654,943	674,592	694,829	6,693,158
L01 Retention Bonuses	130,991	90,997	93,726	96,538	22,860	23,545	24,252	24,979	25,729	26,501	560,117
L01 Severance Packages	33,926	-	-	-	-	-	-	-	-	-	33,926
R06 Bank Charges	10,000	10,200	10,404	10,612	10,824	11,041	11,261	11,487	11,717	11,951	109,497
R27 Maintenance Agreements	45,883	46,801	47,737	48,691	49,666	50,659	51,671	52,705	53,759	54,835	502,407
R41 Insurance Premiums	624,768	637,263	650,010	663,008	676,269	689,793	703,590	717,662	732,014	746,656	6,841,033
R51 Contractor Maintenance	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	109,498
S02 Consulting Services	237,530	447,286	470,094	467,823	489,087	486,721	508,846	506,386	529,403	526,844	4,670,020
S04 Legal Services	143,375	146,243	149,168	152,150	155,193	158,297	161,464	164,692	167,987	171,345	1,569,914
Other Fixed Costs	452,665	439,993	448,792	457,767	466,921	476,260	485,788	495,500	505,415	515,520	4,744,621
TOTAL FIXED COSTS	**$ 2,809,978**	**$ 2,377,487**	**$ 2,445,295**	**$ 2,489,110**	**$ 2,481,010**	**$ 2,524,704**	**$ 2,594,001**	**$ 2,639,842**	**$ 2,712,332**	**$ 2,760,432**	**$ 25,834,192**
TOTAL COSTS	**$ 2,809,978**	**$ 2,377,487**	**$ 2,445,295**	**$ 2,489,110**	**$ 2,481,010**	**$ 2,524,704**	**$ 2,594,001**	**$ 2,639,842**	**$ 2,712,332**	**$ 2,760,432**	**$ 25,834,192**

TEXAS MUNICIPAL POWER AGENCY
10-Year History of TMPA's Costs & Charges to Member Cities





May 3, 2021

AGENDA ITEM NO. 5

SUBJECT: Review New Accounting Standards and Their Impact on the Agency

DISCUSSION: This agenda item is provided each year to keep the Committee advised of new accounting standards issued by the Governmental Accounting Standards Board (GASB) and their impact on the Agency, if any.

The GASB Update memo, which is provided as backup material, lists and summarizes the new accountings standards issued by GASB which are effective in the current fiscal year. Additionally, the memo highlights future significant standards.

BACKUP MATERIAL: GASB Update Memo

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

Lyndi Birkhead
4/26/21

TEXAS MUNICIPAL POWER AGENCY

M E M O R A N D U M

To: Audit and Budget Committee　　Date: April 19, 2021

From: Lyndi Birkhead, Director of Finance & Support Services

Subject: GASB Update

Staff prepares this memo annually to provide the Committee with information on new accounting standards and their impact on the Agency. Currently, the Governmental Accounting Standards Board (GASB), which is the independent organization that establishes and improves standards of accounting and financial reporting for state and local governmental entities like the Agency, has the following standard that will be adopted in the current fiscal year:

- **Statement No. 84** *"Fiduciary Activities"*

<u>Current Standards</u>

GASB Statement No. 84, *Fiduciary Activities,* establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries.

Implementation of GASB 84 may require inclusion of the employment benefit plan financial information in the annual financial statements. A meeting is scheduled with BKD in early May to determine if this is necessary for the Agency.

<u>Future Standards</u>

GASB Statement No. 87, *Leases,* provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and non-lease components will need to be separated so each component is accounted for accordingly. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

For the Agency, this standard will be effective for fiscal year ending September 30, 2022. Implementation of GASB 87 will most likely require the lease of the Bryan office space to be properly recorded.

GASB Statement No. 91, *Conduit Debt Obligations*, has a primary objective to provide a single method of reporting conduit debt obligations by issuers and eliminate a diversity in practice. The effective date for the Agency would be for the fiscal year ended September 30, 2023, but it is not currently applicable to the Agency.

GASB Statement No. 92, *Omnibus 2020,* objectives are to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The primary effective date for the Agency will be for fiscal year ended September 30, 2022, but it is not anticipated to have a significant impact, if any, on the Agency.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will be effective for fiscal year ended September 30, 2022. Our current Revolving Note Program with BAML is currently being evaluated to determine if the use of SIFMA requires implementation of this standard for the Agency. Implementation would simply involve more specific disclosures on the Program.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* will be effective for fiscal year ended September 30, 2023, but it is currently not applicable to the Agency.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, will be effective for fiscal year ended September 30, 2023. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and corresponding liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA. This standard is not applicable to the Agency as we have no such arrangements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The standard is effective for fiscal year ended September 30, 2023 but may be early implemented in the current year if it will change the conclusions reached under GASB 84. A meeting is scheduled with BKD in early May to discuss further.

May 3, 2021

AGENDA ITEM NO. 6

SUBJECT: Consider Approval of External Audit Firm Engagement Letters

DISCUSSION: The current agreement with BKD, LLP requires that annual engagement letters be prepared outlining the scope of services to be provided. Attached are the engagement letters for FY21.

BACKUP
MATERIAL: BKD, LLP Draft Engagement Letters

ACTION
REQUESTED: Direct Staff to execute the engagement letters.

