TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING

CAMBRIA HOTEL RICHARDSON
3605 SHIRE BLVD.
RICHARDSON, TEXAS

THURSDAY, June 10, 2021
9:30 AM

Preliminary matters:

- Call to order
- Public comments

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

1. Committee Reports

   A. Audit and Budget Committee report relating to the results of the May 3, 2021 Committee meeting.

2. Consent Agenda Items:

   A. Consider approval of meeting minutes of the February 11, 2021 and March 26, 2021 Board of Directors meetings.

3. Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of June 9, 2021.

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

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

6. FY21 Second Quarter Budget Status Report.

7. FY22 Annual Budgets, including FY22 Budget Package

   - Resolution No. 2021-6-1, adopting a Generation budget for FY22
   - Resolution No. 2021-6-2, adopting a Mine budget for FY22
   - Resolution No. 2021-6-3, adopting a Transmission budget for FY22

8. FY22 Rates and Charges
   - Resolution No. 2021-6-4, establishing Generation charges for FY22
   - Resolution No. 2021-6-5, establishing Mine charges for FY22

9. Resolution No. 2021-6-6, adopting and approving an Annual Transmission System Capital Budget for the Agency for the Fiscal Year October 1, 2021 through September 30, 2022; and resolving matters incidental and related thereto.

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

11. Resolution No. 2021-6-7, amending the FY2021 Annual Transmission System Capital Budget by appropriating funds for the Masch Branch to Denton North Transmission Line Reroute Project; and resolving matters incidental and related thereto.

12. Resolution No. 2021-6-8, amending the FY2021 Annual Transmission System Capital Budget by appropriating funds for the Pruitt 138 kV Terminal Addition Project; and resolving matters incidental and related thereto.

13. Resolution No. 2021-06-9, by the Board of Directors of the Texas Municipal Power Agency relating to the authorization and issuance of Texas Municipal Power Agency Transmission System Revenue Refunding Bonds; providing the terms, conditions, and specifications for such Bonds; confirming the establishment of the Agency's transmission revenue financing program; declaring such Bonds to constitute Transmission Debt of the Agency; pledging certain revenues of the Agency in payment of such obligations and interest thereon; and resolving other matters incident and related thereto.

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

    A. Real property matters - Update regarding the status of the marketing effort to sell the mine and the strategy going forward to market and consider offers to purchase the mine. (value of real property under Section 551.072, Government Code, and legal advice under Section 551.071, Government Code.)

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

15. Resolution No. 2021-6-10, authorizing the renewal of the lease for office space for the principal office of the Agency in the City of Bryan, Texas; and resolving matters incidental and related thereto.

16. Future Meeting Dates.

17. Adjourn.

June 10, 2021

AGENDA ITEM NO. 1

SUBJECT: Committee Reports

- Audit and Budget Committee report relating to the results of the May 3, 2021 Committee meeting.

BACKUP MATERIAL:

- Audit and Budget Committee meeting package can be viewed on the Board's secure website in the May 3, 2021 Board Meeting folder.

June 10, 2021

AGENDA ITEM NO. 2

SUBJECT: Consent Agenda Items

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

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

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

BACKUP MATERIAL:

Consent Agenda Item(s):

A. Consider approval of meeting minutes of the February 11, 2021 and March 26, 2021 Board of Directors meetings.

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

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING MINUTES

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

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

THURSDAY, February 11, 2021
10:00 AM

President Harting called the meeting to order at 10:03 AM.

The following people were present at the meeting.

Board Members:

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

Staff:

Bob Kahn, Craig York, Lyndi Birkhead, Jan Horbaczewski, Daniel Meadows, and Tracy Stracener

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller, Doug Lyles, and Joe Hegwood – BTU
Terry Naulty, Mark Zimmerer, Jerry Fielder, and Antonio Puente – Denton Municipal Electric
Jeff Janke, Tom Hancock, Steve Martin, and Darrell Cline – Garland Power & Light
Alicia Hooks and Cliff Copeland – GEUS
Steven Adams - SPFI
Eric Hersh
Lee Rodriquez
Tim Walton

Public Comments:

Ms. Harting asked for comments from the public. There were none.

1. **Consent Agenda Items:**

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

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

Motion carried; voting as follows:

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

2. Executive Session.

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

The open session was recessed, and the executive session was called to order by Ms. Harting at 10:07 AM.

The open session resumed at approximately 10:25 AM.

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

An update was provided by Mrs. Hooks.

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

An update was provided by Mr. Horbaczewski.

5. Ms. Harting thanked Mr. York for his years of service to TMPA.

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

An update was provided by Mr. York.

7. Status report relating to the Decommissioning Plan.

An update was provided by Mr. York.

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

Mr. Jefferies moved, seconded by Mr. Ratliff, approval of resolution no. 2021-2-1.

Motion carried; voting as follows:

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

9. FY21 First Quarter Budget Updates.

An update was provided by Mrs. Birkhead.

10. FY22 Budget Plan.

An update was provided by Mrs. Birkhead.

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

Mr. Ratliff moved, seconded by Mr. Cheek, approval of resolution no. 2021-2-2.

Motion carried; voting as follows:

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

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

An update was provided by Mr. Martin.

13. Executive Session.

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

The open session was recessed, and the executive session was called to order by Ms. Harting at 10:53 AM.

The open session resumed at approximately 11:00 AM.

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

Mr. Cheek moved, seconded by Mr. Watts, approval of resolution no. 2021-2-3.

Motion carried; voting as follows:

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

15. Future meeting dates and subjects.

By general consensus of the Board, the next Board meeting is tentatively set for June 10, 2021. A determination to have a Zoom or in person meeting will be made at a later date.

16. Adjourn.

By general consensus of the Board, the meeting adjourned at approximately 11:02 AM.

Tracy Stracener
Assistant Secretary
TMPA Board of Directors

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING MINUTES

VIA VIDEO CONFERENCE CALL

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

https://us02web.zoom.us/meeting/register/tZckd-mhqD4jGNazmjiAOvisHwKizEQDrtTF

FRIDAY, March 26, 2021
10:00 AM

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

The following people were present at the meeting.

Board Members:

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

Staff:

Bob Kahn and Tracy Stracener

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller and Doug Lyles – BTU
Terry Naulty, and Antonio Puente – Denton Municipal Electric
Jeff Janke and Steve Martin – Garland Power & Light
Alicia Hooks – GEUS
Brian Beck
Erica Contreras

Public Comments:

Ms. Harting asked for comments from the public. There were none.

1. Executive Session.

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

The open session was recessed, and the executive session was called to order by Ms. Harting at 10:01 AM.

The open session resumed at approximately 10:18 AM.

2. Resolution No. 2021-3-1, authorizing an amendment to the General Manager Agreement; approving a secondary employment of the General Manager; and resolving matters incidental and related thereto.

Mr. Jefferies moved, seconded by Mr. Simank, approval of resolution no. 2021-3-1, provided that the approval of the secondary employment remain in duration only until the September 9, 2021 Board of Directors meeting.

Motion carried; voting as follows:

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

15. Future meeting dates and subjects.

By general consensus of the Board, the next Board meeting is tentatively set for June 10, 2021 in Garland.

16. Adjourn.

By general consensus of the Board, the meeting adjourned at approximately 10:22 AM.

Tracy Stracener
Assistant Secretary
TMPA Board of Directors

June 10, 2021

AGENDA ITEM NO. 3

SUBJECT: Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of June 9, 2021.

DISCUSSION: The P&O Committee Chair will present major discussion topics and action items taken at the June 9, 2021 P&O Committee meeting.

BACKUP MATERIAL: None.

ACTION REQUESTED: Discussion.

June 10, 2021

AGENDA ITEM NO. 4

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

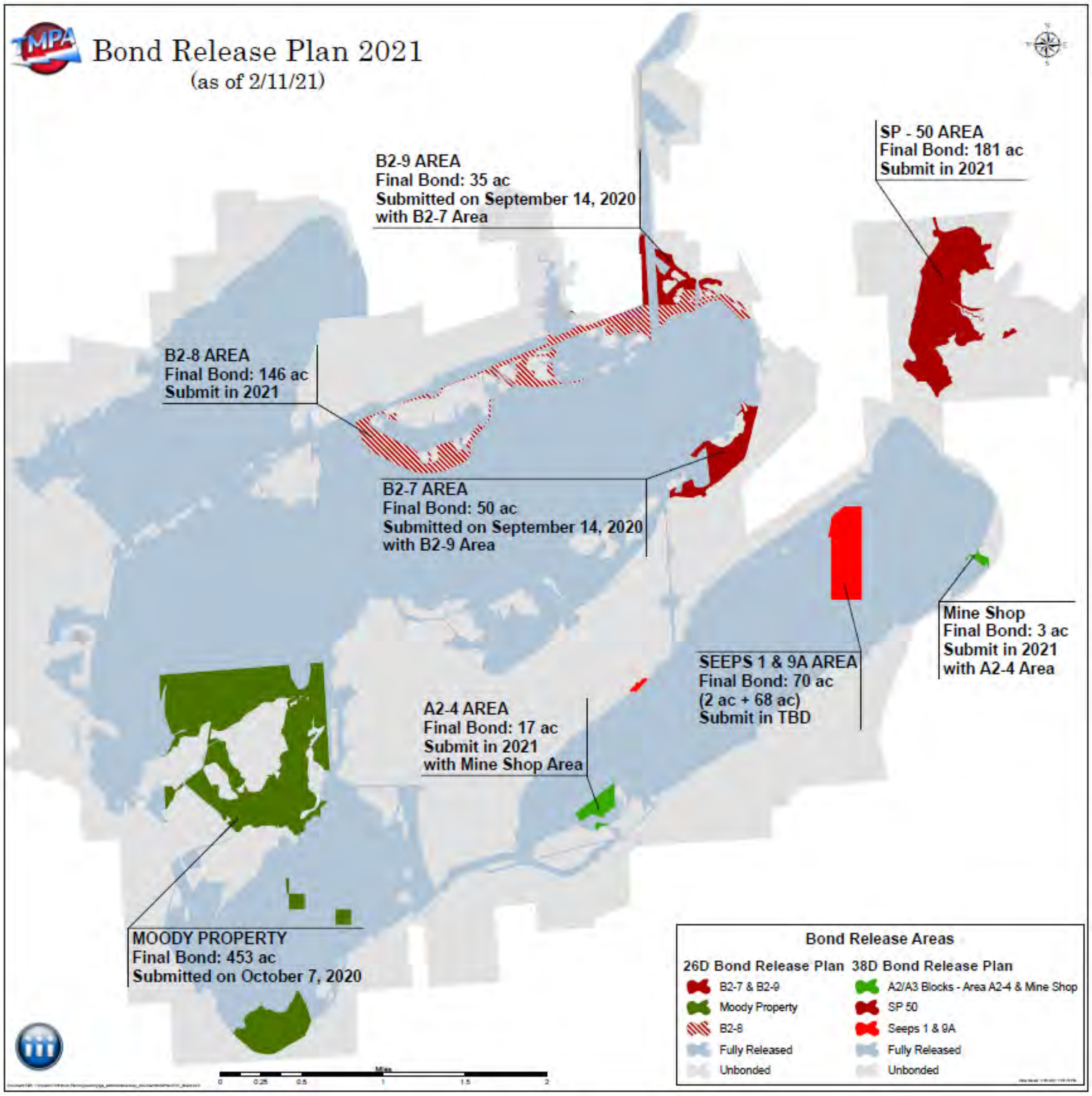
DISCUSSION:

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

Table 1 – Plan and Status of Final Bond Release (as of 05/26/21)

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 01/15/13
38D – Rev. 14 (map adjustments)	295	257	38	Approved 07/31/13
26D – Rev. 21 (map adjustments)	254	212	42	Approved 12/8/14
26D – Falco + Ciesielski property	111	0	111	Released 08/25/15
38D – Rail spur (Permit 38D part)	55	55	0	Released 10/20/15
38D – Rev. 35 (map adjustments)	111	82	29	Approved 02/7/17
26D – Rev. 40 (map adjustments)	3	3	0	Approved 02/23/18
26D – Kolbachinski property	7	0	7	Released 02/27/18
26D – Rail spur (Permit 26D part)	131	131	0	Released 06/5/18
38D – A2/A3 Blocks (core area)	971	957	14	Approved 06/18/19
26D – "Big" application	4,293	4,045	248	Released 01/14/20
38D – A2/A3 Blocks (Peripheral Area), including Phase I and II release of Pond SP-50 area	554	544	10	Released 01/26/21
Total Released	**7,858 ac (89% of total)**	**6,703 ac (93% of TMPA land)**	**1,155 ac (72% of 3rd parties' land)**	
26D – Area B2-7 + B2-9	**85**	**85**	**0**	**Submitted 09/14/20**
26D – Moody property	**453**	**0**	**453**	**Submitted 10/7/20**
26D – Area B2-8	146	146	0	Submit Spring 2021
38D – A2/A3 Blocks – Area A2-4 (17 ac) + Mine Shop (3 ac) + Pond SP-50 (181 ac)	201	201	0	Submit Summer 2021
38D – Seep buffer areas	48	48	0	Submit Spring 2022
38D – Seeps 1 and 9A	22	22	0	Submit – TBD
Sub-Total Remaining	**955**	**502**	**453**	
TOTAL (both permits)	**8,813**	**7,205**	**1,608**	

Figure 1 – Status of Bond Release (as of 05/26/21)



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

As of 05/26/21, the remaining bonded acreage on the 10, 611-acre TMPA property proposed for sale (i.e., not including the Pond SP-50 area) is down to 321 acres (3%). Thus, 97% of the sale area is completely unencumbered by reclamation requirements.

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

TMPA filed a bond release application for Areas B2-7 and B2-9 (85.1 acres) on 09/14/20 and the area was inspected by the Railroad Commission on 10/14/20. Staff transmitted the application to the Hearings Division where it was assigned a Docket number on 05/17/21. The Administrative Law

Judge approved the proposed Public Notice and publication in the *Navasota Examiner* will start on 06/9/21 and end on 06/30/21.

All this land is on TMPA property. Once approved, this will reduce the bonded acreage on TMPA property proposed for sale by 85 acres (another 1% of the 10,611 acres proposed for sale, bringing the total unencumbered by reclamation requirements to 98%).

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

This is the last bonded area that is not owned by TMPA (shown in dark green on Figure 1). TMPA submitted a bond release application for this area on 10/7/20 and the area was inspected by the Commission on 11/4/20. Staff issued a comment letter on 12/17/20 requesting updated surface water monitoring data for the four ponds on the Moody property. TMPA sampled the ponds and submitted the laboratory data on 03/30/21 as Supplement 2 to the application. Staff transmitted the application to the Hearings Division where it was assigned a Docket number on 04/16/21. The Administrative Law Judge approved the proposed Public Notice and publication in the *Navasota Examiner* will start on 06/2/21 and end on 06/23/21.

An outstanding issue that could hold up bond release is a minor leak at the principal spillway of Pond 14 on the Moody Property. TMPA prepared a plan for resolving this issue and is implementing it. Phase I involved the lowering of the water level in Pond 14 to enable the repairs to be done under relatively dry conditions. TMPA started this phase on 05/4/21. Phase 2 will consist of pouring concrete to seal the leak at the gate valve in the concrete riser. It is projected that this will be completed in early June 2021 (depending on rainfall in the meantime). Phase 3 will consist of submitting an engineer's certification of completion to the Commission.

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

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

Cancelation of Permit 26D

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

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

The total of bonded areas remaining in Permit 38D (i.e., south of Gibbons Creek) is 271 acres. These include 201 acres proposed for bond release in Summer 2021 – the Pond SP-50 area (181 acres), Area A2-4 (17 acres) and the Mine Reclamation Shop area (3 acres). An application for the release of these areas is in preparation.

The last 70 acres of bonded land consist of the Mine Acid Seep areas.

Mine Acid Seep Areas (70 acres)

The Mine Acid Seep Areas consist of Seeps 1A and 9A themselves (22 acres) and a buffer area of 48 acres around Seep 9A. TMPA is currently remediating the Seep 9A buffer area (48 acres) and plans to submit it for bond release in Spring 2022.

The seeps themselves (22 acres) will probably remain bonded for an indeterminate period because they require an agreement with the Railroad Commission and the federal Office of Surface Mining on how bonding is to be released on such areas. These regulatory authorities do not currently have an established process for this. TMPA has developed a plan for trying to resolve this matter.

The first step has been to reduce the flow of the seeps by reducing the hydrostatic pressure driving them. The concept of lowering End Lake A3P-1 was discussed at a meeting on 02/15/19. Engineering designs were prepared and modifications to the spillway completed in December 2020. The water level in the end lake is now 4½ feet lower. TMPA is monitoring the level of the water-table in the spoil at Well MA3S6 and in the Seep 9A area at Wells PZ-1 through PZ-4 (Figure 2).

Figure 2 – Aerial view of Seep 9A Project (as of 05/26/21)

The data from these wells and from the seeps themselves is being compiled into a report for discussion at a proposed site meeting with the Railroad Commission in Fall 2021.

Agricultural Land Use Tax Valuation

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

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

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

Pond SP-50 Tree Project

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

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

Archeological Exhibit

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

Geological boring data

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

BACKUP MATERIAL: None

ACTION REQUESTED: None

Jan K. Horbaczewski
05/26/2021

Jan K. Horbaczewski

June 10, 2021

AGENDA ITEM NO. 5

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

DISCUSSION:

On February 10, 2021, the sale of GCSES and Gibbons Creek Reservoir to Gibbons Creek Environmental Redevelopment Group LLC (GCERG) was finalized. At the time of the sale, the makeup of the Power Production department and regulatory compliance changed significantly. The former Agenda Items covering Plant Decommissioning and Environmental and Regulatory Compliance have been combined into this Agenda Item No. 5. Several discussion items related to TMPA's environmental compliance program, such as Title V, TPDES permit, CCR Rule, and leachate treatment are no longer valid due to the sale of Gibbons Creek to GCERG and have been removed from this agenda item.

Compliance Staffing:

Once the sale was finalized, three Power Production positions, along with one Co-Op position, were eliminated. There is one remaining staff position to manage the variety of compliance filing coordination and environmental remediation oversight. Daniel's position as a Technical Manager will be retained in the FY22 budget as TMPA anticipates technical issues and land matters arising after the release of Power Production staffing and the retirement of the Mine Department employees.

Generation Compliance:

TMPA and GCERG have collaborated to transfer permits as well as present and future environmental compliance responsibilities related to GCSES. With exception of the natural gas pipeline permit which has been with the Railroad Commission of Texas since early April, all environmental compliance permits have been transferred. See permit transfer table below.

TMPA has completed the 2020 year end regulatory filings for which we were responsible. Staff is confirming final severance of responsibility from TCEQ and the EPA for each regulatory program as well as ensuring that GCERG has successfully made the next round of regulatory filings.

In March 2021 in the bi-weekly Board updates, Staff reported a selenium excursion at the Ash Pond discharge (Outfall 001). TMPA and GCERG have completed the investigation, communicated with TCEQ, and filed the necessary regulatory reports. We have not received anything further from TCEQ and do not expect action from TCEQ, particularly any action directed toward TMPA.