Lyndi Birkhead
4/26/21

14241 Dallas Parkway, Suite 1100 | Dallas, TX 75254-2961
972.702.8262 | Fax 972.702.0673 | bkd.com

March 24, 2021

Members of the Board
Mr. Bob Kahn, General Manager
Ms. Lyndi Birkhead, Director of Finance and Support Services
Texas Municipal Power Agency

We appreciate your selection of **BKD, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you **Unmatched Client Service®**.

In addition to the terms set forth in this contract, including the detailed **Scope of Services**, our engagement is governed by the following, incorporated fully by this reference:

- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached **Scope of Services**, our services will include the following:

Texas Municipal Power Agency

- Audit services for the year ended September 30, 2021

Engagement Fees

Our fees will be based $46,750. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of four (4) percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as software licensing, user access, and research tools, and similar expense items. The administrative fee and travel costs will be capped at $2,375.

Our pricing for this engagement and our fee structure is based upon the expectation that our invoices will be paid promptly. We will issue progress billings during our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10%.

Our engagement fee does not include any time for post-engagement consultation with your personnel or third parties, consent letters and related procedures for the use of our reports in offering documents, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our fees may also increase if our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards.

If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

Contract Agreement

Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

BKD, LLP

BKD, LLP

Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services**, **HIPAA Business Associate Agreement**, and **Terms and Conditions Addendum** on behalf of **Texas Municipal Power Agency**.

CJS BY ______________________________
Bob Kahn, General Manager

DATE ______________________________

Scope of Services

The following apply for all services:

Assistance

Our timely completion of services depends on the assistance you provide us in accumulating information and responding to our inquiries. Inaccuracies or delays in providing this information or the responses may result in untimely filings or inability to meet other deadlines.

Responsibility for Outcomes

We may perform additional services for you that are not covered by this contract. You agree to assume full responsibility for the substantive outcomes of the contracted services and for any other services we may provide, including any findings that may result.

You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management's objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions.

We understand you have designated (or will) a management-level individual to be responsible and accountable for overseeing the performance of these services, and you have determined (or will) this individual is qualified to conduct such oversight.

Boycott Israel

As required by Chapter 2270, Texas Government Code, we represent that we do not boycott Israel and will not boycott Israel through the term of this engagement. For purposes of this representation, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

-

Audit Services

We will audit the basic financial statements and related notes to the basic financial statements for the following entity with the objective of expressing an opinion on the financial statements:

Texas Municipal Power Agency as of and for the period ended September 30, 2021

We will also express an opinion on whether the combining statements ("supplementary information") is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will also provide you with the following nonattest services:

- Preparing a draft of the financial statements and related notes

Kevin Kemp, Partner is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report(s) upon completion of our audit(s), addressed to the following parties:

Entity Name	**Party Name**
Texas Municipal Power Agency	Board of Directors

The following apply for the audit services described above:

Our Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Limitations & Fraud

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to your preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and **BKD, LLP**.

Opinion

We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other matter paragraph(s), or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Our audit will be conducted on the basis that management acknowledges and understands their responsibility for the following:

- For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (or other basis if indicated in the contract)
- For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- To provide us with:
    - Access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters
    - Additional information that we may request for the purpose of the audit
    - Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence

Written Confirmations Required

As part of our audit process, we will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

Supplementary Information

With regard to any supplementary information that we are engaged to report on:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

Implementation of New Standards

Unless indicated in our contract, our services and related fees do not include substantive assistance beyond routine advice related to the adoption of new accounting and reporting standards. Should you require assistance, we will bill you at our standard hourly rates.

Assistance with Application of Standards

Transactions or changes in business may require you to apply existing standards differently each year, such as when business operations create new revenue streams, operations are discontinued, liquidity or operational challenges are encountered, business combinations are executed, etc. We welcome your questions throughout the year and are happy to provide general guidance and routine support; however, our engagement does not include substantive effort to assist you with applying standards to these circumstances, unless otherwise indicated in the contract.

New Auditing and Accounting Standards

Fiduciary Activities

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, is effective for fiscal years beginning after December 15, 2019, with retrospective application in the year the update is first applied. The Statement is expected to significantly change how entities evaluate and report fiduciary activities.

If the entity would like to early adopt or begin the process of preparing for the retrospective application of this Statement during the current year's audit, we can assist you with this process. We will need input and assistance from the accounting department throughout the process of implementation.

Leases

Governmental Accounting Standards Board Statement No. 87, *Leases*, is effective for fiscal years beginning after June 15, 2021. Early application is encouraged.

Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. We can assist you with the adoption by providing services which may include, but are not limited to:

- Assessing your readiness by assisting with the evaluation of your:
    - Current controls and policies
    - Current internal resources and system capabilities
- Assisting with changes required to adopt Statement No. 87, including:
    - Assisting with information gathering to develop an inventory of all lease agreements, service contracts, and other arrangements that may contain right-to-use lease assets
    - Recommending enhancements to existing controls and policies or suggesting new controls and policies to address Statement No. 87
    - Documenting any changes from your previous lease recognition and reporting methods
    - Drafting the required disclosures

The time it will take to perform the above assistance and our additional audit procedures relating to the adoption of the Statement, and any time to assist you with the adoption, may be minimized to the extent your personnel will be available to provide timely and accurate documentation and information as requested by us.

BKD, LLP Terms and Conditions Addendum

GENERAL

1. **Overview.** This addendum describes **BKD, LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and **BKD, LLP**. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to **BKD, LLP** ("BKD"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent.