Permit to Transfer to GCERG	Transfer/Termination Complete
TPDES Wastewater Permit WQ0002120000, EPA ID TX0074438	18-Mar-2021
Stormwater Authorization for MSGP, TXR05DL93	10-Mar-2021
Gibbons Creek Reservoir Dam TX04634	26-Mar-2021
Water Rights – GCR Scalping – ADJ 5307	14-May-2021
Water Rights – GCR - ADJ 5311	14-May-2021
Radioactive Material License L02913	19-Apr-2021
Solid Waste Registration 32271	25-Mar-2021
Air Permits – various NSR Permits	16-Feb-2021
Air Permit – Title V Permit O83	15-April-2021
Gas Pipeline	Pending; paperwork submitted to the Railroad Commission on 4/2/2021
Elevator	No action required

Remediation and Demolition of Gibbons Creek

While GCERG has made progress in the four months since the sale closed and are tracking sufficiently with the APA schedule, there has not been a lot of physical progress to date. The first three months were focused on mobilization, issuing contracts, transferring permits, and developing work plans. In the month of May however, remediation and demolition activities have begun in earnest. Staff will provide photos of the progress in the bi-weekly updates.

Recent Accomplishments

- Disconnection of Gibbons Creek plant from the switchyard
- Installation and startup of the leachate treatment system at Site A Landfill
- Mobilization and commencement of work for the boiler demolition contractor and the CCR remediation contractor

Upcoming Major Activities

- Implosion of the boiler structure scheduled for mid-to-late July. Note: Staff is currently investigating the potential impact of the implosion to the Gibbons Creek Switchyard.
- Material removal from the Scrubber Sludge Pond and Ash Pond C to Site F Landfill

TMPA and the Environmental Designee (Schultz Engineering) regularly monitor the progress of GCERG's work as follows:

Environmental Designee Monthly Oversight Process:

- TMPA and Schultz Engineering each visit Gibbons Creek at least once per week to observe and document the activities and discuss upcoming work.
- TMPA, Schultz, and GCERG conduct weekly meetings to discuss upcoming work and performance to the APA schedule.
- GCERG submits a monthly progress report to Schultz and TMPA five business days prior to the scheduled Escrow Payment date on the 10th of the month. The most recent report from GCERG for April 2021 (dated May 3, 2021) is included with this agenda item.

- Schultz and TMPA review the monthly report and compare the contents to our internal notes and assessments. Schultz performs an independent calculation of the completion percentage compared to the APA schedule.
- Schultz communicates and discusses discrepancies, if any, to GCERG.
- Schultz submits a “no objection” letter to the Escrow Agent if the overall progress is on schedule.
- The Escrow Agent releases payment.

On 2/11/21, TMPA executed a purchase order for the Environmental Designee to Schultz Engineering LLC for remediation action oversight of GCERG (Gibbons Creek Environmental Redevelopment Group) as stipulated in the APA. The Environmental Designee will generally be responsible to 1. monitor CGERG’s progress to the Project Schedule, 2. review GCERG’s monthly reports and object to the escrow payment, if necessary, and 3. assess the sufficiency of the Performance Bond. The Environmental Designee will document and communicate progress and areas of concern and communicate to both TMPA and the plant buyer, as required. This work will commence upon close of the APA and will be managed by Daniel Meadows.

Financial Assessment – Total Security Available

Each month, TMPA is evaluating the balance of the Escrow Fund and the Regulatory Closure Bonds (collectively known as the Total Security Available) as compared to the remaining estimate of work to be completed (Remaining Closure Costs). The importance of this evaluation is to ensure that Total Security Available is higher than the Remaining Closure Costs in the unlikely event that GCERG ceased work at any moment. A key point of analysis will come when GCERG requests a reduction in the Closure Bonding amount associated with the completion of a major part of remediation.

The current determination is that the Total Security Available is **$8.6 million** greater than the Remaining Closure Costs at this time. Refer to the table on the following page for a summary of the monthly calculation. The difference between the Total Security Available and the Remaining Closure Costs, as seen in the last column of the table, has decreased steadily since the beginning of GCERG’s work. This was expected due to their focus on administrative development in the early months.

The demolition and remediation are currently scheduled to be complete in November 2023.

Total Security Available and Remaining Closure Cost Estimate

Month	Period Ending	Escrow Amount Balance	Regulatory Closure Bond Amount	**Total Security Available**	**Remaining Closure Cost Estimate** (estimate by TMPA/Schultz)	Difference (Total Security - Remaining Closure Costs)
0	10-Feb-21	28,546,000	36,500,000	**65,046,000**	**54,100,000**	10,946,000
1	10-Mar-21	27,703,560	36,500,000	**64,203,560**	**54,100,000**	10,103,560
2	10-Apr-21	26,864,209	36,500,000	**63,364,209**	**54,000,000**	9,364,209
3	10-May-21	26,024,621	36,500,000	**62,524,621**	**53,900,000**	8,624,621
4	10-Jun-21	-	-	**-**	**-**	-
5	10-Jul-21	-	-	**-**	**-**	-
6	10-Aug-21	-	-	**-**	**-**	-

BACKUP MATERIAL:

- Gibbons Creek Project Progress Report by GCERG dated May 3, 2021.

ACTION REQUESTED:

- Review, discuss and provide guidance, as necessary.

Daniel Meadows

5/24/2021

Gibbons Creek Environmental Redevelopment Group, LLC

12824 FM 244
Anderson, TX 77830
(936) 689-2962

GIBBONS CREEK PROJECT
PROGRESS REPORT
May 3, 2021

SUBMITTED TO:	TEXAS MUNICIPAL POWER AGENCY (TMPA) ENVIRONMENTAL DESIGNEE
SUBMITTED BY:	GIBBONS CREEK ENVIRONMENTAL REDEVELOPMENT GROUP (GCERG)
FOR THE PERIOD:	APRIL 1, 2021 THROUGH APRIL 30, 2021

SUMMARY OF ACTIVITIES FOR THE MONTH

The month of April started out with the application for transfer of the two natural gas pipelines on site. Also, HDR and Geotech working on the soil samples from the proposed borrow area.

The utility disconnects continued with the switch to Mid-South Synergy distribution service for the administration buildings and main warehouse. The complete disconnect from TMPA's Gibbons Creek substation is scheduled for 5-3-21. Phase 2 of Mid-South's electrical reconfiguration is to supply electric service to Site A Landfill which will begin after Phase 1 is complete. Phase 3 is to supply electric service to Site F Landfill. Phase 4 will extend electric service to the rotary car dumper with an extension to the FGD building. Phase 4 will complete the current electric reconfiguration plans.

The Safety Program continued with the Project Safety Officer providing Site Orientation Training for all new employees of all contractors and subcontractors. Also, daily safety meetings for contractors with their crews continue to be conducted and documented. A revised vetting program for new contractors and subcontractors was implemented which includes a thorough review of their safety and insurance records before being approved for work on the project.

The asbestos abatement was completed the last week of the month by 1 Priority Environmental Services under the supervision of our demo contractor, Trifecta Services Company. Trifecta is continuing to mobilize more crews for the demolition that is expected to start the first part of May. We have been working with Trifecta in the development of their detail work plan for GCERG approval.

The installation of the temporary leachate and contact water treatment equipment was completed by HydroChem on 4-9-21. The installation of the 6" discharge pipe from the water treatment equipment to Outfall 005 was completed, as well as the construction of the Outfall 005 structure.

The Environmental Remediation Contractor, Mine Services, partially mobilized on site the week of 4-19-21. Their project oversight personnel completed Site Orientation as well as Basin Excavation Safety Training (B.E.S.T). Their detail work plans, which includes their site safety plans, were reviewed and are awaiting Charah approval allowing them to begin work. They will soon start with the silt fencing controls prior to excavation of material from the Scrubber Sludge Pond as well as bulk dewatering efforts on the Ash Ponds.

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Engineering/Environmental Summary

a. Engineering update: HDR continues efforts on closure engineering for the CCR units (APs, SSP, and Site F Landfill) and the Site A Landfill. We received the survey information needed for the development of the closure plans and engineering continues. Closure notification for the CCR Units was submitted to TCEQ as required on 4-9-21, with closure plans for the APs, SSP and Site F Landfill posted to GCERG's CCR website. CCR unit registration with TCEQ accompanied the closure notification. Detailed closure design plans for the final cap installation for the Site F Landfill and Site A Landfill will be completed in June.
   Field work for the first semi-annual CCR ground water monitoring tests for 2021 was completed on 2-10-21. A report of the findings and statistical analysis is in process and will be completed once all laboratory testing is complete. Completion of the report is anticipated in mid-May and it will be posted to project website as required upon completion.

b. Permits update: GCERG continues to work with TMPA on the transfer of permits.
   - The state air permit transfer is complete and we have requested retired unit exemption from the various federal programs that apply to Coal Fired Power Stations.
   - The Title V Permit with the EPA has been transferred and a request for recission being developed for submission to EPA the first part of May.
   - The transfer of the TPDES permit for discharge water is complete. GCERG holds the general stormwater permit for the project and has a complete stormwater pollution prevention plan in place.
   - The transfer of the IHW (Industrial Hazardous Waste) registration is complete with TCEQ.
   - The transfer of the dam safety permit is complete with TCEQ and we are awaiting TCEQ to schedule an inspection. GCERG is working to schedule the required five-year inspection in June 2021.
   - The water rights conveyance documents have been completed with TMPA and were submitted to TCEQ for recordation on 4-15-21.
   - We have completed the removal of radioactive devices from the site, with verification of shipments received from Suntrac on 4-16-21. TMPA can begin the process to close the radioactive permit.
   - The railroad commission's gas line application (Form P-5) has been completed and was submitted in April. All fees have been paid as requested as of 4-30-21.
   - TMPA and GCERG will continue to work collaboratively and maintain permit compliance.

c. Dewatering & temporary wastewater treatment plant update: The temporary wastewater treatment plant from HydroChem was delivered on 4-1-21 with installation and startup completed on 4-9-21. The evaporator units from Minetek are in fabrication process in Sydney Australia. They have scheduled dispatch dates of 5-3-21 for a 20' container and 5-5-21 for a 40' container. The evaporator units should arrive early June and be installed by the end of June 2021. Water drawdown efforts began the first part of March on the Plant Collection and Scrubber Sludge Ponds through the Ash Ponds to Outfall 001. The TPDES permit was officially transferred from TMPA to GCERG as of 3-19-21. The Ash Pond releases occurred in March as part of the Plant Collection and Scrubber Sludge Pond level control operation. The process of bulk dewatering Ash Ponds will begin in May as Mine Services begins draining. Ash Pond C will be the first, then will move to B then to A. Dewatering efforts of the ash ponds and the scrubber sludge pond will continue as part of the closure efforts with no new CCRs being treated per the State and Federal regulations. Leachate from the Site A Landfill (SAL) will be treated through the temporary wastewater treatment plant at SAL Pond 4 before discharge to the reservoir via Outfall 005 as

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allowed by the TPDES permit. Leachate and contact water at the Site F Landfill will be processed through the evaporator or through the wastewater treatment plant as necessary. GCERG will have evaporators setup at the Site A Landfill and the Site F Landfill to support dewatering efforts and mitigate the amount of wastewater requiring the use of the WWTP.

d. The GCERG CCR reporting website is www.gcerg-ccrrule.com.

SUMMARY OF PROJECTIONS

GCERG is two and a half months into this project and feels good about the progress to-date as well as the outlook for the coming months. We now have both of our major contractors on site and they have good plans for completing the work. We are at an estimated 7% complete based on duration (2.5 of 35 months) for the project. Our estimated substantial completion date has improved from 11-20-23 to 11-9-23 for the remaining 93% of the work.

The next two months should include the following activities:

1. Completion of Phase 1 & 2 of the electrical reconfiguration to Mid-South distribution services to facilitate the complete disconnect of power from TMPA's GCSW switchyard.
2. Demolition will start with the precipitator structure, then will move to clearing under the boiler.
3. Removal of obsolete chemicals and hazardous materials from the plant areas.
4. Arrival of the evaporators from Sydney Australia and placed into service at Site A and Site F Landfills.
5. Significant progress in the excavation of the Scrubber Sludge Pond.
6. Completion of initial dewatering and begin excavation of the Ash Ponds.
7. The installation and testing of the wastewater treatment equipment and discharge to Outfall 005 is complete. TMPA provided 45-day notice to TCEQ on 2-4-21 of anticipated discharge per Other Requirements #19 of the TPDES permit. We will notify TCEQ when the need arises for the equipment to operate and discharge as designed.

SCHEDULE COMPLIANCE

PP000 Pre Project

PP100 Establish Office Space
Sch Start 2-11-21 Sch Finish 3-10-21 Act Start 2-11-21 Act Finish 2-11-21
Percent Complete = 100%

PP102 Implement Site Security
Sch Start 2-11-21 Sch Finish 3-10-21 Act Start 2-11-21 Act Finish 2-11-21
Percent Complete = 100%

PP104 Acquire Insurance (General Site Coverage)
Sch Start 2-11-21 Sch Finish 3-10-21 Act Start 2-11-21 Act Finish 2-11-21
Percent Complete = 100%

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EV000 Environmental and Engineering

EV100 Phase I – Environmental Assessment
Sch Start 3-12-20 Sch Finish 6-19-20 Act Start 3-12-20 Act Finish 1-26-21
Percent Complete = 100%

EV112 Update Fugitive Dust Collection Plan (FDCP)
Sch Start 2-11-21 Sch Finish 2-24-21 Act Start 2-11-21 Act Finish 3-5-21
Percent Complete = 100%

EV104 Engineering & Closure Plan – Sludge Pond
Sch Start 2-23-21 Sch Finish 6-29-21 Act Start 2-23-21 Act Finish
Percent Complete = 85%

HDR Engineering completed the CCR Closure Plans for the Scrubber Sludge Pond. On 4-9-21, the plans were posted to GCERG's CCR website and TCEQ was notified. A copy of the TCEQ notice letter was provided to TMPA. Final grading design will be complete by 6-29-21.

EV106 Engineering & Closure Plan – Ash Ponds A/B/C
Sch Start 2-23-21 Sch Finish 6-29-21 Act Start 2-23-21 Act Finish
Percent Complete = 85%

HDR Engineering completed the CCR Closure Plans for the Ash Ponds. On 4-9-21, the plans were posted to GCERG's CCR website and TCEQ was notified. A copy of the TCEQ notice letter was provided to TMPA. Final grading design will be complete by 6-29-21.

EV108 Engineering for A Landfill
Sch Start 2-23-21 Sch Finish 6-29-21 Act Start 2-23-21 Act Finish
Percent Complete = 25%

HDR Engineering has been chosen as the engineer of record for the project. They have kicked off the engineering efforts and design is underway. The survey information has been secured and design of the closure cap is underway. Design is scheduled to be completed in June. Closure notification to TCEQ will be provided upon the completion of the closure plans.

EV110 Engineering & Closure Plan – F Landfill
Sch Start 2-23-21 Sch Finish 6-29-21 Act Start 2-23-21 Act Finish
Percent Complete = 50%

HDR Engineering completed the CCR Closure Plans, which includes the closure plans for the F Landfill. On 4-9-21, the plans were posted to GCERG's CCR website and TCEQ was notified. A copy of the TCEQ notice letter was provided to TMPA. Final closure cap design and grading plans, including stormwater conveyance is underway and will be completed by June 2021.

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EV114 Design Borrow Areas for A & F Landfills
Sch Start 3-11-21 Sch Finish 4-7-21 Act Start 2-23-21 Act Finish
Percent Complete = 90%

The proposed borrow area has been identified as the area called Skinner's Mountain. HDR has gridded off the drawing of the area. On Tuesday, 3-30-21, HDR was on site to oversee the test dig along the gridlines to determine how the different soil types were placed. Samples were taken for testing to determine the opportunity for use in the closure of the landfills. Laboratory testing of the samples are still underway and should be completed by the first of May.

PA000 Permit Applications

PA106 Provide notice to TCEQ – Use of Outfall 005
Sch Start 2-11-21 Sch Finish 4-14-21 Act Start 2-11-21 Act Finish 2-11-21
Percent Complete = 100%

PA108 Submit ECS Permit for Construction of Outfall 005
Sch Start 2-11-21 Sch Finish 5-5-21 Act Start 2-11-21 Act Finish 2-11-21
Percent Complete = 100%

PA120 Prepare CCR Unit Registration Application Package to TCEQ
Sch Start 2-23-21 Sch Finish 6-29-21 Act Start 2-23-21 Act Finish 4-9-21
Percent Complete = 100%

CCR Unit registration accompanied the CCR Closure Notification for the APs, SSP and Site F Landfill to TCEQ on 4-9-21.

PA110 Permit to Demo Power Station
Sch Start 2-25-21 Sch Finish 3-10-21 Act Start 2-24-21 Act Finish 2-25-21
Percent Complete = 100%

PA102 Submit ESC Permit Application TCEQ - Borrow Areas
Sch Start 4-8-21 Sch Finish 6-10-21 Act Start 2-23-21 Act Finish
Percent Complete = 20%

This work to identify and test the soils for the Borrow Area is underway. The ESC Permit Application will run concurrent with the closure plan engineering for the landfills.

PA121 Submit CCR Unit Registration Application to TCEQ
Sch Start 6-28-21 Sch Finish 6-29-21 Act Start 2-23-21 Act Finish 4-9-21
Percent Complete = 100%

Charah has completed the transfer of the current Industrial Hazardous Waste (IHW) registrations for the CCR units. As noted in Task PA120, CCR Unit registration did accompany the closure notification for the APs, SSP and Site F Landfill to TCEQ on 4-9-21.

PA122 Receive TCEQ Approval for CCR Unit Registration Application
Sch Start 6-30-21 Sch Finish 11-4-21 Act Start Act Finish
Percent Complete = 0%

No Action.

Gibbons Creek Environmental Redevelopment Group, LLC

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SRD000 Site Redevelopment

SRD101 Marketing of Property
Sch Start 11-11-19 Sch Finish 11-7-23 Act Start 6-1-19 Act Finish
Percent Complete = 50%

GCERG has been working for many months to find potential re-uses of the property. Avison Young, a commercial real estate company, is part of our GCERG team. They have done an excellent job of marketing the property. We currently have Letters of Intent (LOI) for each of the tracts identified.

SRD104 Proposed Subdivision of Property
Sch Start 8-6-20 Sch Finish 2-26-21 Act Start 8-6-20 Act Finish 10-29-20
Percent Complete = 100%

SRD102 Site Survey & Boundary Mapping
Sch Start 8-6-20 Sch Finish 5-28-21 Act Start 8-6-20 Act Finish 10-29-20
Percent Complete = 100%

IC000 Contract Bid & Award

IC114 Temporary Office Facilities – Contract
Sch Start 2-11-21 Sch Finish 2-24-21 Act Start 2-10-21 Act Finish 2-10-21
Percent Complete = 100%

IC106 Issue Survey Contract
Sch Start 2-11-21 Sch Finish 2-24-21 Act Start 7-23-20 Act Finish 8-6-20
Percent Complete = 100%

IC102 Construction Quality Control Monitor & Testing
Sch Start 2-11-21 Sch Finish 2-24-21 Act Start 2-11-21 Act Finish 2-16-21
Percent Complete = 100%

IC116 Contact Water Processing Equipment – Contract
Sch Start 2-11-21 Sch Finish 2-24-21 Act Start 2-11-21 Act Finish 2-26-21
Percent Complete = 100%

IC118 Issue Contract for Erosion & Sediment Control (ESC)
Sch Start 2-11-21 Sch Finish 2-24-21 Act Start Act Finish
Rev Start 6-24-21 Rev Finish 7-8-21
Percent Complete = 0%

This scope is not late but instead needed to be re-sequenced to align with the actual sequence of events. A contract for ESC cannot be issued until the design for the various erosion and sediment control measures have been designed. This effort will be done as part of the closure planning for the CCR units. The demolition contractor, Trifecta, may have to develop an ESC plan that is associated with their demolition activities, and this plan would be separate from the CCR closure plans. Charah will review and approve any ESC plan before seeking a permit for implementation.

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IC121 Issue Chain Link Fence Contract
Sch Start 2-11-21 Sch Finish 2-24-21 Act Start N/A Act Finish N/A
Percent Complete = 100%

IC135 Tree Clearing Contractor
Sch Start 2-11-21 Sch Finish 2-24-21 Act Start 3-17-21 Act Finish
Rev Start 8-27-21 Rev Finish 9-10-21
Percent Complete = 50%

This scope is not late but instead needed to be re-sequenced to align with the actual sequence of events. A tree clearing contractor has been selected, Krueger Farms, for clearing the pipeline from the Wastewater Treatment System to Outfall 005. We may use this contractor for future work, but may use multiple contractors for tree clearing.

IC125 Demo Contractor
Sch Start 2-11-21 Sch Finish 2-24-21 Act Start 10-1-20 Act Finish 2-5-21
Percent Complete = 100%

IC112 Issue Contract for Utilities
Sch Start 2-11-21 Sch Finish 3-3-21 Act Start 1-20-21 Act Finish 2-15-21
Percent Complete = 100%

IC123 Contract for Asbestos Abatement Survey
Sch Start 2-11-21 Sch Finish 3-10-21 Act Start 10-1-20 Act Finish 2-5-21
Percent Complete = 100%

IC133 Hydroseeding Contractor
Sch Start 10-26-21 Sch Finish 11-22-21 Act Start Act Finish
Percent Complete = 0%

No action at this time. These services will not be required until after the closure construction efforts are well underway. This contract will be executed in the future.

IC108 Issue Liner Contract-Subcontractor
Sch Start 12-22-21 Sch Finish 1-6-22 Act Start Act Finish
Percent Complete = 0%

No action at this time. This scope of work will not be awarded until the design of landfills is complete and the remediation contractor's scope of work is finalized. This will occur in the future and does not have any impact to the overall schedule.

PL000 Project Planning

PL104 Sludge Pond Execution Plan
Sch Start 5-4-21 Sch Finish 5-17-21 Act Start 2-24-21 Act Finish
Percent Complete = 95%

Mine Services (MSI) was on site 2-24-21 to begin the development of a project dewatering plan. They provided a project execution plan (PEP) for the Sludge Pond that was reviewed with Charah on 4-22-21 in connection with the completed closure engineering plans and specifications. Charah is working with MSI to complete the PEP by early May. Upon approval, MSI will have authorization to proceed as necessary.

PL112 Develop Documentation for Monitoring & Testing (Fed, St, Local)
Sch Start 5-18-21 Sch Finish 6-1-21 Act Start 2-23-21 Act Finish 4-16-21
Percent Complete = 100%

Charah will be working with Chapparal Labs to conduct laboratory testing on samples as secured by GCERG staff per the permit conditions. GCERG will also work with Thomas Analytical to secure sampling, testing and reporting, secondary to using Chapparal. Charah has developed an SOP for sampling, testing and reporting. The plan will continue to develop as needed to accommodate the work in accordance with the permit requirements.

PL114 Demolition Execution Plan
Sch Start 6-2-21 Sch Finish 6-15-21 Act Start 2-15-21 Act Finish
Percent Complete = 60%

Trifecta is working on their Project Execution Plan and will have it ready for Charah review by early May. They are planning to start mobilizing equipment on 5-6-21.

PL106 Ash Ponds A/B/C Execution Plan
Sch Start 6-9-21 Sch Finish 6-22-21 Act Start 2-24-21 Act Finish
Percent Complete = 95%

Mine Services (MSI) was on site 2-24-21 to begin the development of a project dewatering plan. They provided a project execution plan (PEP) for the Ash Ponds as well as placement of materials in the SFL that was reviewed with Charah on 4-22-21 in connection with the completed closure engineering plans and specifications. Charah is working with MSI to complete the PEP by early May. Upon approval, MSI will have authorization to proceed as necessary.

PL108 Landfill A Execution Plan
Sch Start 8-5-21 Sch Finish 9-1-21 Act Start Act Finish
Percent Complete = 0%

Mine Services will provide a project execution plan after review of the completed closure engineering plans and specifications. Charah will review and provide authorization to proceed as necessary. This task is on schedule as noted.

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PL110 Landfill F Execution Plan
Sch Start 11-29-21 Sch Finish 12-24-21 Act Start Act Finish
Percent Complete = 0%

Mine Services will provide a project execution plan after review of the completed closure engineering plans and specifications. Charah will review and provide authorization to proceed as necessary. This task is on schedule as noted.

PS000 Life Safety – Project Requirements

PS06 Develop Site Wide Safety Plan
Sch Start 2-11-21 Sch Finish 3-3-21 Act Start 2-11-21 Act Finish 2-28-21
Percent Complete = 100%

PS10 Develop Emergency Response Plan
Sch Start 2-11-21 Sch Finish 3-3-21 Act Start 2-11-21 Act Finish 3-5-21
Percent Complete = 100%

PS04 Review & Submit Site Wide Safety Plan
Sch Start 3-4-21 Sch Finish 3-17-21 Act Start 3-10-21 Act Finish 3-12-21
Percent Complete = 100%

PS02 Review & Submit Emergency Response Plan
Sch Start 3-4-21 Sch Finish 3-17-21 Act Start 3-10-21 Act Finish 3-12-21
Percent Complete = 100%

PA04 Site Wide Safety Plan – Review & Approved
Sch Start 3-18-21 Sch Finish 3-19-21 Act Start 3-15-21 Act Finish 3-16-21
Percent Complete = 100%

PS08 Emergency Response Plan – Review & Approved
Sch Start 3-18-21 Sch Finish 3-19-21 Act Start 3-15-21 Act Finish 3-16-21
Percent Complete = 100%

TR000 Training

TR01C Training for Site Safety Plan
Sch Start 4-5-21 Sch Finish 4-5-21 Act Start 3-18-21 Act Finish 3-18-21
Percent Complete = 100%

TR02C Training for Emergency Response
Sch Start 4-6-21 Sch Finish 4-6-21 Act Start 3-18-21 Act Finish 3-18-21
Percent Complete = 100%

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TR04C Review Project Execution Plans (PEP) with Site Personnel
Sch Start 4-21-21 Sch Finish 4-21-21 Act Start 4-22-21 Act Finish
Percent Complete = 40%

The PEPs will be reviewed prior to the commencement of field activities. The review of the PEPs directly corresponds to the development of the execution plans. The PEPs for the Sludge Pond, Ash Ponds, and placement of materials in the SFL were reviewed on 4-22-21. The PEPs for Site A Landfill and Site F Landfill closure, as well as for the demolition will be reviewed before those projects begin.

TR08C B.E.S.T. Ash Pond Training (Basin Excavation Strategy Training)
Sch Start 5-25-21 Sch Finish 5-25-21 Act Start 4-22-21 Act Finish
Percent Complete = 50%

The Environmental Remediation Contractor partially mobilized on site the week of 4-19-21. On 4-22-21 project oversight personnel completed their Basin Excavation Strategy Training (B.E.S.T) in preparation for starting the excavation of material from the Scrubber Sludge Pond as well as with bulk dewatering efforts on the Ash Ponds. After dewatering, Mine Services operators will also complete the B.E.S.T. training in preparation for the excavation part of the work.

PE000 Procurement & Equipment

PE106 Contact Water Processing Equipment
Sch Start 2-25-21 Sch Finish 5-19-21 Act Start 2-19-21 Act Finish 3-10-21
Percent Complete = 100%

PE108 Evaporators for Ash Pond Water
Sch Start 2-25-21 Sch Finish 5-19-21 Act Start 2-19-21 Act Finish 3-1-21
Percent Complete = 100%

PE102 Liner Material
Sch Start 1-7-22 Sch Finish 2-17-22 Act Start Act Finish
Percent Complete = 0%

No action required at this time.

PD000 Construction

This portion of the schedule is for future activities. Updates not included in this Progress Report. Primavera will update this section as the following activities are updated.

SD000 Site Development

SD118 Change Locks on Monitoring Wells to Charah
Sch Start 3-11-21 Sch Finish 3-12-21 Act Start 2-11-21 Act Finish 2-11-21
Percent Complete = 100%

SD104 Install Office Trailers
Sch Start 3-11-21 Sch Finish 3-17-21 Act Start 2-11-21 Act Finish 2-11-21
Percent Complete = 100%

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SD102 Layout Site Construction Facilities
Sch Start 5-18-21 Sch Finish 5-20-21 Act Start 2-11-21 Act Finish 2-11-21
Percent Complete = 100%

The remediation contractor will not require additional construction facilities for the landfills. The existing facilities on site have adequate space for offices, work crews, and parking of vehicles and equipment. These existing facilities are located in close proximity to the landfills.

SD112 Survey & Flag Boundaries LOD – General Site
Sch Start 5-18-21 Sch Finish 5-24-21 Act Start Act Finish
Percent Complete = 0%

SD106 Install Electrical Service/Web Access
Sch Start 5-21-21 Sch Finish 5-27-21 Act Start 2-11-21 Act Finish 2-11-21
Percent Complete = 100%

The remediation contractor will not require additional construction facilities for the landfills. The existing facilities on site have adequate space for offices, work crews, and parking of vehicles and equipment. These existing facilities are located in close proximity to the landfills.

SD114 Mobilization Grading Equipment
Sch Start 5-25-21 Sch Finish 5-26-21 Act Start Act Finish
Percent Complete = 0%

SD108 Develop Equipment Yard
Sch Start 5-25-21 Sch Finish 6-8-21 Act Start Act Finish
Percent Complete = 0%

SD116 Install Silt Fence
Sch Start 5-25-21 Sch Finish 6-8-21 Act Start Act Finish
Percent Complete = 0%

PSD000 Gibbons Creek Power Station Demolition

PSD102 Utility Disconnects – Power Station
Sch Start 2-25-21 Sch Finish 5-5-21 Act Start 2-11-21 Act Finish
Percent Complete = 95%

The utility disconnects continued with the switch to Mid-South Synergy electric service to the administration buildings, the main warehouse, and warehouse 6. The complete disconnect of the plant from TMPA's Gibbons Creek substation is on schedule for 5-3-21.

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PSD104 Plant Wash Down – Power Station
Sch Start 3-18-21 Sch Finish 5-26-21 Act Start 2-24-21 Act Finish
Percent Complete = 80%

This scope includes all plant shut down and decommissioning activities including the following:

a. Plant Washdown – 100% complete
b. We have a subcontractor on site, Swindell Enterprises, that has drained approximately 51,000 gallons of transformer oil from the transformers, sold it for reuse, and shipped it off site. Also, 6,500 gallons of turbine oil was shipped out on 4-29-21. All remaining transformer oil, turbine oil, pulverizer oil, fan & motor, etc oil will be drained and shipped off-site. – 70% complete
c. Regulated Materials – Honesty Environmental was on site on 4-5-21 and again on 4-28-21 to prepare an inventory and estimate to remove regulated materials which includes obsolete chemicals, mercury, batteries, light ballasts, etc. The removal will take place in May. – 0% complete
d. Radio-Active devices – Suntrac Services performed the semi-annual survey, and completed the removal and disposal of 31 radioactive devices. A copy of their shipping report, dated 4-16-21, was provided to TMPA. – 100% complete

PSD106 Demolition of Power Station
Sch Start 4-29-21 Sch Finish 4-28-22 Act Start Act Finish
Percent Complete = 0%

No action.

The following portions of the schedule are for future activities. Updates not included in this Progress Report, but will be included as the scheduled activities draw near:

CD000 Construction Clearing & Demolition

CD104 Clear & Remove Accessible Vegetation @ Sludge Pond
Sch Start 6-16-21 Sch Finish 6-29-21 Act Start Act Finish
Percent Complete = 0%

CD106 Clear & Remove Accessible Vegetation @ Ash Ponds A/B/C
Sch Start 6-23-21 Sch Finish 7-7-21 Act Start Act Finish
Percent Complete = 0%

CD108 Clear & Regrade Spillway to Outfall 002
Sch Start 6-30-21 Sch Finish 7-7-21 Act Start Act Finish
Percent Complete = 0%

CD110 Remove Acid Tanks & Piping @ Ash Ponds
Sch Start 7-8-21 Sch Finish 7-14-21 Act Start Act Finish
Percent Complete = 0%

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OF000 Construction – Outfall 005

OF5102 Survey & Layout – Outfall 005
Sch Start 2-25-21 Sch Finish 2-26-21 Act Start 3-22-21 Act Finish
Percent Complete = 75%

A site layout plan was developed and provided to Krueger Farms for construction. A survey as-built will be done once construction is completed to document the Outfall 005 location, pipeline route and transmission corridor encroachment. The survey activity is awaiting Mid-South power design for Site A Landfill (Phase 2).

OF5104 Install Silt Fence & LOD – Outfall 005
Sch Start 3-1-21 Sch Finish 3-5-21 Act Start 4-9-21 Act Finish 4-9-21
Rev Start 4-9-21 Rev Finish 4-16-21
Percent Complete = 100%

Due to the small clearing footprint (less than 1 acre), the silt fence and LOD is not necessary. Krueger Farms cleared the pipeline route the first week of April, adding a pipe culvert crossing at the gullie crossing.

OF5106 Cut Trees & Clear Vegetation – Outfall 005
Sch Start 5-6-21 Sch Finish 5-19-21 Act Start 4-5-21 Act Finish 4-16-21
Percent Complete = 100%

Krueger Farms was selected to clear the trees and vegetation for the pipeline, as well as to install the pipeline from the temporary Waste Water Treatment System near Site A Landfill Pond 4 to Outfall 005. The vegetation clearing was conducted on 4-5-21 and the pipeline installation completed on 4-16-21.

OF5108 Strip Tree Roots & Topsoil
Sch Start 5-20-21 Sch Finish 6-3-21 Act Start 4-5-21 Act Finish 4-5-21
Percent Complete = 100%

Krueger Farms removed very little top soil or tree roots as the pipeline route selected followed natural clearing as much as possible.

OF5110 Excavate 3 Acre Water Holding Basin
Sch Start 5-27-21 Sch Finish 6-24-21 Act Start 4-5-21 Act Finish 4-5-21
Percent Complete = 100%

Not required at this time as Site A Landfill Pond 4 should have adequate capacity.

OF5112 Install Riser & Outfall Spillway
Sch Start 6-25-21 Sch Finish 7-9-21 Act Start 4-6-21 Act Finish 4-16-21
Percent Complete = 100%

Krueger Farms completed hydro of pipeline using air (35 psi) then installed riser at the end of the pipe. Per engineering design, GCERG will add a small rip-rap energy dissipation structure to the end of pipeline.

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OF5114 Place RipRap
Sch Start 7-2-21 Sch Finish 7-9-21 Act Start Act Finish
Percent Complete = 0%

As a punch list item, GCERG staff in the next few weeks will add the small rip-rap energy dissipation structure to the end of pipeline.

OF5116 Permit Approved-Open Outfall 005
Sch Start 7-12-21 Sch Finish 7-12-21 Act Start Act Finish
Percent Complete = 0%

No permit approval is required; however, before operation of the WWTP begins with discharge to Outfall 005, a notification of Completion of Wastewater Treatment Facility is required to be submitted to TCEQ. This is expected in the next 4 to 6 weeks depending on rainfall influences to leachate generation.

AB000 Construction – Borrow Area Development

AB102 Survey & Layout - Landfill A Borrow Area
Sch Start 7-22-21 Sch Finish 7-28-21 Act Start 3-12-21 Act Finish
Percent Complete = 50%

The potential borrow area for Site A Landfill, Site F Landfill and CCR impoundment has been identified as the area called Skinner's Mountain. HDR has gridded off the drawing of the area. On Tuesday, 3-30-21, HDR was on site to oversee the test dig along the gridlines to determine how the different soil types were placed. Samples were taken for testing to determine the opportunity for use in the closure of the plant, landfills and impoundments. A large amount of the test results are in hand and we are waiting on permeability testing of the soils. The completed borrow source analysis is expected in early May. Design for the borrow source will be done in series with the Closure Plans for the SAL and SFL.

AB104 Install Silt Fence – Landfill A Borrow Area
AB106 Clear & Grub – Landfill A Borrow Area
AB108 Excavate & Develop SW Basin – Landfill A Borrow Area
AB110 Strip Topsoil & Stockpile – Landfill A Borrow Area
AB112 Excavate & Haul Clay – Landfill A Borrow Area

This portion of the schedule is for future activities. Updates not included in this Progress Report.

FB102 Survey & Layout - Landfill F Borrow Area
Sch Start 5-18-21 Sch Finish 5-24-21 Act Start 3-12-21 Act Finish
Percent Complete = 50%

The potential borrow area for Site A Landfill, Site F Landfill and CCR impoundment has been identified as the area called Skinner's Mountain. HDR has gridded off the drawing of the area. On 3-30-21, HDR was on site to oversee the test dig along the gridlines to determine how the different soil types were placed. Samples were taken for testing to determine the opportunity for use in the closure of the plant, landfills and impoundments. A large amount of the test results are in hand and we are waiting on permeability testing of the soils. The completed borrow source analysis is expected in early May. Design for the borrow source will be done in series with the Closure Plans for the SAL and SFL.

12824 FM 244
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FB104 Install Silt Fence – Landfill F Borrow Area
FB106 Clear & Grub – Landfill F Borrow Area
FB108 Excavate & Develop SW Basin – Landfill F Borrow Area
FB110 Strip Topsoil & Stockpile – Landfill F Borrow Area
FB112 Excavate & Haul Clay – Landfill F Borrow Area

This portion of the schedule is for future activities. Updates not included in this Progress Report.

SP000 Construction – Sludge Pond Closure

SP1002 Remove Free Water-Treat & Discharge
Sch Start 3-11-21 Sch Finish 5-5-21 Act Start 3-15-21 Act Finish
Percent Complete = 80%

Draining of the Sludge Pond began the middle of March and was pumped into Ash Pond C. The pond was drained, but will continually be monitored for subsequent collection of water.

SP1004 Excavate & Haul Sludge to Landfill F
Sch Start 6-9-21 Sch Finish 11-26-21 Act Start Act Finish
Percent Complete = 0%

This work will begin in early May and is expected to take up to 18 weeks to complete.

SP1006 Clean Close Remove 6"
Sch Start 11-29-21 Sch Finish 12-10-21 Act Start Act Finish
Percent Complete = 0%

SP1008 Regrade & Vegetation Stabilization
Sch Start 12-13-21 Sch Finish 1-11-22 Act Start Act Finish
Percent Complete = 0%

SP1010 Submit SP Closure Certification to TCEQ
Sch Start 1-12-22 Sch Finish3-15-22 Act Start Act Finish
Percent Complete = 0%

A000 Construction – Site A Landfill

This portion of the schedule is for future activities. Updates not included in this Progress Report.

AP1000 Construction – Ash Ponds A/B/C Closure

AP1014 Install Temporary Pipe Line to Landfill F
Sch Start 6-9-21 Sch Finish 7-7-21 Act Start Act Finish
Percent Complete = 0%

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Anderson, TX 77830
(936) 689-2962

AP1012 Isolate Plant Collection Pond Inlet (2)
Sch Start 6-23-21 Sch Finish 7-7-21 Act Start Act Finish
Percent Complete = 0%

This is to begin in early May following development of closure plan strategy and Water Management Plan for destination of this water. Plant Collection Pond water and Sump 23 (FGD/Ash Complex) will be discharged straight to Outfall 001 via 12" drain, when necessary and if within limits. GCERG to install sump improvements at Sump 23 to ensure water quality is compliant with permitted discharge requirements.

AP1002 Remove Free Water-Treat & Discharge
Sch Start 7-8-21 Sch Finish 1-11-22 Act Start Act Finish
Percent Complete = 0%

Awaiting approval of Ash Pond project execution plan (PEP) and Water Management Plan and lab test of process water samples taken from Ash Ponds on 4-16-21.