   We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

   Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.

4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay BKD for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as software licensing, user access, and research tools, and similar expense items.

DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. Unless the parties agree otherwise, the American Arbitration Association ("AAA") will administer any such mediation in accordance with its Commercial Mediation Rules. The mediator will be selected by agreement of the parties. If We cannot agree, a mediator shall be designated by the AAA. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.

6. **Indemnification.** Unless disallowed by law or applicable professional standards, You agree to hold BKD harmless from any and all claims which arise from knowing misrepresentations to BKD, or the intentional withholding or concealment of information from BKD by Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. You also agree to indemnify BKD for any claims made against BKD by third parties, which arise from any wrongful actions of Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. The provisions of this paragraph shall apply regardless of the nature of the claim.

7. **Statute of Limitations.** You agree that any claim or legal action arising out of or related to this contract and the services provided hereunder shall be commenced no more than one (1) year from the date of delivery of the work product to You or the termination of the services described herein (whichever is earlier), regardless of any statute of limitations prescribing a longer period of time for commencing such a claim under law. This time limitation shall apply regardless of whether BKD performs other or subsequent services for You. A claim is understood to be a demand for money or services, demand for mediation, or the service of suit based on a breach of this contract or the acts or omissions of BKD in performing the services provided herein. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.

8. **Limitation of Liability.** You agree that BKD's liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of BKD or if enforcement of this provision is disallowed by applicable law or professional standards.

9. **Waiver of Certain Damages.** In no event shall BKD be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise.

10. **Severability.** If any portion of this contract is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this contract.

11. **Assignment.** You acknowledge and agree that the terms and conditions of this contract shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

12. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

13. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that BKD has no responsibility to maintain this information. You agree You will not rely on BKD to provide hosting, electronic security, or backup services, *e.g.*, business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from BKD's servers, *i.e.*, BKDconnect, can be terminated at any time and You will not rely on using this to host Your data and records.

14. **BKD Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, We may be requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, BKD will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information. In addition, You agree to compensate or reimburse BKD for all costs and expenses, including reasonable attorney's fees, associated with BKD's compliance with requests or demands for its workpapers or other information related to this engagement, and for any testimony required by summons or subpoena.

15. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

    Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes and supplementary information, as appropriate) are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

16. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Neither You, nor any of Your agents, will copy, electronically store, reproduce, or make available to anyone other than Your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

REGULATORY

17. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants ("AICPA"), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not apply to the extent necessary only to avoid such prohibition or impairment.

18. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor's report, or reference to Our firm, will not be included in any such offering document without notifying us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

    Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, "**BKD, LLP**, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. **BKD, LLP** also has not performed any procedures relating to this offering document."

19. **BKD Not a Municipal Advisor.** BKD is not acting as Your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to You and does not owe You a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such matters with internal or external advisors and experts You deem appropriate before acting on any such information or material provided by BKD.

TECHNOLOGY

20. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites.

21. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same

force and effect as manual signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in "portable document format" (".pdf") or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.

22. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

    You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to Our use of these electronic devices and applications during this engagement.

OTHER MATTERS

23. **Third-Party Service Providers.** BKD may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about You to third-party service providers in serving Your account. BKD maintains, however, internal policies, procedures, and safeguards to protect the confidentiality and security of Your information. In addition, BKD will secure confidentiality agreements with all service providers to maintain the confidentiality of Your information. If We are unable to secure an appropriate confidentiality agreement, You will be asked to consent prior to BKD sharing Your confidential information with the third-party service provider.

24. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to You.

25. **Use of BKD Name.** Any time You intend to reference BKD's firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.

26. **Praxity.** BKD is an independent accounting firm allowed to use the name "Praxity" in relation to its practice. BKD is not connected, however, by ownership with any other firm using the name "Praxity." BKD will be solely responsible for all work carried out on Your behalf. In deciding to engage BKD, You acknowledge that We have not represented to You that any other firm using the name "Praxity" will in any way be responsible for Our work.

27. **BKD Status as LLP.** BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of **BKD, LLP** have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, for any debts, obligations, or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract, or otherwise.

28. **Entire Agreement.** The contract, including this *Terms and Conditions Addendum* and any other attachments or addenda, encompasses the entire agreement between You and BKD and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and BKD.

29. **Force Majeure.** We shall not be held responsible for any failure to fulfill Our obligations if such failure was caused by circumstances beyond Our control.

BKD
CPAs & Advisors

14241 Dallas Parkway, Suite 1100 | Dallas, TX 75254-2961
972.702.8262 | Fax 972.702.0673 | bkd.com

March 24, 2021

Members of the Boards
Mr. Bob Kahn, General Manager
Ms. Lyndi Birkhead, Director of Finance and Support Services
Texas Municipal Power Agency
12824 FM 244 RD
Anderson, Texas 77830

We appreciate your selection of **BKD, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you **Unmatched Client Service**®.

In addition to the terms set forth in this contract, including the detailed **Scope of Services,** our engagement is governed by the following, incorporated fully by this reference:

- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached **Scope of Services,** our services will include the following:

Texas Municipal Power Agency Employee's Pension Plan

- Audit Services for the year ended September 30, 2021

Engagement Fees

Our fees will be $12,715.
Our pricing for this engagement and our fee structure is based upon the expectation that our invoices will be paid promptly. We will issue progress billings during our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10%.