AP1004 Bridging & Excavation of CCR-Ash Pond C
Sch Start 8-5-21 Sch Finish 12-24-22 Act Start Act Finish
Percent Complete = 0%

Plan to begin in early May following bulk dewatering of Ash Pond C.

AP1016 Bridging & Excavation of CCR-Ash Pond B
Sch Start 12-28-21 Sch Finish 4-19-22 Act Start Act Finish
Percent Complete = 0%

AP1018 Bridging & Excavation of CCR-Ash Pond A
Sch Start 4-20-22 Sch Finish 8-11-22 Act Start Act Finish
Percent Complete = 0%

AP1006 Remove Concrete Structures (2 Center Berms)
Sch Start 8-12-22 Sch Finish 8-25-22 Act Start Act Finish
Percent Complete = 0%

AP1008 Clean Close Remove Bottom 6"
Sch Start 8-12-22 Sch Finish 9-23-22 Act Start Act Finish
Percent Complete = 0%

AP1010 Remove Divider Berms, Regrade, Veg & Stabil
Sch Start 9-26-22 Sch Finish 11-4-22 Act Start Act Finish
Percent Complete = 0%

AP1022 Submit AP A/B/C Closure Certification to TCEQ
Sch Start 11-7-22 Sch Finish 1-12-23 Act Start Act Finish
Percent Complete = 0%

AP2000 Construction – Site F Landfill

This portion of the schedule is for future activities. Updates not included in this Progress Report.

12824 FM 244
Anderson, TX 77830
(936) 689-2962

CWP000 Construction – Leachate & Contact Water Processing

CWP508 Grade & Stone Pad for Evaporator Equip
Sch Start 3-25-21 Sch Finish 3-31-21 Act Start 3-23-21 Act Finish 3-30-21
Percent Complete = 100%

Kruger Farms installed a raised pad at Site A Landfill Pond 4 for installation of HydroChem's temporary wastewater equipment for leachate treatment. The evaporator equipment is scheduled for departure from Sydney Australia in two shipments on 5-3-21 and on 5-5-21 and will be installed shortly after it is received.

CWP502 Contact Water Processing Equip Installation
Sch Start 5-20-21 Sch Finish 6-17-21 Act Start 4-1-21 Act Finish 4-9-21
Percent Complete = 100%

HydroChem delivered temporary wastewater treatment equipment skids on 4-1-21 and completed installation, testing and initial operation by 4-9-21. Prior to formal start-up with discharge to Outfall 005, HydroChem will return to oversee WWTP initial operation and sampling.

CWP506 Install CW Piping to Evaporator Pad
Sch Start 6-4-21 Sch Finish 7-1-21 Act Start Act Finish
Percent Complete = 0%

CWP504 Contact Water Evaporator Equip Startup
Sch Start 6-18-21 Sch Finish 7-1-21 Act Start Act Finish
Percent Complete = 0%

CWP099 Contact Water Operational
Sch Start Sch Finish 7-1-21 Act Start Act Finish
Percent Complete = 0%

The following portions of the schedule are for future activities. Updates not included in this Progress Report, but will be included as the scheduled activities draw near:

PCP000 Construction – Plant Collection Pond
SR000 Site Restoration
PS000 Post Closure

SITE F LANDFILL – ACTUAL COSTS

Gibbons Creek Environmental Redevelopment Group, LLC

12824 FM 244
Anderson, TX 77830
(936) 689-2962

No costs have been incurred to date on the Site F Landfill.
This section of the report is dedicated to a documentation of costs as they are incurred.
Following is the format for those costs.

Landfill F Closure - Work Items (CCR FML Closure Cap)	QTY	UOM	Unit Rate	Est Price	Actuals To-Date
1. Planning/Permitting/Surveying/Certification	1	LS	$625,000.00	$625,000.00	
2. Erosion Control/Access to Site	96	AC	$1,975.00	$189,600.00	
3. Project Drainage & Water Control	1	LS	$400,000.00	$400,000.00	
4. Regrade Existing Clay Cap - Strip 3.5' and Stockpile	423,500	CY	$3.18	$1,346,320.26	
5. Cover System - Anchor Trench	8,500	LF	$13.39	$113,775.90	
6. Cover System - Geotextile/Liner/Geocomposite	4,181,760	SF	$1.90	$7,945,344.00	
7. Cover System - 18" Soil Cap (Onsite)	232,320	CY	$6.13	$1,425,277.39	
8. Cover System - 6" Topsoil Layer (Onsite)	77,440	CY	$4.74	$367,116.90	
9. Regrade Perimeter of Site for Drainage	47,222	SY	$3.18	$150,120.98	
10. Grade & Mat Swales	22,000	LF	$10.32	$226,994.08	
11. Final Grassing of Cap Area and Perimeter	96	AC	$1,338.54	$128,499.84	
12. Allowance for Rip Rap/Stone at Discharges	2,500	TN	$122.70	$306,748.75	
13. Final Cleanup	1	LS	$125,000.00	$125,000.00	
14. Prorated Mobe Charge	1	LS	$250,000.00	$250,000.00	
15. TMPA Discount	1	LS	-$1,000,000.00	-$1,000,000.00	
			Subtotal	**$12,599,798.10**	**$0.00**

CERTIFICATION

I, Mike Dunn, Vice President of GCERG, do hereby certify that this document represents our Progress Report for the completion of the Gibbons Creek project and that the facts and projections contained in this report are a true and correct representation of our project actuals and estimates to the best of our ability.

SIGNED: ______________________ 5-3-21

Mike Dunn, Vice President
Gibbons Creek Environmental Redevelopment Group

Date

June 10, 2021

AGENDA ITEM NO. 6

SUBJECT: FY21 Second Quarter Budget Status Report

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

GENERATION – Projection to Year-end				
Cost Type	**Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$2,899	$2,662	($237)	(8.2%)
Sale of Plant Fund	$28,146	$28,146	$0	0.0%
Other Revenues Excluding City Billings	($98)	($57)	$41	41.9%
Total Budget Variance			**($196)**	**(0.6%)**

MINE – Projection to Year-end				
Cost Type	**Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$2,869	$3,128	$259	9.0%
Other Revenues Excluding City Billings	($121)	($155)	($34)	(28.2%)
Total Budget Variance			**$225**	**8.2%**

TRANSMISSION – Projection to Year-end				
Cost Type	**Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$5,726	$5,030	($696)	(12.2%)
Fixed Costs - Debt	$17,860	$17,515	($345)	(1.9%)
Other Revenues	($47,520)	($34,534)	$12,986	27.3%
Total Budget Variance			**$11,945**	**49.9%**
Debt Service Coverage	1.26X	2.16X		Exceeds requirement

Competitive – Confidential Information

A&G costs are lower ($1.1M) primarily due to property insurance that was budgeted in A&G but is being direct billed to the Generation and Transmission divisions. **Allocation of A&G** is lower for Generation and Transmission, but higher for Mine (Mine is slightly over budget). When all budgets were amended in December 2020, property insurance remain budgeted in A&G, but the revised allocation considered the fact that the covered assets were only for Generation and Transmission. This explains why the projection of Allocation of A&G for the Mine division is higher than its amended budget.

Generation Division - Total Costs are projected to be under budget by $196K in FY21.

1. Property Insurance is $210K higher as it was included in A&G in the budget, but the actual premiums were directly charged to the division. This offset will be reflected in reduced A&G costs allocated to Generation. This year-end projection of $210K includes the prorated refund received in March for the unused portion of the property coverage following the sale of the plant.
2. Contractor Maintenance is $162K lower due primarily to passing procurement and installation obligations of the Leachate Treatment Project to the plant buyer following the sale of the plant.
3. Consulting Services are $75K higher for services to assist with post-sale matters, primarily the Environmental Designee.
4. Legal Services are $169K lower as the 2021 Coal Combustion Residuals tasks were eliminated with the sale of the plant. Also, other environmental legal costs have been reduced with the transfer of permits.
5. Interest Income is $47K lower due to plunging interest rates.

Mine Division - Total Costs are projected to be over budget by $225K in FY21.

1. Labor & Benefits are $62K lower as a portion of Jan and Murphy's time is being coded to other divisions.
2. Severance Packages are $51K lower as Jan will be retained through the end of FY22.
3. Mine Maintenance is $70K higher as reclamation efforts are in full force as we try to wrap up work on the remaining bonded acreage.
4. Bank Charges are $41K lower due to the banking fees for the Mine letters of credit being lower than budgeted.
5. Contractor Maintenance is $140K higher for the survey of the mine property in preparation for selling the property.
6. Interest Income is $66K lower due to plunging interest rates.
7. Other Revenue is $100K higher due to the surface waiver agreement with Blue Jay Solar.

Transmission Division - Total Costs are projected to be over budget by $11.9M in FY21.

1. Labor & Benefits are $58K higher as a result of lower than anticipated charge outs to capital projects and slight increases to overtime.
2. Property Insurance is $291K higher as it was included in A&G in the budget, but the actual premiums are being directly charged to the division. This offset will be reflected in reduced A&G costs allocated to Transmission.
3. Legal Services are $42K higher for the fees related to the amendment to the Revolving Note Program and the Brazos Electric bankruptcy.
4. Revolving Notes Interest is $345K lower due to plunging interest rates.
5. Transmission System Revenue is $12.7M lower as a result of TMPA's interim filing approved by the PUCT on 12/22/20.

6. Interest Income is $339K lower due to plunging interest rates.
7. Other Revenue is $65K higher due primarily to various transmission encroachment fees.

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

BACKUP MATERIAL:
Attachment A: Generation FY21 Q2 Key Budget Driver Rate Sheet
Attachment B: Mine FY21 Q2 Key Budget Driver Rate Sheet
Attachment C: Transmission FY21 Q2 Key Budget Driver Rate Sheet

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

Lyndi Birkhead
6/2/21

Generation

FY21 Q2 Key Budget Driver Rate Sheet

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

	FY21 AMENDED Budget Approved 12-10-20 YTD March	FY21 Actual YTD March	(Under) Over Budget	Percentage Change	FY21 AMENDED Budget Approved 12-10-20	FY21 Year-end Projection as of March	(Under) Over Budget	Percentage Change
Fixed Costs								
L01 Labor & Benefits	344,055	324,495	(19,560)	-5.7%	434,055	414,856	(19,199)	-4.4%
L01 Retention Bonuses	17,185	35,457	18,272	106.3%	43,000	61,272	18,272	42.5%
L01 Severance Packages	135,000	122,382	(12,618)	-9.3%	135,000	122,382	(12,618)	-9.3%
R41 Property Insurance	-	277,461	277,461	100.0%	-	210,134	210,134	100.0%
R51 Contractor Maintenance	244,858	62,513	(182,346)	-74.5%	244,858	82,513	(162,345)	-66.3%
S02 Consulting Services	112,625	188,468	75,843	67.3%	169,625	244,648	75,023	44.2%
S04 Legal Services	548,269	319,615	(228,654)	-41.7%	632,269	463,441	(168,828)	-26.7%
Other Fixed Costs - Non-Debt	47,576	56,366	8,791	18.5%	51,576	58,593	7,017	13.6%
Allocation of A&G	573,270	452,497	(120,773)	-21.1%	1,188,408	1,003,814	(184,594)	-15.5%
Subtotal Fixed Costs	**$ 2,022,838**	**$ 1,839,252**	**$ (183,586)**	**-9.1%**	**$ 2,898,791**	**$ 2,661,652**	**$ (237,138)**	**-8.2%**
C02 Sale of Plant Fund	28,146,238	28,146,238	-	0.0%	28,146,238	28,146,238	-	0.0%
Subtotal Sale of Plant Fund	**$ 28,146,238**	**$ 28,146,238**	**$ -**	**0.0%**	**$ 28,146,238**	**$ 28,146,238**	**$ -**	**0.0%**
TOTAL FIXED COSTS	**$ 30,169,076**	**$ 29,985,490**	**$ (183,586)**	**-0.6%**	**$ 31,045,029**	**$ 30,807,890**	**$ (237,138)**	**-0.8%**
Other Revenues								
I73 Interest Income	(29,534)	(3,971)	25,563	86.6%	(59,068)	(12,000)	47,068	79.7%
Other Revenue	(38,642)	(44,795)	(6,153)	-15.9%	(38,642)	(44,795)	(6,153)	-15.9%
TOTAL OTHER REVENUES	**$ (68,176)**	**$ (48,766)**	**$ 19,410**	**28.5%**	**$ (97,710)**	**$ (56,795)**	**$ 40,915**	**41.9%**
TOTAL COSTS	**$ 30,100,900**	**$ 29,936,724**	**$ (164,175)**	**-0.5%**	**$ 30,947,319**	**$ 30,751,095**	**$ (196,223)**	**-0.6%**

Mine

FY21 Q2 Key Budget Driver Rate Sheet

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

	FY21 AMENDED Budget Approved 12-10-20 YTD March	FY21 Actual YTD March	(Under) Over Budget	Percentage Change	FY21 AMENDED Budget Approved 12-10-20	FY21 Year-end Projection as of March	(Under) Over Budget	Percentage Change
Fixed Costs								
L01 Labor & Benefits	218,380	173,382	(44,998)	-20.6%	436,759	375,000	(61,759)	-14.1%
L01 Retention Bonuses	-	-	-	-100.0%	66,773	66,773	-	0.0%
L01 Severance Packages	-	-	-	-100.0%	85,632	34,843	(50,789)	-59.3%
M44 Mine Maintenance	160,000	193,777	33,777	21.1%	320,000	390,000	70,000	21.9%
R06 Bank Charges	130,000	151,841	21,841	16.8%	221,000	180,000	(41,000)	-18.6%
R51 Contractor Maintenance	55,000	178,691	123,691	224.9%	110,000	250,000	140,000	127.3%
S02 Consulting Services	277,500	156,501	(120,999)	-43.6%	555,000	555,000	-	0.0%
S04 Legal Services	135,000	112,009	(22,991)	-17.0%	200,000	200,000	-	0.0%
Other Fixed Costs - Non-Debt	64,350	73,234	8,884	13.8%	102,150	102,150	-	0.0%
Allocation of A&G	372,300	404,682	32,381	8.7%	771,791	974,547	202,756	26.3%
TOTAL FIXED COSTS	**$ 1,412,530**	**$ 1,444,116**	**$ 31,587**	**2.2%**	**$ 2,869,106**	**$ 3,128,313**	**$ 259,208**	**9.0%**
Other Revenues								
I76 Interest Income	(37,469)	(3,470)	33,999	90.7%	(74,939)	(9,000)	65,939	88.0%
Other Revenue	(23,000)	(99,554)	(76,554)	-332.8%	(46,000)	(146,000)	(100,000)	-217.4%
TOTAL OTHER REVENUES	**$ (60,469)**	**$ (103,025)**	**$ (42,555)**	**-70.4%**	**$ (120,939)**	**$ (155,000)**	**$ (34,061)**	**-28.2%**
TOTAL COSTS	**$ 1,352,061**	**$ 1,341,092**	**$ (10,969)**	**-0.8%**	**$ 2,748,167**	**$ 2,973,313**	**$ 225,146**	**8.2%**

	Project Balance as of 9/30/20	Actual Spent as of 3/31/21	Project Balance as of 3/31/21
Acid Seep Project*	634,077	159,212	474,865

**Funds for this project were collected in previous years and have been specifically reserved for work on the acid seeps. These expenses do NOT impact the FY21 budget and are NOT included in the analysis above.*

Transmission

FY21 Q2 Key Budget Driver Rate Sheet

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

	FY21 AMENDED Budget Approved 12-10-20 YTD March	FY21 Actual YTD March	(Under) Over Budget	Percentage Change	FY21 AMENDED Budget Approved 12-10-20	FY21 Year-end Projection as of March	(Under) Over Budget	Percentage Change
Fixed Costs								
L01 Labor & Benefits	278,461	335,973	57,512	20.7%	615,738	673,738	58,000	9.4%
R06 Bank Charges	137,850	132,397	(5,454)	-4.0%	298,050	267,000	(31,050)	-10.4%
R41 Property Insurance	-	139,338	139,338	100.0%	-	291,286	291,286	100.0%
R51 Contractor Maintenance	493,947	323,603	(170,344)	-34.5%	1,587,500	1,587,500	-	0.0%
S04 Legal Services	30,000	97,305	67,305	224.4%	88,000	130,000	42,000	47.7%
Other Fixed Costs - Non-Debt	487,088	464,221	(22,866)	-4.7%	1,301,296	1,356,097	54,801	4.2%
Allocation of A&G	885,259	404,627	(480,632)	-54.3%	1,835,172	714,954	(1,120,218)	-61.0%
Subtotal Fixed Costs - Non-Debt	**$ 2,312,605**	**$ 1,906,393**	**$ (406,212)**	**-17.6%**	**$ 5,725,756**	**$ 5,029,503**	**$ (696,253)**	**-12.2%**
R57-R58 Debt Service - Bonds	6,811,356	6,811,359	3	0.0%	13,622,808	13,622,808	-	0.0%
R55 Revolving Notes Interest	332,483	172,882	(159,601)	-48.0%	695,383	350,000	(345,383)	-49.7%
R62 Debt Coverage Payment	1,770,965	1,770,965	-	0.0%	3,541,930	3,541,930	-	0.0%
Subtotal Fixed Costs - Debt	**$ 8,914,804**	**$ 8,755,206**	**$ (159,598)**	**-1.8%**	**$ 17,860,121**	**$ 17,514,738**	**$ (345,383)**	**-1.9%**
TOTAL FIXED COSTS	**$ 11,227,408**	**$ 10,661,598**	**$ (565,810)**	**-5.0%**	**$ 23,585,877**	**$ 22,544,241**	**$ (1,041,636)**	**-4.4%**
Other Revenues								
I50 Transmission System Revenue	(23,539,635)	(19,062,671)	4,476,964	19.0%	(47,079,270)	(34,367,274)	12,711,996	27.0%
I70-I75 Interest Income	(179,274)	(10,712)	168,562	94.0%	(368,453)	(29,075)	339,378	92.1%
Other Revenue	(35,650)	(56,569)	(20,919)	-58.7%	(72,300)	(137,333)	(65,033)	-89.9%
TOTAL OTHER REVENUES	**$ (23,754,559)**	**$ (19,129,952)**	**$ 4,624,607**	**19.5%**	**$ (47,520,023)**	**$ (34,533,682)**	**$ 12,986,341**	**27.3%**
TOTAL COSTS / (REVENUES)	**$ (12,527,151)**	**$ (8,468,354)**	**$ 4,058,797**	**-32.4%**	**$ (23,934,146)**	**$ (11,989,441)**	**$ 11,944,705**	**49.9%**

June 10, 2021

AGENDA ITEM NO. 7

SUBJECT: FY22 Annual Budgets, including FY22 Budget Package

DISCUSSION: Staff has prepared the FY22 Budget Package for the Board's review and approval. Please refer to the attached FY22 Budget Package for more information.

The package was reviewed with the Financial Working Group on 4/8/21, the P&O Committee on 4/21/21, and the Audit & Budget Committee (ABC) on 5/3/21. The ABC recommended approval of the FY22 budget as presented to them on 5/3/21. Following that meeting, one change was made to the FY22 Budget Package. An additional $350K has been included in the FY22 Transmission O&M budget for vegetation management in the Denton area. This change also affected the Allocation of A&G among the business units.