Our engagement fee does not include any time for post-engagement consultation with your personnel or third parties, consent letters and related procedures for the use of our reports in offering documents, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our fees may also increase if our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards.

If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

Contract Agreement

Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

BKD, LLP

BKD, LLP

Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services[, HIPAA Business Associate Agreement** and **Terms and Conditions Addendum,** on behalf of **Texas Municipal Power Agency Employee's Pension Plan**.

CJS BY ______________________________
Bob Kahn, General Manager

DATE ______________________________

Scope of Services

The following apply for all services:

Assistance	Our timely completion of services depends on the assistance you provide us in accumulating information and responding to our inquiries. Inaccuracies or delays in providing this information or the responses may result in untimely filings or inability to meet other deadlines.
Responsibility for Outcomes	We may perform additional services for you that are not covered by this contract. You agree to assume full responsibility for the substantive outcomes of the contracted services and for any other services we may provide, including any findings that may result. You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management’s objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions. We understand you have designated (or will) a management-level individual to be responsible and accountable for overseeing the performance of these services, and you have determined (or will) this individual is qualified to conduct such oversight.
Performance of Nonattest Services – SEC & PCAOB	Our performance of certain nonattest services may not be permitted under the SEC and PCAOB independence rules, to which we are not currently subject. Accordingly, if we perform services that are not permitted under those rules, you would not be permitted to use our reports in a registration statement or other document requiring compliance with those rules. You agree to inform us promptly if you are considering any future public offering of securities, use of our reports to comply with the Investment Advisers Act custody rule, or other action that would necessitate our future compliance with the independence rules of the SEC and PCAOB.

Audit Services

We will audit the following financial statements and related notes to the financial statements for the following entity with the objective of expressing an opinion on the financial statements:

Texas Municipal Power Agency Employee's Pension Plan as of and for the period ended September 30, 2021

- Statement of fiduciary net position and related statements of changes in fiduciary net position

We will also provide you with the following nonattest services:

- Preparing a draft of the financial statements and related notes

Kevin Kemp, Partner is responsible for supervising the engagement and authorizing the signing of the report or reports.

The following apply for the audit services described above:

Our Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Limitations & Fraud

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to your preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and **BKD, LLP**.

Opinion

We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other matter paragraph(s), or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Management and, if applicable, those charged with governance acknowledge and understand their responsibility for the following:

- For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (or other basis if indicated in the contract)
- For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- To provide us with:
    - Access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters
    - Additional information that we may request for the purpose of the audit
    - Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence

Written Confirmations Required

As part of our audit process, we will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

Implementation of New Standards

Unless indicated in our contract, our services and related fees do not include substantive assistance beyond routine advice related to the adoption of new accounting and reporting standards. Should you require assistance, we will bill you at our standard hourly rates.

Assistance with Application of Standards

Transactions or changes in business may require you to apply existing standards differently each year, such as when business operations create new revenue streams, operations are discontinued, liquidity or operational challenges are encountered, business combinations are executed, etc. We welcome your questions throughout the year and are happy to provide general guidance and routine support; however, our engagement does not include substantive effort to assist you with applying standards to these circumstances, unless otherwise indicated in the contract.

BKD, LLP Terms and Conditions Addendum

GENERAL

1. **Overview.** This addendum describes **BKD, LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and **BKD, LLP**. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to **BKD, LLP** ("BKD"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent.

   We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

   Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four (4) years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.

4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay BKD for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of four (4) percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as software licensing, user access, and research tools, and similar expense items.

DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. Unless the parties agree otherwise, the American Arbitration Association ("AAA") will administer any such mediation in accordance with its Commercial Mediation Rules. The mediator will be selected by agreement of the parties. If We cannot agree, a mediator shall be designated by the AAA. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.

6. **Indemnification.** Unless disallowed by law or applicable professional standards, You agree to hold BKD harmless from any and all claims which arise from knowing misrepresentations to BKD, or the intentional withholding or concealment of information from BKD by Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. You also agree to indemnify BKD for any claims made against BKD by third parties, which arise from any wrongful actions of Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. The provisions of this paragraph shall apply regardless of the nature of the claim.

7. **Statute of Limitations.** You agree that any claim or legal action arising out of or related to this contract and the services provided hereunder shall be commenced no more than one (1) year from the date of delivery of the work product to You or the termination of the services described herein (whichever is earlier), regardless of any statute of limitations prescribing a longer period of time for commencing such a claim under law. This time limitation shall apply regardless of whether BKD performs other or subsequent services for You. A claim is understood to be a demand for money or services, demand for mediation, or the service of suit based on a breach of this contract or the acts or omissions of BKD in performing the services provided herein. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.

8. **Limitation of Liability.** You agree that BKD's liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of BKD or if enforcement of this provision is disallowed by applicable law or professional standards.

9. **Waiver of Certain Damages.** In no event shall BKD be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise.

10. **Severability.** If any portion of this contract is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this contract.

11. **Assignment.** You acknowledge and agree that the terms and conditions of this contract shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

12. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

13. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that BKD has no responsibility to maintain this information. You agree You will not rely on BKD to provide hosting, electronic security, or backup services, *e.g.*, business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from BKD's servers, *i.e.*, BKDconnect, can be terminated at any time and You will not rely on using this to host Your data and records.

14. **BKD Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, We may be requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, BKD will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information. In addition, You agree to compensate or reimburse BKD for all costs and expenses, including reasonable attorney's fees, associated with BKD's compliance with requests or demands for its workpapers or other information related to this engagement, and for any testimony required by summons or subpoena.

15. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

    Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes and supplementary information, as appropriate) are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

16. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Neither You, nor any of Your agents, will copy, electronically store, reproduce, or make available to anyone other than Your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

REGULATORY

17. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants ("AICPA"), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not apply to the extent necessary only to avoid such prohibition or impairment.

18. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor's report, or reference to Our firm, will not be included in any such offering document without notifying us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

    Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, "**BKD, LLP**, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. **BKD, LLP** also has not performed any procedures relating to this offering document."

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TECHNOLOGY

20. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites.

21. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an

original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in "portable document format" (".pdf") or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.

22. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

    You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to Our use of these electronic devices and applications during this engagement.

OTHER MATTERS

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24. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to You.

25. **Use of BKD Name.** Any time You intend to reference BKD's firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.

26. **Praxity.** BKD is an independent accounting firm allowed to use the name "Praxity" in relation to its practice. BKD is not connected, however, by ownership with any other firm using the name "Praxity." BKD will be solely responsible for all work carried out on Your behalf. In deciding to engage BKD, You acknowledge that We have not represented to You that any other firm using the name "Praxity" will in any way be responsible for Our work.

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28. **Entire Agreement.** The contract, including this *Terms and Conditions Addendum* and any other attachments or addenda, encompasses the entire agreement between You and BKD and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and BKD.

29. **Force Majeure.** We shall not be held responsible for any failure to fulfill Our obligations if such failure was caused by circumstances beyond Our control.

May 3, 2021

AGENDA ITEM NO. 7

SUBJECT: Discuss proposed financing plans relating to the Transmission System.

DISCUSSION: After reviewing the Transmission Capital Plan, as presented in the FY22 Budget Package, it became clear that the current capacity of the Revolving Note Program would not be sufficient over the next two years (31.1M of the $60M in capacity is currently outstanding, with $39M in additions projected in FY21 and FY22). To take advantage of low interest rates, a take-out of a portion of the outstanding Notes, combined with a refunding of the Series 2010 and Series 2017 bonds, was presented to the Financial Working Group and P&O Committee for consideration. After careful evaluation of multiple scenarios, the FWG arrived at a mutual agreement (30-year fixed rate bond; 5-year par call with 2-3.5% coupons; in the approximate amount of $200 million). The P&O Committee agreed with this plan.

The Revolving Notes Program will remain in place to fund future Transmission capital projects.

BACKUP MATERIAL: Summary of Takeout of a Portion of the 2020 Revolving Note Program & Estimated Savings from Refunding the Series 2010 & Series 2017 Bonds

ACTION REQUESTED: Recommendation to present this financing plan, as structured, to the Board.

Lyndi Birkhead
4/26/21

Texas Municipal Power Agency

Summary of

Takeout of a Portion of the 2020 Revolving Note Program

&

Estimated Savings from Refunding the Series 2010 & Series 2017 Bonds

April 21, 2021

SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

Overview of the Plan of Finance

- On November 24, 2020, TMPA entered into a Revolving Note with Bank of America and currently has outstanding $30 million on the Note for assets placed into service.
    - Total Note Capacity: $60 million
    - Amount Currently Outstanding: $31.1 million ($30 million is for assets in service)
    - Future Projected Note Draws: $39 million ($16m in FY21 & $23m in FY22)
- In addition, TMPA's existing bonds (Series 2010 & 2017) are currently callable at par.
- The proposed bonds will:
    - Takeout of a portion of the BofA Note ($30 million) representing the assets placed into service. The Notes would be financed into a long-term 30-year fixed rate bond.
    - Refund the outstanding Bonds for a lower interest rate and total savings of $76,050,024. The net present value savings are estimated to be $42,305,667 (or 23% of the refunded par amount).
    - At current interest rates, plus 25 basis points, the proposed bonds have an interest rate of 2.81% and will hold an optional redemption feature for the bonds to be prepaid/refinanced, at the option of TMPA, without penalty in 2026.