BACKUP
MATERIAL: FY22 Budget Package

ACTION
REQUESTED: Consideration and action on:
Resolution No. 2021-6-1 adopting a Generation budget for FY22
Resolution No. 2021-6-2 adopting a Mine budget for FY22
Resolution No. 2021-6-3 adopting a Transmission budget for FY22

There are a number of other agenda items related to the budget of which approval will be requested. They are:

1) FY22 Generation Charges – Agenda Item No. 8 (open session).
2) FY22 Mine Charges – Agenda Item No. 8 (open session).
3) FY22 Transmission System Capital Plan – Agenda Item No. 9 (open session).

Lyndi Birkhead
6/2/21

TEXAS MUNICIPAL POWER AGENCY

FY22 BUDGET PACKAGE

For Years FY22-31

Prepared by

TMPA Staff

May 2021

CONFIDENTIAL-COMPETITIVE INFORMATION

TEXAS MUNICIPAL POWER AGENCY
FY22 BUDGET PACKAGE

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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.

<u>Retention bonus period</u>: Annually, October 1 – September 30
<u>Retention bonus:</u> 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.

<u>Severance package:</u> 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	217,800	(970,608)	-81.7%	2
Subtotal Fixed Costs	**$ 2,898,790**	**$ 754,258**	**$ (2,144,532)**	-74.0%	
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**	**$ 754,258**	**$ (30,290,770)**	**-97.6%**	
OTHER REVENUES					
Interest Income	(59,068)	(5,100)	53,968	91.4%	
Other Revenue	(38,642)	-	38,642	100.0%	
TOTAL OTHER REVENUES	**$ (97,710)**	**$ (5,100)**	**$ 92,610**	**94.8%**	
TOTAL COSTS	**$ 30,947,318**	**$ 749,159**	**$ (30,198,159)**	**-97.6%**	

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

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

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	217,800	218,019	189,691	154,291	154,555	148,563	163,212	166,928	172,370	191,554	1,776,984
TOTAL FIXED COSTS	**$ 754,258**	**$ 731,906**	**$ 626,773**	**$ 512,377**	**$ 522,342**	**$ 526,320**	**$ 551,217**	**$ 565,468**	**$ 581,737**	**$ 612,054**	**$ 5,984,453**
OTHER REVENUES											
Interest Income	(5,100)	(11,587)	(14,515)	(15,364)	(19,225)	(21,735)	(27,062)	(31,039)	(35,055)	(42,493)	(223,175)
TOTAL OTHER REVENUES	**$ (5,100)**	**$ (11,587)**	**$ (14,515)**	**$ (15,364)**	**$ (19,225)**	**$ (21,735)**	**$ (27,062)**	**$ (31,039)**	**$ (35,055)**	**$ (42,493)**	**$ (223,175)**
TOTAL COSTS	**$ 749,159**	**$ 720,319**	**$ 612,258**	**$ 497,013**	**$ 503,117**	**$ 504,586**	**$ 524,155**	**$ 534,429**	**$ 546,682**	**$ 569,560**	**$ 5,761,278**
Monthly Charge	**$ 62,430**	**$ 60,027**	**$ 51,022**	**$ 41,418**	**$ 41,926**	**$ 42,049**	**$ 43,680**	**$ 44,536**	**$ 45,557**	**$ 47,463**	**$ 480,107**

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	1,917,000	329,500	20.8%	2
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	1,965,994	130,822	7.1%	3
Subtotal Fixed Costs - Non-Debt	**$ 5,725,756**	**$ 6,535,355**	**$ 809,599**	14.1%	
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**	**$ 24,406,852**	**$ 820,975**	**3.5%**	
OTHER REVENUES					
I50 Transmission System Revenue	(47,079,270)	$ (30,890,630)	16,188,640	34.4%	4
Interest Income	(368,453)	$ (134,651)	233,802	63.5%	5
Other Revenue	(72,300)	(82,300)	(10,000)	-13.8%	
TOTAL OTHER REVENUES	**$ (47,520,023)**	**$ (31,107,580)**	**$ 16,412,443**	**34.5%**	
TOTAL COSTS / (REVENUE)	**$ (23,934,146)**	**$ (6,700,728)**	**$ 17,233,418**	**72.0%**	

* 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.

2) Contractor Maintenance increased because of extensive vegetation management for the Denton area (performed approximately every five years).

3) Allocation of A&G increased primarily due to increased fixed costs within the Transmission budget.

Other Revenues

4) 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.

5) 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	1,917,000	1,598,340	1,630,307	1,662,913	1,696,171	2,080,095	1,764,697	1,799,990	1,835,990	1,872,710	17,858,213
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	1,965,994	1,946,501	2,062,001	2,134,682	2,127,300	2,185,979	2,223,266	2,262,084	2,323,715	2,568,878	21,800,400
Subtotal Fixed Costs - Non-Debt	**$ 6,535,355**	**$ 6,256,398**	**$ 6,464,426**	**$ 6,631,676**	**$ 6,720,955**	**$ 7,228,422**	**$ 7,016,686**	**$ 7,158,712**	**$ 7,325,836**	**$ 7,678,829**	**$ 69,017,295**
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	**$ 24,406,852**	**$ 24,537,726**	**$ 25,031,256**	**$ 25,484,694**	**$ 25,855,573**	**$ 26,645,500**	**$ 26,716,779**	**$ 27,141,423**	**$ 27,590,202**	**$ 28,226,915**	**$ 261,636,920**
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	(134,651)	(288,727)	(432,128)	(575,988)	(717,107)	(861,373)	(999,280)	(1,140,334)	(1,281,366)	(1,467,729)	(7,898,682)
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	**$ (31,107,580)**	**$ (31,881,115)**	**$ (32,656,363)**	**$ (33,444,709)**	**$ (34,243,203)**	**$ (35,057,989)**	**$ (35,879,829)**	**$ (36,718,493)**	**$ (37,571,089)**	**$ (38,483,248)**	**$ (347,043,618)**
TOTAL COSTS / (REVENUE)	**$ (6,700,728)**	**$ (7,343,389)**	**$ (7,625,107)**	**$ (7,960,014)**	**$ (8,387,630)**	**$ (8,412,489)**	**$ (9,163,051)**	**$ (9,577,070)**	**$ (9,980,887)**	**$ (10,256,333)**	**$ (85,406,698)**
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

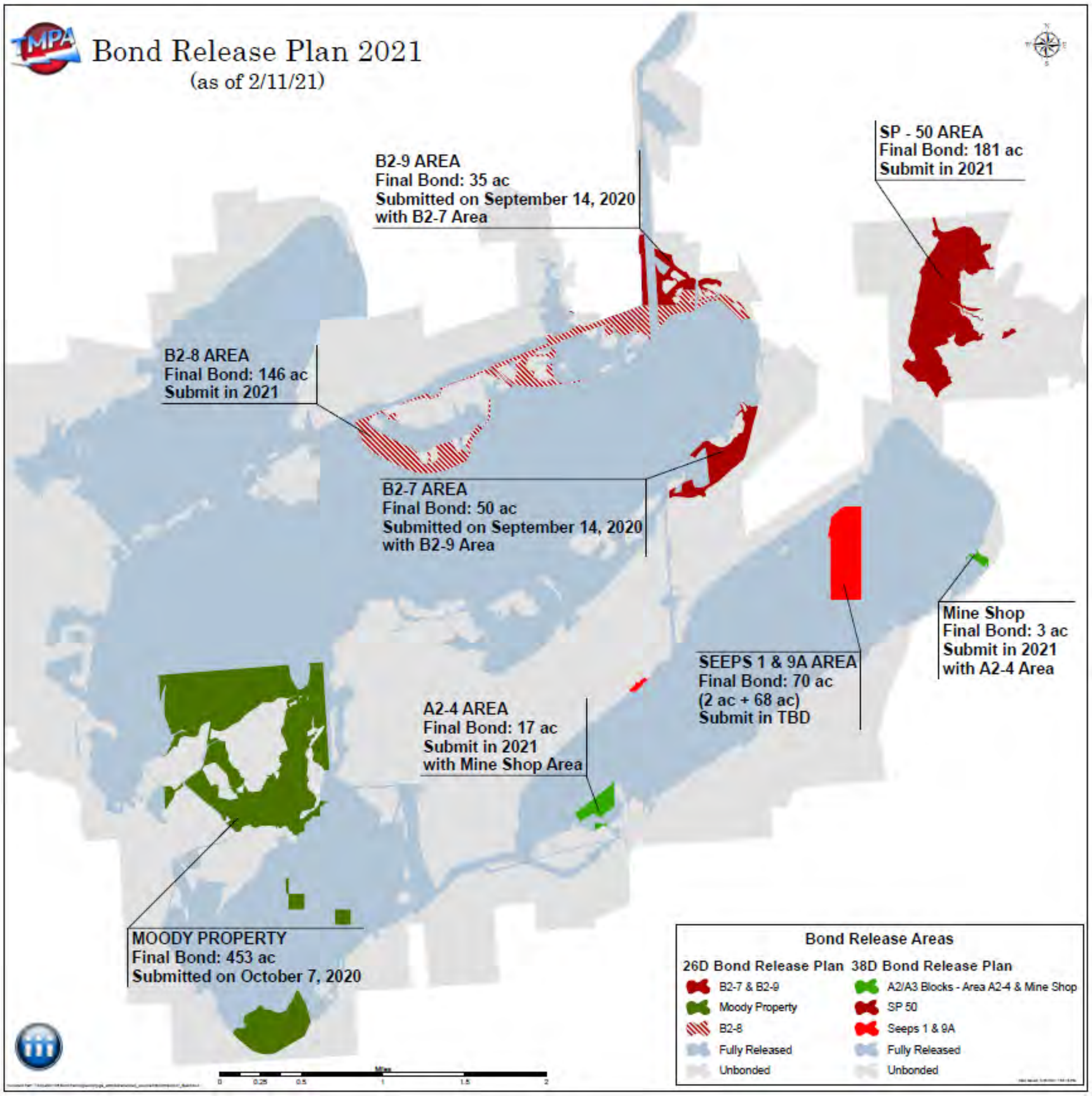


Table 1 represents the plan for submittal of bond release applications. The duration of the bond release process for TMPA's last five applications is summarized below (Table 2).

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.

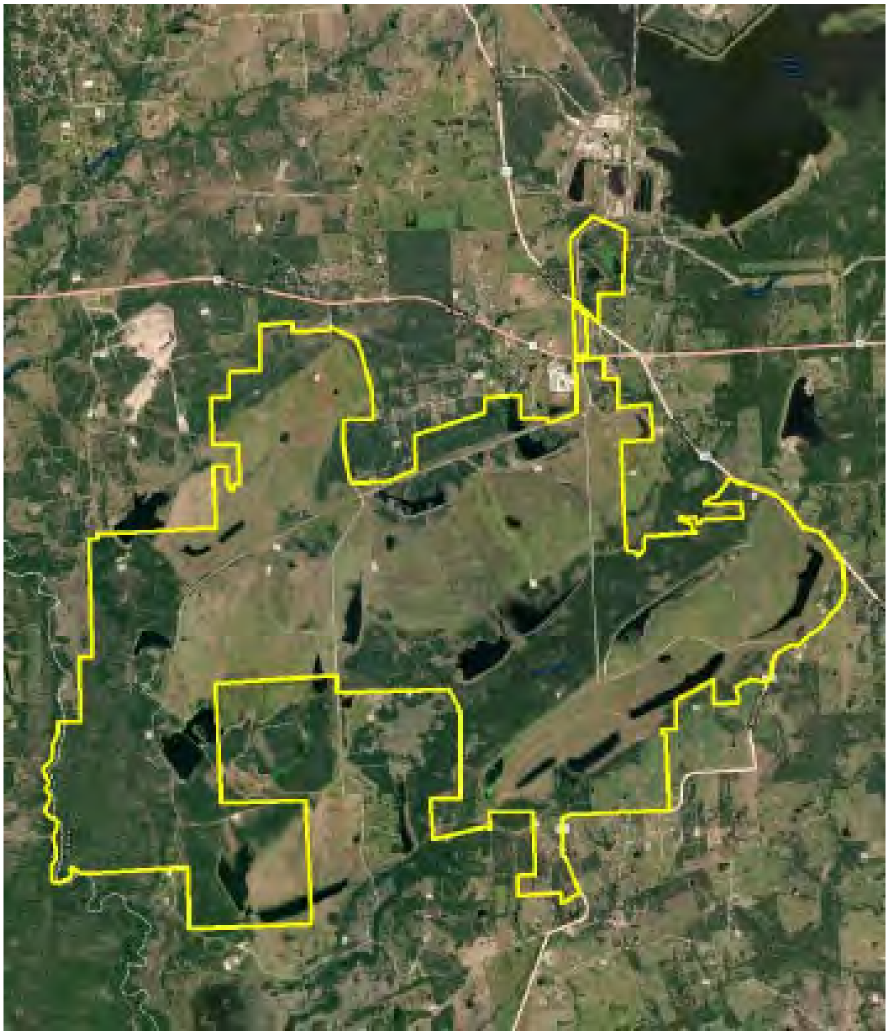
Land Ownership

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	626,184	(145,607)	-18.9%	3
TOTAL FIXED COSTS	**$ 2,869,105**	**$ 2,170,835**	**$ (698,270)**	**-24.3%**	
OTHER REVENUES					
Interest Income	(74,939)	(14,661)	60,278	80.4%	
Other Revenue	(46,000)	(60,000)	(14,000)	-30.4%	
TOTAL OTHER REVENUES	**$ (120,939)**	**$ (74,661)**	**$ 46,278**	**38.3%**	
TOTAL COSTS	**$ 2,748,166**	**$ 2,096,174**	**$ (651,992)**	**-23.7%**	

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

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

Fixed Costs

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	626,184	212,967	193,604	200,137	199,155	190,162	207,523	210,830	216,247	-	2,256,808
TOTAL FIXED COSTS	**$ 2,170,835**	**$ 684,513**	**$ 606,954**	**$ 621,752**	**$ 629,206**	**$ 628,813**	**$ 654,947**	**$ 667,203**	**$ 681,749**	**$ -**	**$ 7,345,971**
OTHER REVENUES*											
Interest Income	(14,661)	(11,319)	(14,814)	(19,929)	(24,773)	(27,820)	(34,409)	(39,202)	(43,978)	-	(230,907)
Other Revenue	(60,000)	-	-	-	-	-	-	-	-	-	(60,000)
TOTAL OTHER REVENUES*	**$ (74,661)**	**$ (11,319)**	**$ (14,814)**	**$ (19,929)**	**$ (24,773)**	**$ (27,820)**	**$ (34,409)**	**$ (39,202)**	**$ (43,978)**	**$ -**	**$ (290,907)**
TOTAL COSTS	**$ 2,096,174**	**$ 673,194**	**$ 592,140**	**$ 601,823**	**$ 604,433**	**$ 600,993**	**$ 620,537**	**$ 628,000**	**$ 637,771**	**$ -**	**$ 7,055,064**
Monthly Charge	**$ 174,681**	**$ 56,099**	**$ 49,345**	**$ 50,152**	**$ 50,369**	**$ 50,083**	**$ 51,711**	**$ 52,333**	**$ 53,148**	**$ -**	**$ 587,922**

**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

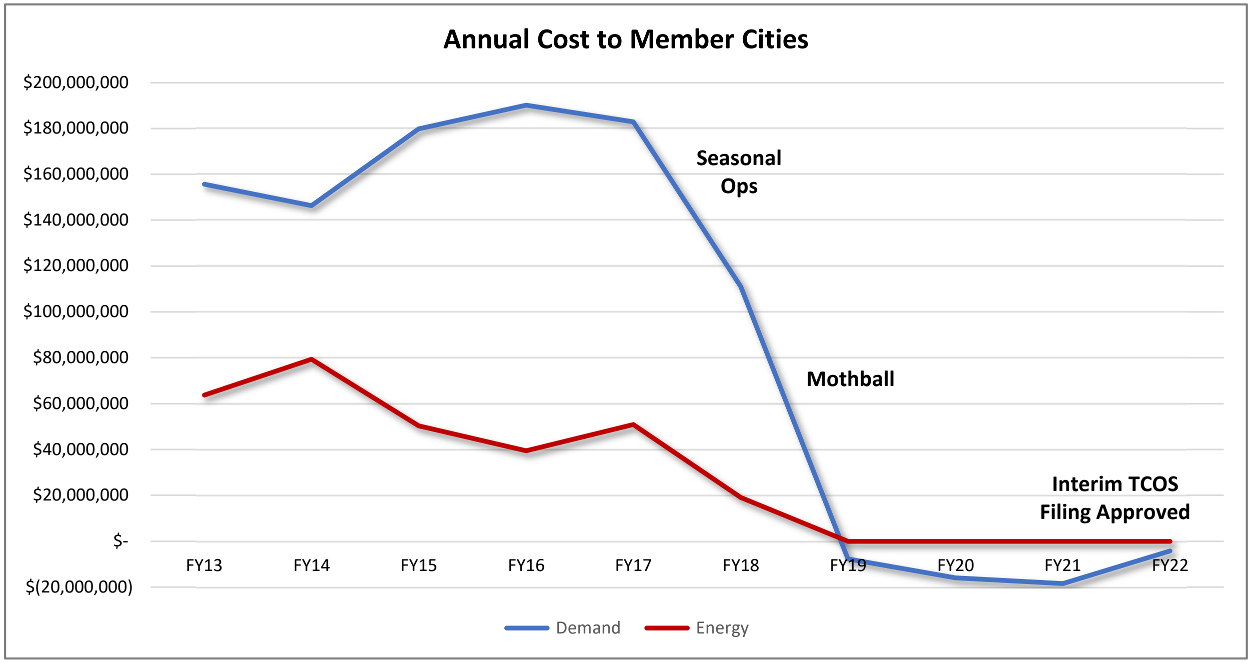
Fixed Costs

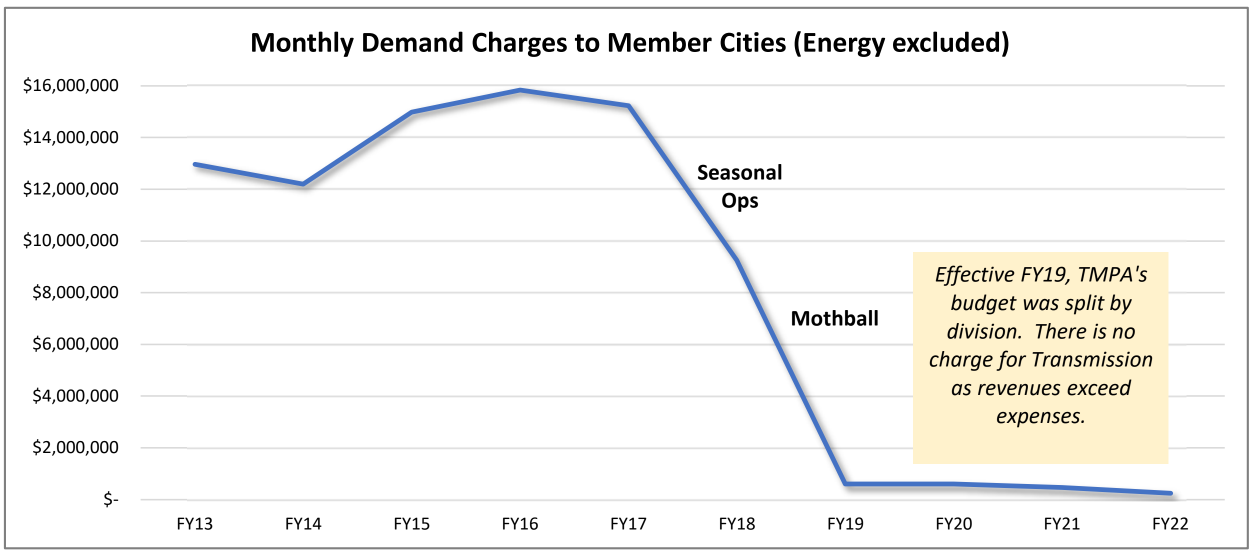
1) Insurance Premiums decreased because property insurance premiums for the Transmission assets are now directly budgeted in the Transmission budget. Also, the property insurance premiums for the Generation assets, previously budgeted in A&G, reduced to zero with the sale of the plant in February 2021.