Proposed Series 2021 Bonds:
5-Year Par Call with 2.0%-3.5% Coupons

Projected Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
09/30/2021	2,075,000.00	2.000%	495,982.08	2,570,982.08	2,569,882.20
09/30/2022	7,170,000.00	2.000%	5,210,075.00	12,380,075.00	12,380,075.00
09/30/2023	7,300,000.00	2.000%	5,066,675.00	12,366,675.00	12,366,675.00
09/30/2024	7,450,000.00	2.000%	4,920,675.00	12,370,675.00	12,370,675.00
09/30/2025	7,600,000.00	2.000%	4,771,675.00	12,371,675.00	12,371,675.00
09/30/2026	7,755,000.00	2.000%	4,619,675.00	12,374,675.00	12,374,675.00
09/30/2027	7,910,000.00	2.000%	4,464,575.00	12,374,575.00	12,374,575.00
09/30/2028	8,065,000.00	2.000%	4,306,375.00	12,371,375.00	12,371,375.00
09/30/2029	8,225,000.00	2.000%	4,145,075.00	12,370,075.00	12,370,075.00
09/30/2030	8,390,000.00	2.100%	3,980,575.00	12,370,575.00	12,370,575.00
09/30/2031	8,570,000.00	2.250%	3,804,385.00	12,374,385.00	12,374,385.00
09/30/2032	8,760,000.00	2.400%	3,611,560.00	12,371,560.00	12,371,560.00
09/30/2033	8,975,000.00	2.500%	3,401,320.00	12,376,320.00	12,376,320.00
09/30/2034	9,195,000.00	2.650%	3,176,945.00	12,371,945.00	12,371,945.00
09/30/2035	9,440,000.00	2.750%	2,933,277.50	12,373,277.50	12,373,277.50
09/30/2036	9,695,000.00	2.850%	2,673,677.50	12,368,677.50	12,368,677.50
09/30/2037	9,970,000.00	3.000%	2,397,370.00	12,367,370.00	12,367,370.00
09/30/2038	10,270,000.00	3.100%	2,098,270.00	12,368,270.00	12,368,270.00
09/30/2039	10,590,000.00	3.150%	1,779,900.00	12,369,900.00	12,369,900.00
09/30/2040	10,930,000.00	3.250%	1,446,315.00	12,376,315.00	12,376,315.00
09/30/2041	3,290,000.00	3.350%	1,091,090.00	4,381,090.00	4,381,090.00
09/30/2042	3,395,000.00	3.500%	980,875.00	4,375,875.00	4,375,875.00
09/30/2043	3,520,000.00	3.500%	862,050.00	4,382,050.00	4,382,050.00
09/30/2044	3,640,000.00	3.500%	738,850.00	4,378,850.00	4,378,850.00
09/30/2045	3,775,000.00	3.500%	611,450.00	4,386,450.00	4,386,450.00
09/30/2046	3,900,000.00	3.500%	479,325.00	4,379,325.00	4,379,325.00
09/30/2047	4,035,000.00	3.500%	342,825.00	4,377,825.00	4,377,825.00
09/30/2048	1,365,000.00	3.500%	201,600.00	1,566,600.00	1,566,600.00
09/30/2049	1,415,000.00	3.500%	153,825.00	1,568,825.00	1,568,825.00
09/30/2050	1,465,000.00	3.500%	104,300.00	1,569,300.00	1,569,300.00
09/30/2051	1,515,000.00	3.500%	53,025.00	1,568,025.00	1,568,025.00
Total	**$199,650,000.00**	**-**	**$74,923,592.08**	**$274,573,592.08**	**$274,572,492.20**

Estimated TIC: 2.81%

SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

Proposed Series 2021 Bonds (Aggregate Proposed Debt Service) [(1)]: 5-Year Par Call with 2.0%-3.5% Coupons

		Less:	*Plus [(2)]:*	*Aggregate Proposed Series 2021 D/S*				*Aggregate*
Year	Total Existing Debt Service	Refunded Debt Service	Refunded Accrued Interest	Principal	Coupon	TIC: 2.81% Interest	Total D/S	Total Projected Debt Service
2021	$13,622,725	($9,101,363)	$3,800,000	$ 2,075,000	2.00%	$495,982	$2,570,982	$10,892,345
2022	13,623,725	(13,623,725)	-	7,170,000	2.00%	5,210,075	12,380,075	12,380,075
2023	13,618,225	(13,618,225)	-	7,300,000	2.00%	5,066,675	12,366,675	12,366,675
2024	13,620,975	(13,620,975)	-	7,450,000	2.00%	4,920,675	12,370,675	12,370,675
2025	13,620,975	(13,620,975)	-	7,600,000	2.00%	4,771,675	12,371,675	12,371,675
2026	13,620,025	(13,620,025)	-	7,755,000	2.00%	4,619,675	12,374,675	12,374,675
2027	13,619,775	(13,619,775)	-	7,910,000	2.00%	4,464,575	12,374,575	12,374,575
2028	13,620,025	(13,620,025)	-	8,065,000	2.00%	4,306,375	12,371,375	12,371,375
2029	13,620,025	(13,620,025)	-	8,225,000	2.00%	4,145,075	12,370,075	12,370,075
2030	13,619,025	(13,619,025)	-	8,390,000	2.10%	3,980,575	12,370,575	12,370,575
2031	13,619,850	(13,619,850)	-	8,570,000	2.25%	3,804,385	12,374,385	12,374,385
2032	13,620,250	(13,620,250)	-	8,760,000	2.40%	3,611,560	12,371,560	12,371,560
2033	13,623,750	(13,623,750)	-	8,975,000	2.50%	3,401,320	12,376,320	12,376,320
2034	13,622,750	(13,622,750)	-	9,195,000	2.65%	3,176,945	12,371,945	12,371,945
2035	13,621,500	(13,621,500)	-	9,440,000	2.75%	2,933,278	12,373,278	12,373,278
2036	13,619,000	(13,619,000)	-	9,695,000	2.85%	2,673,678	12,368,678	12,368,678
2037	13,619,250	(13,619,250)	-	9,970,000	3.00%	2,397,370	12,367,370	12,367,370
2038	13,616,000	(13,616,000)	-	10,270,000	3.10%	2,098,270	12,368,270	12,368,270
2039	13,618,250	(13,618,250)	-	10,590,000	3.15%	1,779,900	12,369,900	12,369,900
2040	13,619,500	(13,619,500)	-	10,930,000	3.25%	1,446,315	12,376,315	12,376,315
2041	5,628,500	(5,628,500)	-	3,290,000	3.35%	1,091,090	4,381,090	4,381,090
2042	5,628,500	(5,628,500)	-	3,395,000	3.50%	980,875	4,375,875	4,375,875
2043	5,628,500	(5,628,500)	-	3,520,000	3.50%	862,050	4,382,050	4,382,050
2044	5,628,000	(5,628,000)	-	3,640,000	3.50%	738,850	4,378,850	4,378,850
2045	5,631,500	(5,631,500)	-	3,775,000	3.50%	611,450	4,386,450	4,386,450
2046	5,628,250	(5,628,250)	-	3,900,000	3.50%	479,325	4,379,325	4,379,325
2047	5,628,000	(5,628,000)	-	4,035,000	3.50%	342,825	4,377,825	4,377,825
2048	-	-	-	1,365,000	3.50%	201,600	1,566,600	1,566,600
2049	-	-	-	1,415,000	3.50%	153,825	1,568,825	1,568,825
2050	-	-	-	1,465,000	3.50%	104,300	1,569,300	1,569,300
2051	-	-	-	1,515,000	3.50%	53,025	1,568,025	1,568,025
Total	$311,806,850	($307,285,488)	$3,800,000	$ 199,650,000		$ 74,923,592	$ 274,573,592	$282,894,955