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





RESOLUTION NO. 2021-6-1

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") ADOPTING AND APPROVING AN ANNUAL BUDGET FOR THE GENERATION BUSINESS FOR THE FISCAL YEAR OCTOBER 1, 2021 THROUGH SEPTEMBER 30, 2022; APPROPRIATING FUNDS THEREFORE; PROVIDING FOR SAID BUDGET ADMINISTRATION; PROVIDING FOR SEVERABILITY; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, an Annual Generation Budget for the Fiscal Year October 1, 2021 through September 30, 2022 has been prepared by the General Manager, as reflected in the FY22 column of page 8 of the attached FY22 Budget Package;

WHEREAS, after full and final consideration it is the opinion of this Board that the said Annual Generation Budget should be adopted and approved, and funds appropriated therefore;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;

2. That this Board of Directors of the Agency adopts and approves the Annual Generation Budget for the Fiscal Year October 1, 2021 through September 30, 2022, and further appropriates the funds therefore, subject to the provisions of the Rules & Regulations and General Policy of the Agency;

3. That the costs of the Fiscal Year 2022 Generation Budget shall be allocated to the Member Cities based on their ownership shares in the Generation Assets, such allocation to be calculated as provided in the Joint Operating Agreement;

4. That the General Manager shall be responsible for administering the Fiscal Year 2022 Annual Generation Budget and all funds appropriated thereunder, subject to the provisions of the Rules & Regulations and General Policy of the Agency;

5. That should any portion of this Resolution or the Fiscal Year 2022 Annual Generation Budget be declared invalid, the invalidity of that portion shall not affect the remainder of this Resolution or the Annual Generation Budget, which shall remain valid;

6. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10TH DAY OF JUNE 2021.

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

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

RESOLUTION NO. 2021-6-2

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") ADOPTING AND APPROVING AN ANNUAL BUDGET FOR THE MINE BUSINESS FOR THE FISCAL YEAR OCTOBER 1, 2021 THROUGH SEPTEMBER 30, 2022; APPROPRIATING FUNDS THEREFORE; PROVIDING FOR SAID BUDGET ADMINISTRATION; PROVIDING FOR SEVERABILITY; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, an Annual Mine Budget for the Fiscal Year October 1, 2021 through September 30, 2022 has been prepared by the General Manager, as reflected in the FY22 column of page 25 of the attached FY22 Budget Package;

WHEREAS, after full and final consideration it is the opinion of this Board that the said Annual Mine Budget should be adopted and approved, and funds appropriated therefore;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;

2. That this Board of Directors of the Agency adopts and approves the Annual Mine Budget for the Fiscal Year October 1, 2021 through September 30, 2022, and further appropriates the funds therefore subject to the provisions of the Rules & Regulations and General Policy of the Agency;

3. That the General Manager shall be responsible for administering the Fiscal Year 2022 Annual Mine Budget and all funds appropriated thereunder, subject to the provisions of the Rules & Regulations and General Policy of the Agency;

4. That should any portion of this Resolution or the Fiscal Year 2022 Annual Mine Budget be declared invalid, the invalidity of that portion shall not affect the remainder of this Resolution or the Annual Mine Budget, which shall remain valid;

5. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10TH DAY OF JUNE 2021.

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

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

RESOLUTION NO. 2021-6-3

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") ADOPTING AND APPROVING AN ANNUAL BUDGET FOR THE TRANSMISSION BUSINESS FOR THE FISCAL YEAR OCTOBER 1, 2021 THROUGH SEPTEMBER 30, 2022; APPROPRIATING FUNDS THEREFORE; PROVIDING FOR SAID BUDGET ADMINISTRATION; PROVIDING FOR SEVERABILITY; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, an Annual Transmission Budget for the Fiscal Year October 1, 2021 through September 30, 2022 has been prepared by the General Manager, as reflected in the FY22 column of page 13 of the attached FY22 Budget Package;

WHEREAS, after full and final consideration it is the opinion of this Board that the said Annual Transmission Budget should be adopted and approved, and funds appropriated therefore;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;

2. That this Board of Directors of the Agency adopts and approves the Annual Transmission Budget for the Fiscal Year October 1, 2021 through September 30, 2022, and further appropriates the funds therefore subject to the provisions of the Rules & Regulations and General Policy of the Agency;

3. That the General Manager shall be responsible for administering the Fiscal Year 2022 Annual Transmission Budget and all funds appropriated thereunder, subject to the provisions of the Rules & Regulations and General Policy of the Agency;

4. That should any portion of this Resolution or the Fiscal Year 2022 Annual Transmission Budget be declared invalid, the invalidity of that portion shall not affect the remainder of this Resolution or the Annual Transmission Budget, which shall remain valid;

5. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10TH DAY OF JUNE 2021.

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

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

June 10, 2021

AGENDA ITEM NO. 8

SUBJECT: FY22 Rates and Charges

Resolution No. 2021-6-4, establishing charges for the Generation business; designating an effective date for the charges; authorizing and directing that written notice be mailed to the Member Cities setting forth the charges; and resolving matters incidental and related thereto.

Resolution No. 2021-6-5, establishing charges for the Mine business; designating an effective date for the charges; authorizing and directing that written notice be mailed to the Member Cities setting forth the charges; and resolving matters incidental and related thereto.

DISCUSSION: The purpose of this item is to request that the Board adopt charges for the Generation Business and Mine Business consistent with the FY22 Budget for each business. The new charges will go into effect on October 1, 2021. No charges are proposed for the Transmission Business because Transmission revenues are projected to be sufficient to pay for the annual costs of the Transmission business.

BACKUP MATERIAL: Written Notice to Member Cities

ACTION REQUESTED: Consideration and action on:
Resolution No. 2021-6-4 establishing Generation charges for FY22
Resolution No. 2021-6-5 establishing Mine charges for FY22

Lyndi Birkhead
6/2/21

SERVING THE CITIES OF BRYAN, DENTON, GARLAND & GREENVILLE

June 10, 2021

City of _________________
ATTN: Utility Director

Re: TMPA Rate Adjustment

Dear _____________:

On June 10, 2021, the Texas Municipal Power Agency's Board of Directors adopted new charges to recover the generation costs associated with fiscal year 2022. The new charges are effective on October 1, 2021 and will be effective for fiscal year 2022. A copy of the resolution is enclosed herein.

The new generation charge is, in the aggregate for all Cities, **$62,430/month**, which shall be allocated among the Cities in accordance with the Joint Operating Agreement.

A copy of this notice has been mailed simultaneously to each Member City.

Sincerely,

____
Bob Kahn
General Manager

TEXAS MUNICIPAL POWER AGENCY P.O. BOX 7000 BRYAN, TEXAS 77805-7000 (936) 873-2013

SERVING THE CITIES OF BRYAN, DENTON, GARLAND & GREENVILLE

June 10, 2021

City of ________________
ATTN: Utility Director

Re: TMPA Rate Adjustment

Dear ____________:

On June 10, 2021, the Texas Municipal Power Agency's Board of Directors adopted new charges to recover the mine costs associated with fiscal year 2022. The new charges are effective on October 1, 2021 and will be effective for fiscal year 2022. A copy of the resolution is enclosed herein.

The new mine charge is, in the aggregate for all Cities, **$174,681/month**, which shall be allocated among the Cities in accordance with the Joint Operating Agreement.

A copy of this notice has been mailed simultaneously to each Member City.

Sincerely,

____
Bob Kahn
General Manager

TEXAS MUNICIPAL POWER AGENCY P.O. BOX 7000 BRYAN, TEXAS 77805-7000 (936) 873-2013

RESOLUTION NO. 2021-6-4

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") ESTABLISHING CHARGES FOR THE GENERATION BUSINESS; DESIGNATING AN EFFECTIVE DATE FOR THE CHARGES, AUTHORIZING AND DIRECTING THAT WRITTEN NOTICE BE MAILED TO THE MEMBER CITIES SETTING FORTH THE CHARGES; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, pursuant to Section 2.6.1.2 of the Joint Operating Agreement between the Agency and the Cities of Bryan, Denton, Garland, and Greenville (the "Member Cities"), the Agency is empowered to set charges to recover the costs of the Generation business;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;

2. That the Schedule of Charges attached hereto as Exhibit "A" is adopted and approved as the charges for the Generation business;

3. That the effective date for the charges hereby adopted shall be October 1, 2021, and such charges shall be effective for Fiscal Year 2022;

4. That it is expressly found that the charges approved herein are non-discriminatory, fair, reasonable, based upon the costs of the Generation Business, and adequate to pay or make provision for paying the costs of the Generation Business;

5. That the General Manager of the Agency is authorized and directed to simultaneously mail, on behalf of the Agency, notices to the Member Cities setting out the charges;

6. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10TH DAY OF JUNE 2021.

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

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

SCHEDULE OF RATES AND CHARGES

1. Commencing on October 1, 2021, the Cities shall pay, in the aggregate, a monthly Generation charge of $62,430. The charge shall be payable on the twenty-fifth of the said month.

2. The charges shall be allocated to the Member Cities on the following basis:

Bryan	21.24%
Denton	21.45%
Garland	47.30%
Greenville	10.01%

EXHIBIT "A" TO RESOLUTION NO. 2021-6-4

RESOLUTION NO. 2021-6-5

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") ESTABLISHING CHARGES FOR THE MINE BUSINESS; DESIGNATING AN EFFECTIVE DATE FOR THE CHARGES, AUTHORIZING AND DIRECTING THAT WRITTEN NOTICE BE MAILED TO THE MEMBER CITIES SETTING FORTH THE CHARGES; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, pursuant to Section 2.6.1.2 of the Joint Operating Agreement between the Agency and the Cities of Bryan, Denton, Garland, and Greenville (the "Member Cities"), the Agency is empowered to set charges to recover the costs of the Mine business;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;

2. That the Schedule of Charges attached hereto as Exhibit "A" is adopted and approved as the charges for the Mine business;

3. That the effective date for the charges hereby adopted shall be October 1, 2021, and such charges shall be effective for Fiscal Year 2022;

4. That it is expressly found that the charges approved herein are non-discriminatory, fair, reasonable, based upon the costs of the Mine business, and adequate to pay or make provision for paying the costs of the Mine business;

5. That the General Manager of the Agency is authorized and directed to simultaneously mail, on behalf of the Agency, notices to the Member Cities setting out the charges;

6. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10TH DAY OF JUNE 2021.

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

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

SCHEDULE OF RATES AND CHARGES

1. Commencing on October 1, 2021, the Cities shall pay, in the aggregate, a monthly Mine charge of $174,681. The charge shall be payable on the twenty-fifth of the said month.

2. The charge shall be allocated to the Member Cities on the following basis:

Bryan	21.7%
Denton	21.3%
Garland	47.0%
Greenville	10.0%

EXHIBIT "A" TO RESOLUTION NO. 2021-6-5

June 10, 2021

AGENDA ITEM NO. 9

SUBJECT: Resolution No. 2021-6-6, adopting and approving an Annual Transmission System Capital Budget for the Agency for the Fiscal Year October 1, 2021 through September 30, 2022; and resolving matters incidental and related thereto.

DISCUSSION: This Resolution adopts the FY22 Annual Transmission System Capital Budget.

BACKUP MATERIAL: None.

ACTION REQUESTED: Consideration and action on Resolution No. 2021-6-6.

Lyndi Birkhead
6/2/21

Lyndi Birkhead

Competitive – Confidential Information

RESOLUTION NO. 2021-6-6

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") ADOPTING AND APPROVING A TRANSMISSION SYSTEM CAPITAL PLAN FOR THE FISCAL YEARS BEGINNING OCTOBER 1, 2021 AND ENDING SEPTEMBER 30, 2031 INCLUSIVE, ADOPTING AND APPROVING THE FIRST YEAR THEREOF AS THE ANNUAL TRANSMISSION SYSTEM CAPITAL BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2021 THROUGH SEPTEMBER 30, 2022, APPROPRIATING FUNDS AND PROVIDING FOR ADMINISTRATION OF THE ANNUAL TRANSMISSION SYSTEM CAPITAL BUDGET; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, pursuant to Article VI, Section 7, of the Rules & Regulations, the City of Garland, as Transmission Operator of the Agency, has prepared a Transmission System Capital Plan for the Fiscal Years beginning October 1, 2021 and ending September 30, 2031, inclusive, with the first year thereof designated the Annual Transmission System Capital Budget, as reflected on page 14 of the attached FY22 Budget Package;

WHEREAS, after full and final consideration, it is the opinion of this Board that the said Transmission Capital Plan should be adopted and approved; and

WHEREAS, it is further the opinion of this Board that the first year of the Transmission Capital Plan should be adopted as the Annual Transmission System Capital Budget for Fiscal Year 2022 and funds appropriated therefore;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;

2. That this Board of Directors of the Agency adopts and approves the Transmission Capital Plan for the Fiscal Years beginning October 1, 2021 and ending September 30, 2031, inclusive;

2. That this Board of Directors of the Agency adopts and approves the first year of the Transmission Capital Plan as the Annual Transmission System Capital Budget for the Fiscal Year October 1, 2021 through September 30, 2022, and further appropriates the funds therefore subject to the provisions of the Rules & Regulations and General Policy of the Agency;

4. That should any portion of this Resolution, the Fiscal Year 2022 Annual Transmission System Capital Budget, or the Transmission Capital Plan be declared invalid, the invalidity of that portion shall not affect the remainder of this Resolution, Annual Transmission System Capital Budget, or Transmission Capital Plan, which shall remain valid;

5. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10th DAY OF JUNE 2021.

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

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

June 10, 2021

AGENDA ITEM NO. 10

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

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

BACKUP MATERIAL:
1) Transmission Operations Status Reports
2) Transmission Capital Project Status Report

ACTION REQUESTED: None.

TRANSMISSION OPERATIONS STATUS REPORT
MAY 25, 2021

Outage Summary:

During the months of January through April 2021, TMPA had fourteen planned outages on the 345kV system, twelve planned outages on the 138kV system and no planned outages on the 69kV system. There was one forced extension on the 345kV, one on the 138kV and none on the 69kV system. There was one unplanned outage on the 345kV system, one on the 138kV system and none on the 69kV system.

Unplanned Outage Details: The unplanned 345kV outage was on the Ben Davis 5030 breaker on 2/15/21. It was opened to repair a gas leak. The outage was from 16:15 on 2/15/21 until 07:29 on 2/22/21. The unplanned 138kV outage was on Ben Davis 8160 breaker. It was taken out due to a bad relay on the Ben Davis distribution XFMR #1. A new relay had to be ordered and installed. The outage was from 15:47 on 12/22/20 until 08:08 on 3/11/21.

Forced Extension Details: The 345kV and 138kV forced extensions were related to the outage of Ben Davis Auto XFMR #2 for oil-leak repair, maintenance and testing.

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

Steve Martin
Matt Carter
5/25/21

TMPA Transmission Operations Report
2021

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2021 Total
Planned Outages													
345 Kv	3	2	2	7									**14**
138 Kv	3	1	2	6									**12**
69 Kv	0	0	0	0									**0**
Devices requested													**0**
Un-Planned Outages													
345 Kv	0	1	0	0									**1**
138 Kv	1	0	0	0									**1**
69 Kv	0	0	0	0									**0**
Forced Extension Outages													
345 Kv	0	0	1	0									**1**
138 Kv	0	0	1	0									**1**
69 Kv	0	0	0	0									**0**

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

TRANSMISSION FIVE-YEAR PROJECTS PLAN STATUS REPORT
June 2021

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

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

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

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

Steve Martin
5/26/2021

Transmission Project Status Report
May 2021

Projects	Priority	Original Proposed Completion Date	Projected or Actual Completion Date	Original Approved Budget/Cost Estimate	Current Approved Budget/Cost Estimate	FY 2021	FY2022	FY2023	FY2024	FY2025	Total Estimated Expenditures FY21-FY25	Comments
T11009 CIP Substation Security	H	Dec-11	Sep-21	$1,250,700	$1,250,700	$225,494					$225,494	Cameras are active at Gibbons Creek.
T13001 Breaker Replacements	H	Sep-17	Dec-21	$12,201,239	$12,201,239	$396,525	$50,000				$446,525	Project continues in the Fall 2021 with the installation of the breaker disconnect switches on the Reserve AUX transformer breakers and the repalcement of the Voltage transformers on the Keith Switch line
T13002 Relay and SCADA Upgrade	M	Sep-17	Jun-21	$7,552,776	$7,552,776	$50,000	$200,000				$250,000	Relay panels at Dansby to be installed in conjunction with BTU Dansby upgrade. Relay enhancement at Gibbons Creek, Denton West and Jack Creek are replacing obsolete equipment.
T17007 Brand Rd. Pole Reroute	L	Sep-17	Dec-22	$192,000	$192,000				$159,039		$159,039	Project required for street improvements and cost will be reimbursed by City of Garland. Project on Hold.
T17009 Steep Hollow to Keith Switch fiber installation	H	May-18	Dec-21	$715,000	$715,000	$0	$444,546				$444,546	Fiber installation delayed pending pole replacement project (T20002).
T18004 Pauwells Transformer Power Upgrades	H	Sep-19	Dec-21	$300,000	$300,000	$0	$34,816				$34,816	Jack Creek and Denton West are complete. Ben Davis to be completed in Fall 2021.
T19003 Black Start Path Generator Installation	M	May-20	May-21	$300,000	$300,000	$150,000					$150,000	Project is to install back up generators at Pruitt, Shelby, and Greenville Interchange. Shelby in Service. Greenville will be in Service Spring 2021. Pruitt will be coordinated with ONCOR project
T19004 McCree Equipment Installation	M	Jun-21	Jun-21	$1,644,500	$1,644,500	$219,321	$200,000	$ 1,000,000			$1,419,321	Project is in conjunction with GP&L ERCOT requested project to install a new 600 MVA transformer. 345kV breaker has been installed.
T20001 Pruitt ONCOR Transmission Separation	H	May-20	May-21	$300,000	$300,000	$286,652					$286,652	Construction continuing.
T20002 Steep Hollow to Keith Switch T-line Rebuild	H	Mar-20	Mar-22	$12,800,000	$12,800,000	$2,000,000	$10,800,000				$12,800,000	Material on order. Construction out for bid. Fall '21 construction.
T20003 Gibbons Creek Decommission Transmission Project	H	May-20	May-21	$385,000	$385,000	$385,000					$385,000	May construction will involve electrical disconnection from the Plant to the substation. EPS metering shut-off 5/10. Fall 2021 construction will involve shielding modifications.
T20004 Ben Davis Breaker Replacement Project	H	Dec-21	Dec-21	$4,290,000	$4,290,000	$1,000,000	$2,790,000				$3,790,000	Breakers on order. Design will now call for elevated breakers to connect to the old control house. Construction to begin Oct '21. Outages must coordinate with McCree project.
T20006 Greenville to Olinger Airport Marker Ball	H	Dec-21	Dec-21	$150,000	$150,000	$150,000					$150,000	Waiting on direction from the FAA.
T21002 Shelby-Nevada elevation for SS1570	H	Jun-21	Apr-22	$600,000	$600,000	$100,000	$500,000				$600,000	Project has been kicked off and engineering has been contracted with R Delta. ONCOR is waiting for TxDOT agreement.
T21003 Ben Davis to Royse Transmisson Line Tower	H	Dec-21	Dec-21	$2,200,000	$2,200,000	$400,000	$1,800,000				$2,200,000	Project has been kicked off and engineering has been contracted with Black and Veatch.
				Totals	**$44,881,215**	**$5,362,992**	**$16,819,362**	**$1,000,000**	**$159,039**	**$0**	**$23,341,393**	

June 10, 2021

AGENDA ITEM NO. 11

SUBJECT: Resolution No. 2021-6-7, amending the FY2021 Annual Transmission System Capital Budget by appropriating funds for the Masch Branch to Denton North Transmission Line Reroute Project; and resolving matters incidental and related thereto.