Assumptions:

[(1)] Current interest rates at market **plus 25bps** as of April 12, 2021.

Denotes callable maturities.

[(2)] Represents accrued interest on the Refunded Bonds from the 3/1/2021 payment to July 2021 closing.

SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

Proposed Series 2021 Bonds (Refunding Portion Only): Estimated Savings from the Refunding

Texas Municipal Power Agency

Refunded Obligations

Issue	Maturities	Interest Rate	Amount	Callable
2010 Bonds	2021-2040	4.00%-5.00%	$100,130,000	Currently Callable
2017 Bonds	2021-2047	5.000%	$82,435,000	Currently Callable

Summary of Results

Par Amount of Refunding Bonds	$169,675,000
Est. True Interest Cost (TIC)	2.73%
Total Debt Service Savings	***$ 76,050,024***
Net Present Value Savings ($)	***$ 42,305,667***
Net Present Value Savings (%)	***23.173%***

Note: Interest Rates as of April 12, 2021, plus 25 basis points.
Includes estimated $12,240,710.71 release from Prior DSRF.
Reserve Requirement on the Proposed Bonds funded with a Surety.

(1) Represents accrued interest on the Refunded Bonds from the 3/1/2021 payment to July 2021 closing.

Projected Annual Savings

	A	B	C	D
FYE 9/30	Existing D/S	Less: Existing D/S Funds Contributed at Closing [(1)]	Post-Ref. Net D/S	Savings
2021	$ 13,622,725	$ (3,800,000)	$ 7,003,874	**$ 2,818,851**
2022	13,623,725	-	10,809,740	**2,813,985**
2023	13,618,225	-	10,800,040	**2,818,185**
2024	13,620,975	-	10,802,940	**2,818,035**
2025	13,620,975	-	10,803,140	**2,817,835**
2026	13,620,025	-	10,805,640	**2,814,385**
2027	13,619,775	-	10,805,340	**2,814,435**
2028	13,620,025	-	10,802,240	**2,817,785**
2029	13,620,025	-	10,801,340	**2,818,685**
2030	13,619,025	-	10,802,540	**2,816,485**
2031	13,619,850	-	10,803,150	**2,816,700**
2032	13,620,250	-	10,803,775	**2,816,475**
2033	13,623,750	-	10,808,575	**2,815,175**
2034	13,622,750	-	10,805,575	**2,817,175**
2035	13,621,500	-	10,805,095	**2,816,405**
2036	13,619,000	-	10,800,245	**2,818,755**
2037	13,619,250	-	10,800,300	**2,818,950**
2038	13,616,000	-	10,799,700	**2,816,300**
2039	13,618,250	-	10,801,710	**2,816,540**
2040	13,619,500	-	10,804,940	**2,814,560**
2041	5,628,500	-	2,813,678	**2,814,823**
2042	5,628,500	-	2,809,475	**2,819,025**
2043	5,628,500	-	2,814,500	**2,814,000**
2044	5,628,000	-	2,811,550	**2,816,450**
2045	5,631,500	-	2,815,800	**2,815,700**
2046	5,628,250	-	2,811,900	**2,816,350**
2047	5,628,000	-	2,810,025	**2,817,975**
	$ 311,806,850	$ (3,800,000)	$ 231,956,826	**$ 76,050,024**

SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

Proposed Series 2021 Bonds (CP Takeout Portion Only): Estimated – Subject to Change

Estimated Net Debt Service (Portion Related to the CP Takeout Only)