DISCUSSION: The purpose of this project is to reroute a portion of the Masch Branch to Denton North Transmission Line to accommodate a TXDOT project to reconstruct the I35 to Loop 288 Interchange in Denton. The project will involve the removal of approximately 1 mile of transmission line that interferes with the TXDOT project and the construction of a replacement segment of transmission line that will be approximately 1.75 miles in length. The Project will also involve the acquisition of right-of-way that is required for the new line segment.

TXDOT is expected to reimburse TMPA for the costs of the Project.

This Resolution would appropriate $5,210,000 for this Project.

BACKUP MATERIAL: I35 – Masch Br to Denton North TML Reroute Capital Proposal

ACTION REQUESTED: Consideration and action on Resolution No. 2021-6-7.

RESOLUTION NO. 2021-6-7

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AMENDING THE FY2021 ANNUAL TRANSMISSION SYSTEM CAPITAL BUDGET BY APPROPRIATING FUNDS FOR THE MASCH BRANCH TO DENTON NORTH TRANSMISSION LINE REROUTE PROJECT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, in order to accommodate a TXDOT project to reconstruct the I35 to Loop 288 Interchange in Denton, it is necessary to reroute a portion of the Masch Branch to Denton North Transmission Line (the "Masch Branch to Denton North Transmission Line Reroute Project");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;

2. That the FY2021 Annual Transmission System Capital Budget is amended by appropriating $5,210,000 for the Masch Branch to Denton North Transmission Line Reroute Project;

3. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10TH DAY OF JUNE 2021.

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

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

TEXAS MUNICIPAL POWER AGENCY
CAPITAL PROPOSAL

PROJECT TITLE:		PROJECT MANAGER:		DATE:
I35 - Masch Br to Denton North TML Reroute		Mark Zimmerer		April 29, 2021
PROJECT NO.	RISK LEVEL:	RISK TYPE:	FERC ACCOUNT:	FUNDING: ☐ Rate ☑ Debt

SCHEDULE DATES		
START DATE: June 2021	ESTIMATED IN-SERVICE DATE: May 2022	
☑ Capital	☐ Annual Need ☑ One Time Need ☐ Cyclical Need	Capital Plan Year: 2020

Total Cost:	FY20:	FY21:	FY22:	FY23:	FY24:
$5,210,000			$ 5,210,000		

DESCRIPTION OF PROJECT:

TXDOT is reconstructing the I35 to Loop 288 Interchange. Approximately 1 mile of the existing Masch Branch to Denton North transmission line is in the future TXDOT Right of Way and conflicts with the new highway interchange.

This project proposes to relocate the transmission line out of the I35 and Loop 288 right-of-way.

A preliminary design from Power Engineers shows the reroute will consist of 18 new structures and approximately 10,000 linear feet of conductor. 15 existing structures and approximately 7,500 linear feet of conductor and hardware will be removed and retired.

New easements must be acquired for this project.

This project meets the "Buy American" requirements. All parts fabricated from steel will be source from American vendors; except for some assemblies.

PROJECT BENEFITS & JUSTIFICATION (OUTCOME):

The transmission line will not be in conflict with TXDOT expansion and paid for by TXDOT.

TEXAS MUNICIPAL POWER AGENCY
CAPITAL PROPOSAL

BACKGROUND:

TXDOT project to reconstruct I35 to Loop 288 is scheduled for construction in Summer 2022. TXDOT requires all conflicting transmission facilities be resolved before Summer 2022. This capitol request has an estimated in-service date of May 2022 at TXDOT's request. DME believes a more realistic in-service date is Summer 2023.

DME and Power Engineers have attended bi-weekly meetings with TXDOT since November 2020 to determine a transmission line route that resolves the conflicts with the reconstructed I35 infrastructure, meets DME and TMPA transmission line design requirements, and is supported by TXDOT. This new route traverses several new parcels of land requiring new easement be acquired. The new route is approximately 1.75 miles long; 0.75 miles longer than the existing conflicting route. See included map that shows the proposed alignment and alternate routes that were considered.

ALTERNATIVES:

1. Green Route Cost = $6,600,000

2. Pink Route Cost = $7,200,000

3. Yellow Route Cost = $6,110,000

COST/BENEFIT WORKSHEET

ECONOMIC ASSESSMENT:

Costs: **Current Year Only**

			Benefits:$/Year
TMPA Labor Hours =			
TMPA Labor	**$**		**Reliability -**
Materials	**$**	3,465,000	**Capability -**
Contract Services	**$**	1,560,000	**Labor Savings -**
Engineering Consultant	**$**	150,000	**Heat Rate Improvement -**
Misc. Expenses	**$**	35,000	**Non Labor O&M Savings -**
Labor Loadings (50%)	**$**		**Total Benefit $**
TOTAL	**$**	5,210,000	**Cost / Benefit =**

Estimation Levels:
P1 = Budget/Preliminary
P2 = Conceptual
P3 = Detail Design

Staff will measure improvement of completed project: ☐ **Yes** ☐ **No**

Level of Estimate: P1 ☐ **P2** ☑ **P3** ☐

Over $100K in professional services: ☑ **Yes** ☐ **No**

Estimated life of asset: 40

Is land acquisition or right of ways procurement required: ☑ **Yes** ☐ **No**

TEXAS MUNICIPAL POWER AGENCY
CAPITAL PROPOSAL

ASSUMPTIONS:

Estimated breakdown of cost:

Material:
- Structures (18) - $1,655,000
- Anchor Bolt Cages (11) - $610,000
- Conductors (60,500') - $225,000
- OPGW (11,500') - $35,000
- Hardware (Lot) - $115,000
- Land (approx 14.25 acres) - $825,000

Total Material - $3,465,000

Contracting Service(Construction) - $1,560,000

Engineering Consultant - $150,000

Misc Costs (DME Labor) - $35,000

Project Total - $5,210,000

SIGNATURES		
Project Manager:	Mark Zimmerer — Digitally signed by Mark Zimmerer DN: o=Electric Reliability Council of Texas, Inc ou=EmployeeID - 2358583, ou=MP - DENTON MUNICIPAL ELECTRIC (TDSP), ou=DUNS Number - 0713801904000, ou=ERCOT Enterprise, ou=2358583, ou=0713801904000, cn=Mark Zimmerer Date: 2021.05.18 15:00:41 -05'00'	**Date:**
Supervisor:	Mark Zimmerer — Digitally signed by Mark Zimmerer DN: o=Electric Reliability Council of Texas, Inc ou=EmployeeID - 2358583, ou=MP DENTON MUNICIPAL ELECTRIC (TDSP), ou=DUNS Number - 0713801904000, ou=ERCOT Enterprise, ou=2358583, ou=0713801904000, cn=Mark Zimmerer Date: 2021.05.18 15:00:59 -05'00'	**Date:**
Division Manager:	Steve Martin	**Date:** 5-20-2021
General Manager:	Bob Kahn	**Date:** 5/31/2021

June 10, 2021

AGENDA ITEM NO. 12

SUBJECT: Resolution No. 2021-6-8, amending the FY2021 Annual Transmission System Capital Budget by appropriating funds for the Pruitt 138 kV Terminal Addition Project; and resolving matters incidental and related thereto.

DISCUSSION: The purpose of this project is to interconnect a 151 MW solar generating station to the Pruitt Substation. The project will involve the construction of a 0.8-mile 138 kV transmission line, the construction of a new 138 kV line position, and the relocation of an existing line terminal.

The Pruitt Substation, owned by Oncor, contains equipment separately owned by Oncor and equipment separately owned by TMPA. The existing interconnection agreement between TMPA and Oncor will likely be amended to accommodate this Project. In addition, an interconnection agreement with the solar station will likely be needed.

This Resolution would appropriate $3,700,000 for this Project, and authorize the General Manager to execute interconnection agreements, and interconnection agreement amendments, as may be needed for the Project.

BACKUP MATERIAL: Pruitt 138 kV Terminal Addition Capital Proposal

ACTION REQUESTED: Consideration and action on Resolution No. 2021-6-8.

RESOLUTION NO. 2021-6-8

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AMENDING THE FY2021 ANNUAL TRANSMISSION SYSTEM CAPITAL BUDGET BY APPROPRIATING FUNDS FOR THE PRUITT 138 KV TERMINAL ADDITION PROJECT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, in order to interconnect a solar generating station to the Pruitt Substation, it is necessary to construct a 0.8-mile 138 kV transmission line, construct a new 138 kV line position, and relocate an existing line terminal at the Pruitt Substation (the "Pruitt 138 kV Terminal Addition Project");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;

2. That the FY2021 Annual Transmission System Capital Budget is amended by appropriating $3,700,000 for the Pruitt 138 kV Terminal Addition Project;

3. That the General Manager, or person acting at his direction, may execute interconnection agreements, including interconnection agreement amendments, as may be needed for the Project;

4. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10TH DAY OF JUNE 2021.

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

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

TEXAS MUNICIPAL POWER AGENCY
CIRRP PROPOSAL

PROJECT TITLE: Pruitt 138 kV Terminal Addition	PROJECT MANAGER: Eric Carter	DATE: May 12, 2021

PROJECT NO.	RISK LEVEL:	RISK TYPE:	FERC ACCOUNT:	FUNDING: ☐ Rate ☐ Debt

SCHEDULE DATES

START DATE: July 2021	ESTIMATED IN-SERVICE DATE: December 2022

☒ Capital	☐ Renewals & Replacements	☐ Annual Need ☐ One Time Need ☐ Cyclical Need	CIRRP Year: 2021

Total Cost: $3,700,000	FY21: 2,500,000	FY22: 1,200,000	FY23:	FY24:	FY25:

DESCRIPTION OF PROJECT:

This project involves installing a new 0.8 mile 138kV transmission line and a new 138 kV line position and relocating an existing line terminal for the Pink Solar transmission line. A new line position will require a new breaker, switches, line protection panel and instrumentation transformers to integrate the new equipment into the existing protection scheme.

PROJECT BENEFITS & JUSTIFICATION (OUTCOME):

The addition of the new line and line position will accommodate the interconnection of Pink Solar.

Date Revised_______________

TEXAS MUNICIPAL POWER AGENCY
CIRRP PROPOSAL

BACKGROUND:

The Resource Entity requested interconnection for 151MW of solar generation at a 138kV injection voltage. ERCOT has assigned Texas Municipal Power Agency the Transmission Service Provider for interconnection of this new generation. Oncor owns the property of Pruitt Substation, Texas Municipal Power Agency owns the transmission facilities and operates through a Memorandum Of Understanding with Oncor.

ALTERNATIVES:

1. Interconnection into Swindell was initially considered, after further review of the solar plant location it was determined that terminating into Pruitt is economically more reasonable.
2.
3.

COST/BENEFIT WORKSHEET

ECONOMIC ASSESSMENT:

Costs: Current Year Only

		Benefits:$/Year
TMPA Labor Hours =		
TMPA Labor	$ 1,235,000	**Reliability -**
Materials	$ 1,250,000	**Capability -**
Contract Services	$ 200,000	**Labor Savings -**
Engineering Consultant	$ 1,000,000	**Heat Rate Improvement -**
Misc. Expenses	$ 15,000	**Non Labor O&M Savings -**
Labor Loadings (50%)	$	**Total Benefit $**
TOTAL	$ 3,700,000	**Cost / Benefit =**

Estimation Levels:
P1 = Budget/Preliminary
P2 = Conceptual
P3 = Detail Design

Staff will measure improvement of completed project: ☐ Yes ☒ No

Level of Estimate: P1 ☒ P2 ☐ P3 ☐

Over $100K in professional services: ☒ Yes ☐ No

Estimated life of asset:

Is land acquisition or right of ways procurement required: ☒ Yes ☐ No

Date Revised________________

TEXAS MUNICIPAL POWER AGENCY
CIRRP PROPOSAL

ASSUMPTIONS:

We will be using the standard design for Transmission line protection.
We will be installing 3000 amp equipment including one 3000 A breaker, one 2000 A line switch, two 3000 A breaker switches, three surge arrestors, and one CCVT.
A new line differential panel will be installed.
Minimal SCADA upgrade required.

SIGNATURES			
Project Manager:	[signature]	**Date:**	5-18-21
Supervisor:	Paul Riviere	**Date:**	5/18/21
Division Manager:	Steve Martin	**Date:**	5-19-2021
General Manager:	Bob Kahn	**Date:**	5/31/2021
Business Assistant: _______	**Treasury:** _________	**Accounting:** _________	

Date Revised_______________

June 10, 2021

AGENDA ITEM NO. 13

SUBJECT: RESOLUTION NO. 2021-06-9 by the Board of Directors of the Texas Municipal Power Agency relating to the authorization and issuance of Texas Municipal Power Agency Transmission System Revenue Refunding Bonds; providing the terms, conditions, and specifications for such Bonds; confirming the establishment of the Agency's transmission revenue financing program; declaring such Bonds to constitute Transmission Debt of the Agency; pledging certain revenues of the Agency in payment of such obligations and interest thereon; and resolving other matters incident and related thereto.

DISCUSSION: This Resolution authorizes the issuance of up to $230 million in transmission bonds (the "Series 2021 Bonds"). 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, P&O Committee, and Audit & Budget Committee for consideration. All parties agreed to a 30-year fixed rate bond; 5-year par call with 2-3.5% coupons; in an amount not to exceed $230 million.

Plans are to execute the documentation for the Series 2021 Bonds on June 10, immediately following adjournment of the Board meeting, and to close around July 27, 2021.

The underwriters for the Series 2021 Bonds are Barclays, Bank of America, and Wells Fargo.

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

ACTION
REQUESTED: Consideration and action on Resolution No. 2021-6-9

Lyndi Birkhead
6/2/21

RESOLUTION NO. 2021-06-09

ADOPTED BY THE
BOARD OF DIRECTORS
OF THE
TEXAS MUNICIPAL POWER AGENCY

ON JUNE 10, 2021

RELATING TO THE ISSUANCE OF

TEXAS MUNICIPAL POWER AGENCY TRANSMISSION SYSTEM REVENUE REFUNDING BONDS SERIES 2021

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RESOLUTION NO. 2021-6-__

> A RESOLUTION by the Board of Directors of the Texas Municipal Power Agency relating to the authorization and issuance of Texas Municipal Power Agency Transmission System Revenue Refunding Bonds; providing the terms, conditions, and specifications for such Bonds; confirming the establishment of the Agency's transmission revenue financing program; declaring such Bonds to constitute Transmission Debt of the Agency; pledging certain revenues of the Agency in payment of such obligations and interest thereon; and resolving other matters incident and related thereto.

WHEREAS, the Texas Municipal Power Agency (the "Agency") has heretofore been created and established as a joint powers agency, a municipal corporation, a political subdivision of the State of Texas and a body politic and corporate pursuant to the provisions of V.T.C.A., Utilities Code, Chapter 163, and operates in accordance with Subchapter C-1 of said Chapter 163 (the "Act") and has been duly created through the adoption of concurrent ordinances by each of the City of Bryan, the City of Denton, the City of Garland, and the City of Greenville, Texas, each of which cities is a municipal corporation of the State of Texas and a home rule city; and

WHEREAS, the capitalized terms used in this Resolution and not otherwise defined shall have the meanings given in Section 1.01 of this Resolution; and

WHEREAS, the Act and other laws of the State of Texas authorize the Agency to issue bonds and other indebtedness secured by all or part of the revenues of its electric facilities, including its Transmission Facilities; and

WHEREAS, the Agency has presently outstanding bonds and notes that are secured on a parity basis by the Transmission Net Revenues as First Lien Transmission Debt as follows:

> Texas Municipal Power Agency Subordinate Lien Revenue/Transmission Revenue Converting Security Refunding Bonds, Series 2010, currently outstanding in the amount of $100,130,000 (the "Series 2010 Bonds"); and

> Texas Municipal Power Agency System Net Revenue/Transmission Revenue Converting Security Refunding Bonds, Series 2017, currently outstanding in the amount of $82,435,000 (the "Series 2017 Bonds"); and

> Texas Municipal Power Agency Subordinated System Net Revenue/Transmission Revenue Converting Security Direct Purchase Revolving Notes, Series A, with a current program capacity and currently outstanding in the principal amount of $31,100,000 (the "Series A Notes"); and

WHEREAS, the Board of Directors of the Agency (the "Board") hereby finds and declares a public purpose and deems it advisable and in the best interests of the Agency to the issue the bonds authorized herein (the "Bonds") (i) to refund all of the outstanding Series 2010 Bonds and Series 2017 Bonds (the "Refunded Bond Obligations") to achieve an economic savings in debt service payments related to the Refunded Bond Obligations and (ii) to refund the portion of the Series A Notes specified in the Pricing Certificate (the "Refunded Note Obligations" and collectively with the Refunded Bond Obligations, the "Refunded Obligations") to restore debt issuance capacity to the Agency's such short-term financing program and to provide certainty in debt service requirements and lock in interest rates in the current interest rate environment with respect to the Agency's short-term debt; and

WHEREAS, the Bonds are being issued as First Lien Transmission Debt in accordance with the resolutions previously adopted by the Board that have created and confirmed the establishment of the Agency's Transmission System, which resolutions have provided for the issuance of Additional Parity Transmission Debt and provided for such Debt to be secured by a pledge of and first lien on the Transmission Net Revenues; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the Agency to issue refunding bonds and to deposit the proceeds from the sale thereof, together with any other available funds or resources, directly with a paying agent for any of the Refunded Obligations or a trust company or commercial bank that does not act as a depository for the Agency and is named in these proceedings, and such deposit, if made before the payment dates of the Refunded Obligations, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Agency to enter into an escrow agreement with such paying agent for the Refunded Obligations or trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Agency and such paying agent or trust company or commercial bank may agree; and

WHEREAS, all of the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the Bonds;

WHEREAS, the Bonds hereafter authorized are being issued and delivered pursuant to said Chapter 1207, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), the Act (as hereinafter defined) and other applicable laws; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Resolution has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Resolution, was given, all as required by the applicable provisions of Tex. Gov't Code Ann. ch. 551; Now, Therefore

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

ARTICLE I

DEFINITION OF TERMS

Section 1.01 Definitions. Unless the context shall indicate a contrary meaning or intent, in addition to any other terms defined herein the terms below defined, for all purposes of this Resolution or any resolution amendatory or supplemental thereto, shall be construed, are used and are intended to have meanings as follows:

"Act" – Texas Utilities Code, Chapter 163, Subchapter C-1, as amended, being the primary governing legislation for the Agency.

"Additional Parity Transmission Debt" – bonds, debt or other obligations issued in accordance with Sections 6.02, 6.03 or 6.04 of this Resolution and identical or substantially identical provisions of the Prior Parity Resolutions that have authorized other Series of First Lien Transmission Debt, which bonds, debt or other obligations are secured by a pledge of the Transmission Net Revenues on a parity with the pledge securing First Lien Transmission Debt Outstanding at the time of issuance.

"Agency" – the Texas Municipal Power Agency, a municipal corporation, a political subdivision of the State and a body politic and corporate, duly organized and existing under the Act.

"Annual Budget" – the Annual Budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 5.07.