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
09/30/2021	-	-	83,614.97	83,614.97	83,614.97
09/30/2022	685,000.00	2.000%	885,335.00	1,570,335.00	1,570,335.00
09/30/2023	695,000.00	2.000%	871,635.00	1,566,635.00	1,566,635.00
09/30/2024	710,000.00	2.000%	857,735.00	1,567,735.00	1,567,735.00
09/30/2025	725,000.00	2.000%	843,535.00	1,568,535.00	1,568,535.00
09/30/2026	740,000.00	2.000%	829,035.00	1,569,035.00	1,569,035.00
09/30/2027	755,000.00	2.000%	814,235.00	1,569,235.00	1,569,235.00
09/30/2028	770,000.00	2.000%	799,135.00	1,569,135.00	1,569,135.00
09/30/2029	785,000.00	2.000%	783,735.00	1,568,735.00	1,568,735.00
09/30/2030	800,000.00	2.100%	768,035.00	1,568,035.00	1,568,035.00
09/30/2031	820,000.00	2.250%	751,235.00	1,571,235.00	1,571,235.00
09/30/2032	835,000.00	2.400%	732,785.00	1,567,785.00	1,567,785.00
09/30/2033	855,000.00	2.500%	712,745.00	1,567,745.00	1,567,745.00
09/30/2034	875,000.00	2.650%	691,370.00	1,566,370.00	1,566,370.00
09/30/2035	900,000.00	2.750%	668,182.50	1,568,182.50	1,568,182.50
09/30/2036	925,000.00	2.850%	643,432.50	1,568,432.50	1,568,432.50
09/30/2037	950,000.00	3.000%	617,070.00	1,567,070.00	1,567,070.00
09/30/2038	980,000.00	3.100%	588,570.00	1,568,570.00	1,568,570.00
09/30/2039	1,010,000.00	3.150%	558,190.00	1,568,190.00	1,568,190.00
09/30/2040	1,045,000.00	3.250%	526,375.00	1,571,375.00	1,571,375.00
09/30/2041	1,075,000.00	3.350%	492,412.50	1,567,412.50	1,567,412.50
09/30/2042	1,110,000.00	3.500%	456,400.00	1,566,400.00	1,566,400.00
09/30/2043	1,150,000.00	3.500%	417,550.00	1,567,550.00	1,567,550.00
09/30/2044	1,190,000.00	3.500%	377,300.00	1,567,300.00	1,567,300.00
09/30/2045	1,235,000.00	3.500%	335,650.00	1,570,650.00	1,570,650.00
09/30/2046	1,275,000.00	3.500%	292,425.00	1,567,425.00	1,567,425.00
09/30/2047	1,320,000.00	3.500%	247,800.00	1,567,800.00	1,567,800.00
09/30/2048	1,365,000.00	3.500%	201,600.00	1,566,600.00	1,566,600.00
09/30/2049	1,415,000.00	3.500%	153,825.00	1,568,825.00	1,568,825.00
09/30/2050	1,465,000.00	3.500%	104,300.00	1,569,300.00	1,569,300.00
09/30/2051	1,515,000.00	3.500%	53,025.00	1,568,025.00	1,568,025.00
Total	**$29,975,000.00**	-	**$17,158,272.47**	**$47,133,272.47**	**$47,133,272.47**

Estimated TIC: 3.15%

SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

Proposed Series 2021 Bonds: Sources and Uses of Funds

Total Sources of Funds	
Par Amount of Bonds	$199,650,000
Reoffering Premium	3,037,500
Transfers from Prior Issue Bond Funds (1)	3,800,000
Transfers from Prior Issue DSR Funds (2)	12,240,711
Total Sources	**$218,728,211**
Total Uses of Funds	
Est. Underwriter's Discount	$1,397,550
Est. Issuance Costs	650,000
Surety Bond	296,521
Takeout of BofA Note	30,000,000
Deposit to Current Refunding Fund	186,383,039
Miscellaneous / Rounding	1,100
Total Uses	**$218,728,211**

Footnotes:

(1) Represents accrued interest on the Refunded Bonds from the 3/1/2021 payment to July 2021 closing.

(2) Existing Debt Service Reserve Fund Balance on the Series 2010 & Series 2017 Bonds. As of 3/31/21, Series 2010 reserve had $8,228,996.02 and the Series 2017 reserve had $4,011,714.69.

Proposed Series 2021 Bonds:
Financing Timeline

April						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

July						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Denotes TMPA P&O and TMPA Board Meeting Date

Denotes Closing Date

Date:	Event:
Wednesday, April 21, 2021	**TMPA P&O Meeting** – Specialized Public Finance Inc. ("SPFI") to provide an overview of the proposed plan of finance.
Week of: Monday, May 24, 2021	Distribute the Preliminary Official Statement ("POS") for comments. SPFI requests ratings from S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch"). SPFI will solicit insurance premium quotes for bond insurance on the transaction.
Friday, June 4, 2021	Distribute second draft of the bond documents and POS.
Week of: Monday, June 7, 2021	Rating call with S&P and Fitch.
Thursday, June 10, 2021	***Board Meeting* - *Parameters Sale*** The Board will consider an Order authorizing a Parameters Sale of the Bonds.
Monday, June 21, 2021	Receive credit ratings from S&P and Fitch. Receive insurance and surety bond bids from bond insurance companies, if any. SPFI posts the POS for review by potential investors.
Tuesday, June 29, 2021	***Negotiate Bond Pricing* -** *Interest Rates on the Bonds are negotiated between SPFI and the Underwriters.*
Tuesday, July 27, 2021	***Closing*** – Bond proceeds are deposited to the escrow fund.

May 3, 2021

AGENDA ITEM NO. 8

SUBJECT: Discuss future meeting dates and topics.

DISCUSSION: The next regular Audit and Budget Committee meeting is scheduled for the morning of December 9, 2021, prior to the December Board meeting in Garland. The typical agenda items for this meeting are:

- Annual review of audit services commissioned by the Committee
- Receive Annual Ethics Program update
- Review the FY21 audited financial statements

BACKUP MATERIAL: None.

ACTION REQUESTED: None.

Lyndi Birkhead
4/26/21