"Annual Debt Service Requirements" – for any Fiscal Year, (i) the principal of, premium, if any, and interest on all First Lien Transmission Debt coming due at Maturity or Stated Maturity (or that could come due on demand of the Holder thereof other than by acceleration or other demand conditioned upon default by the Agency on such First Lien Transmission Debt, or be payable in respect of any required purchase of such First Lien Transmission Debt by the Agency), plus (ii) all payments required to be made by the Agency under each Credit Agreement (net of any credits as provided in (7) below) in such Fiscal Year and minus (iii) all amounts on deposit to the credit of the Debt Service Fund from original proceeds from the sale of any First Lien Transmission Debt (other than moneys that would constitute Transmission Gross Revenues in the subject annual period) or from any other lawfully available source, including moneys received under a Governmental Funding Commitment, and, for such purposes, any one or more of the following rules shall apply at the election of the Agency:

(1) Committed Take Out. If the Agency has entered into a Credit Agreement constituting a binding commitment within normal commercial practice, from any bank, savings and loan association, insurance company, or similar institution to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such debt is subject to required purchase, all under arrangements whereby the Agency's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then

the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharge or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added to such calculation, and the remaining provisions of this definition shall be applied to such added Funded Debt;

(2) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the Agency) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt, being referred to herein as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (2) above), if an Authorized Officer shall deliver to the Board a certification providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certification ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other payments due on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the Agency has elected to apply the rule set forth in clause (2) above;

(4) Prepaid Debt. Principal of and interest on First Lien Transmission Debt, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including, without limitation, capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of any such debt;

(5) Variable Rate. As to any First Lien Transmission Debt that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement, at the election of the Agency, either (1) an interest rate equal to the average rate borne by such debt (or by comparable debt in the event that such debt has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, (2) if the debt bears interest at tax-exempt rates, an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is published in a newspaper or journal with national circulation may be used for this purpose, (3) if the debt bears interest at taxable rates, an interest rate equal to the rate of the thirty (30) year United States Treasury Bond shall be presumed to apply for all future dates, or (4) that interest rate which, in the judgment of the Agency's Chief Financial Officer, based, to the extent possible, upon an accepted market index which corresponds with the provisions of the subject debt, is the average rate anticipated to be in effect with respect to such debt;

(6) Commercial Paper. With respect to any First Lien Transmission Debt issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such debt shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(7) Credit Agreement Payments. If the Agency has entered into a Credit Agreement in connection with an issue of First Lien Transmission Debt, payments due under any such Credit Agreement (other than payments for fees and expenses) from either the Agency or the Credit Provider shall be included in such calculation, except to the extent that the payments are already taken into account under clauses (1) through (6) above and any payments otherwise included under clauses (1) through (6) above which are to be replaced by payments under such a Credit Agreement, from either the Agency or the Credit Provider, shall be excluded from such calculation.

"Authorized Officer" – the President, the Vice President or the Secretary of the Board, the General Manager, the Chief Financial Officer or the Assistant Secretary of the Agency and any other person authorized by official action of the Board to perform the act or sign the document in question.

"Average Annual Debt Service Requirements" – the average amount which, at the time of computation, will be required to pay the Annual Debt Service Requirements when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Annual Debt Service Requirements by the number of Fiscal Years then remaining before Stated Maturity of such debt. For the purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year.

"Board" - the Board of Directors of the Agency, and if the Agency shall have more than one board as permitted by the Act, "Board" shall mean the appointed board of the Agency that has responsibility for the Agency's transmission business category.

"Bond Date" – the dated date of the Bonds, as set forth in the Pricing Certificate.

"Bond Registration Books" – the books for the registration and transfer of Bonds, which the Paying Agent/Registrar is required to maintain.

"Bonds" – bonds authorized to be issued in accordance with this Resolution, which may be issued in one or more Series as provided in Section 2.01, and to the extent more than one Series of bonds are so issued, "Bonds" shall refer to each Series independently.

"CCN" – a certificate of public convenience and necessity issued by the PUC.

"Chief Financial Officer" – the chief financial officer of the Agency having the principal duties and responsibilities to account for all funds and property of the Transmission System and the maintenance of books, accounts and records pertaining to the financial transactions of the Transmission System, and in the absence of a chief financial officer, the General Manager of the Agency.

"Construction Fund" – the fund denoted the Texas Municipal Power Agency Transmission System First Lien Construction Fund in the Prior Parity Resolutions and confirmed in Section 4.02.

"Construction Project" – a purpose for which the Agency may issue First Lien Transmission Debt and for which funds are allocated in a Supplemental Resolution for deposit to the Construction Fund.

"Credit Agreement" – collectively, a contractual obligation in the form of a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase debt, purchase or sale agreement, interest rate swap, cap and floor agreement, or commitment or other contract or agreement authorized by the Board as a Credit Agreement in connection with the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing, or redemption of First Lien Transmission Debt, interest on First Lien Transmission Debt, or both.

"Credit Provider" – any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

"Defeasance Securities" – any securities and obligations now or hereafter authorized by Texas law that are eligible to discharge obligations such as the Bonds.

"Definitive Bonds" – the Bonds, in substantially the form prescribed herein.

"Depository" – any bank or trust company selected by the Agency as a depository of moneys and securities held under the provisions of this Resolution.

"Escrow Agreement" – an agreement authorized to be executed by an Authorized Officer in accordance with Section 11.09 for purposes of providing for the administration of Bond proceeds and investments, if any, associated with the redemption and discharge of the Refunded Obligations.

"Financial Obligation" – a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"First Lien Transmission Debt" – collectively, following the refunding of the Refunded Obligations, the Series A Note Obligations that remain Outstanding, the Bonds and any Additional Parity Transmission Debt that is Outstanding from time to time.

"Fiscal Year" – the 12 month period ending September 30 of each calendar year, or such other 12 consecutive month period as may be established from time to time as a Fiscal Year by the Board.

"Funded Debt" – all First Lien Transmission Debt that matures by its terms, or is renewable at the option of the Agency, to a date more than one year after the original creation of such First Lien Transmission Debt.

"Generally Accepted Accounting Principles" – accounting principles, methods and terminology applicable to the Agency that are followed and construed, as nearly as practicable, in conformity with accounting principles generally accepted in the United States or such other system as may be required by any regulatory agency.

"General Manager" – the person appointed by the Board to act as the General Manager of the Agency.

"Governmental Funding Commitment" – any law (including, without limitation, enacted regulation, ordinance or statute), contract or other binding obligation (including obligations that are subject to appropriation or other conditions reasonably acceptable by the Agency) made by any federal, state or local government, or any combination of such entities, that provides funds or other benefits to the Agency during one or more Fiscal Years for the payment of Transmission Debt, or provides a credit or a debt service offset for amounts owing with respect to Transmission Debt, provided that the Agency has budgeted such for the payment of Transmission Debt. Any such commitments received by the Agency and budgeted for operations or capital improvements for the Transmission System shall not be a Governmental Funding Commitment.

"Hedge Agreement" – an interest rate swap, basis swap, index swap or option, exchange, cap, collar, option, floor, forward, swaption, futures contract or other hedging agreement, arrangement or security, however denominated, which other agreement, arrangement or security is for the purpose of reducing, modifying or otherwise managing the risk of interest rate index changes or interest rate or interest rate index exposure or similar risks.

"Holder" or "Bondholder" – the person in whose name such Bond is registered on the registration books of the Paying Agent/Registrar.

"Long-Term Debt" – the long-term debt of the Transmission System as reflected in the books and records of the Agency and consistent with Generally Accepted Accounting Principles.

"Maturity" – when used with respect to any debt, the date on which the principal of such debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by call for redemption, or otherwise.

"MSRB" – the Municipal Securities Rulemaking Board or any successor to its functions under the Rule.

"Non-Recourse Debt" - Any indebtedness issued or incurred by the Agency for purposes of the Transmission System that is unsecured by any lien on any of the properties constituting the Transmission System or any part of the Transmission Gross Revenues.

"Outstanding" – when used with respect to the Bonds means, as of the date of determination, all Bonds theretofore delivered under this Resolution, except:

(1) Bonds theretofore canceled and delivered to the Agency or delivered to the Paying Agent/Registrar for cancellation;

(2) Bonds deemed paid pursuant to the provisions of Article X of this Resolution;

(3) Bonds upon transfer of or in exchange for and in lieu of which other Bonds have been authenticated and delivered pursuant to this Resolution; and

(4) Bonds under which the obligations of the Agency have been released, discharged, or extinguished in accordance with the terms thereof.

And when used with respect to any other Series of First Lien Transmission Debt, such term shall have the meaning specified in the applicable Supplemental Resolution or if not so specified then such term shall have a meaning corresponding to the provisions set forth above for the Bonds.

"Paying Agent/Registrar" – The financial institution named in the Pricing Certificate as the paying agent/registrar for the Bonds, and its successors.

"Paying Agent/Registrar Agreement" – the agreement between the Agency and the Paying Agent/Registrar referred to in Section 2.02.

"Permitted Investments" – any deposit or investment which is an authorized investment for the Agency to make under the laws of the State, including without limitation, the Public Funds Investment Act (Chapter 2256, Texas Government Code), as the same may be amended from time, provided that such deposit or investment is an authorized deposit or investment in accordance with the Agency's investment policy.

"Permitted Liens" – shall mean:

(a) Minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which do not materially impair the use of the properties and facilities constituting the Transmission System for the purposes for which they are designed.

(b) Easements for roads (as used herein, the term "roads" shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Resolution shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of any of the properties and facilities constituting the Transmission System, which do not materially impair the use of the properties and facilities constituting the Transmission System for the purposes for which they are designed.

(c) Rights of the United States or any state or political subdivision thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

(d) Any license for the use or other access to any of the Transmission Facilities, including any licenses granted to any entity with which the Agency has agreed to jointly develop Transmission Facilities.

"Predecessor Bond" – any mutilated, lost, destroyed or stolen Bonds for which a replacement Bonds has been registered and delivered, as permitted by this Resolution, as well as any Bonds canceled by reason of an exchange or transfer, pursuant to the provisions of Section 2.09 or Section 2.11.

"Pricing Certificate" – the certificate delivered by the General Manager of the Agency acting as the Pricing Officer of the Agency in accordance with Section 2.01.

"Prior Parity Resolutions" – collectively, the resolutions of the Agency that provided for the creation and confirmed the creation of the Transmission System as a financing system of the Agency and authorized the issuance of First Lien Transmission Debt, being the resolutions authorizing the issuance of the Series 2010 Bonds, Series 2017 Bonds and the Series A Notes.

"Project Costs" – the Agency's costs and expenses attributable to the planning, designing, acquiring, construction, reconstruction, installing and financing of Transmission Facilities, placing the same in operation and disposal of any facilities of the Transmission System, and obtaining all governmental approvals, certificates, permits and licenses with respect thereto, and shall include reimbursement to the Agency for any of the above items theretofore paid by or on behalf of the Agency.

"PUC" – the Public Utility Commission of Texas or any successor thereto.

"Purchase Agreement" – an agreement providing for the sale of Bonds to the Purchasers thereof.

"Purchasers" – the purchaser or purchasers of Bonds as set forth in a Pricing Certificate.

"Rating Agency" – any of (i) Moody's Investors Service, Inc., (ii) S&P Global Ratings, a division of S&P Global Inc., (iii) Fitch, Inc. or (iv) any other "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the federal Securities Act of 1933, and in each case their respective successors and assigns.

"Record Date" – the day set forth in the Pricing Certificate as the Record Date for the Bonds.

"Redemption Price" – with respect to any Bonds, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bonds or this Resolution.

"Refunded Bond Obligations" – all of the Outstanding Series 2010 Bonds and Series 2017 Bonds that are being refunded by the issuance of the Bonds.

"Refunded Note Obligations" – the portion of Series A Notes to be refunded by the Bonds as determined by the Pricing Offer and set forth in the Pricing Certificate.

"Refunded Obligations" – collectively, the Refunded Bond Obligations and the Refunded Note Obligations.

"Reserve Fund Obligation" – to the extent permitted by law, as evidenced by an opinion of nationally recognized bond counsel, a surety bond or insurance policy (which, under applicable law, shall not entitle the provider thereof to any right of reimbursement or repayment other than a right to subrogation upon payments being made to Holders), issued by a company or institution having a rating in one of the two highest rating categories by two Rating Agencies, deposited in the Series 2021 Reserve Fund to satisfy the Series 2021 Required Reserve Amount, whereby the issuer of such surety bond or insurance policy is obligated to provide funds up to and including the maximum amount and under the conditions specified in such agreement or instrument.

"Reserve Fund Obligation Payment" means any subrogation payment the Agency is obligated to make from Transmission Net Revenues deposited in the Series 2021 Reserve Fund with respect to a Reserve Fund Obligation.

"Resolution" – this Resolution No. 2021-06-09, as it may be amended from time to time in accordance with its provisions.

"Revenue Fund" – the fund denoted the Texas Municipal Power Agency Transmission System Revenue Fund established by the Prior Parity Resolutions and confirmed in Section 4.02.

"Rule"– SEC Rule 15c2-12, as amended from time to time.

"SEC" – the United States Securities and Exchange Commission.

"Series" – all of the obligations designated as being of the same Series, and any obligations delivered in lieu thereof or in substitution thereof.

"Series 2010 Bonds" – the "Texas Municipal Power Agency Subordinate Lien Revenue/Transmission Revenue Converting Security Refunding Bonds, Series 2010," all of which are being refunded by the issuance of the Bonds.

"Series 2017 Bonds" – the "Texas Municipal Power Agency System Net Revenue/Transmission Revenue Converting Security Refunding Bonds Series 2017," all of which are being refunded by the issuance of the Bonds.

"Series 2021 Required Reserve Amount" – an amount, if any, to be deposited upon the issuance of the Bonds into the Series 2021 Reserve Fund or accumulated therein over time, as specified in the Pricing Certificate, and such amount may be recalculated from time to time as provided in the Pricing Certificate.

"Series 2021 Reserve Fund" – the fund denoted as the Texas Municipal Power Agency Transmission System Series 2021 Debt Service Reserve Fund, which may be established pursuant to the Pricing Certificate and thereupon created pursuant to Section 4.02.

"Series A Notes" – the "Texas Municipal Power Agency Subordinated System Net Revenue/Transmission Revenue Converting Security Direct Purchase Revolving Notes, Series A," a portion of which are being refunded by the issuance of the Bonds.

"Series A Note Obligations" – collectively, the obligations of the Agency to pay principal and interest on the Series A Notes and the Series A Note Payment Obligations.

"Series A Note Payment Obligations" – the obligations of Agency under the note purchase agreement relating to the Series A Notes to pay, reimburse and/or repay all fees, expenses and charges payable or reimbursable under such note payment agreement owing to the purchasing bank thereunder other than debt service on the Series A Notes.

"Special Record Date" – the date established by the Paying Agent/Registrar for the Bonds which is the new record date for the payment of interest in the event of a nonpayment of interest on a scheduled interest payment date.

"State" – the State of Texas.

"Stated Maturity" – with respect to any current interest bond or any installment of interest thereon means the date specified in such current interest bond as the fixed date on which the principal of such current interest bond and as the date on which (unless pursuant to redemption) such installment of interest is due and payable; and with respect to any capital appreciation bond means the date specified in such capital appreciation bond as the fixed date on which the principal and all accrued interest is due and payable.

"Subordinate Transmission Debt" – bonds, notes or other obligations issued or incurred by the Agency for Transmission System purposes that are payable from and equally and ratably secured, in whole or in part, by the Transmission Net Revenues, but subordinate and inferior in rank and dignity to the lien on and pledge of the Transmission Net Revenues that secures First Lien Transmission Debt, as may be authorized by the laws of the State.

"Supplemental Resolution" – any resolution, order, agreement or other official action (individually or collectively, as determined by the Board) of the Board pursuant to which Additional Parity Transmission Debt is authorized to be issued or incurred.

"Term of Issue" – with respect to any Balloon Debt a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the maximum maturity date in the case of commercial paper or (ii) twenty-five years.

"Total Equity" – the total equity of the Transmission System as reflected in the books and records of the Agency and consistent with Generally Acceptable Accounting Principles.

"Transmission Consultant" – an independent professional electric utility consultant having a favorable national reputation for skill and experience in consulting work relating to electric utility cost of service proceedings as selected by the Agency.

"Transmission Debt" – all bonds, debt or other obligations issued by the Agency on or after the Amendment Date that are (i) made payable and secured, effective the later of the Debt Discharge Date or the date of issuance of such bonds, debt or other obligations, by a pledge of all or any part of the Transmission Net Revenues, and (ii) with respect to which the Board finds that such bonds, debt or other obligations are issued for the purpose of financing the acquisition, construction, improvement, expansion, equipment, operation or other costs for which the Agency is authorized by law to incur debt in connection with the Transmission Facilities and/or the refinancing thereof.

"Transmission Debt CP" – Additional Parity Transmission Debt issued as revolving commercial paper notes (or similar obligations).

"Transmission Debt CP Credit Agreement" – any Credit Agreement entered into in connection with the issuance of Transmission Debt CP and any successor Credit Agreement thereto.

"Transmission Facilities" – all transmission and/or transformation facilities wherever located and acquired and/or constructed and owned by the Agency from time to time, including, without limitation, such facilities owned in fee simple in their entirety or in an indivisible ownership interest or other ownership interest.

"Transmission Gross Revenues" – all revenues, income, tolls, rents, fees, charges and receipts received by the Agency from the use, operation and ownership of its Transmission Facilities or otherwise allocable thereto and all rights to receive the same, whether in the form of accounts receivable, contract rights, or other rights, and the proceeds thereof, as determined by Generally Accepted Accounting Principles to constitute revenues of the Transmission System. The term does not include payments received by the Agency (i) as proceeds of insurance (except business interruption insurance) or eminent domain, or (ii) as proceeds from Transmission Debt, or (iii) investment income of the Construction Fund or any debt service reserve fund established for the benefit of any Series of Transmission Debt.

"Transmission Net Revenues" – for any period, the Transmission Gross Revenues during such period less the Transmission Operating and Maintenance Expenses during such period. The calculation of Transmission Net Revenues, however, shall exclude from revenues or expenses (i) any gain or loss attributable to the sale, exchange, or other disposition of assets not in the ordinary course of business, (ii) any unusual or infrequent (extraordinary) accounting items, (iii) any unrealized gains or losses from the investment of any funds, (iv) any unrealized gains or losses on Hedge Agreements and (v) any gain or loss resulting from the extinguishment of indebtedness.

"Transmission Operating and Maintenance Expenses" – all reasonable costs and expenses incurred in the operation and maintenance of the Transmission System according to Generally Accepted Accounting Principles, but excluding (a) depreciation and other non-cash expenses, and (b) interest charges and charges for the payment of principal, or amortization, of Transmission Debt.

"Transmission System" – collectively, the Agency's ownership and contractual rights and all other interests in all Transmission Facilities owned or operated by or on behalf of the Agency from time to time, and the operation thereof, which has been established as a separate and independent financing system of the Agency, distinct from any electric generation business that the Agency may operate at any time.

"Transmission System Contingency Fund" – any fund created in a Supplemental Resolution with a purpose of providing for the emergency replacement or maintenance of Transmission Facilities, as a Transmission System operating reserve fund or other source of emergency or contingency funding for the Transmission System.

"Transmission System Contingency Fund Requirement" – the amount specified in any Supplemental Resolution pursuant to which a Transmission System Contingency Fund is established as the amount to be funded into a Transmission System Contingency Fund. The Transmission System Contingency Fund Requirement may be funded or accumulated from proceeds of Transmission Debt, Transmission Net Revenues, a surety bond, insurance policy, one or more of such sources, or otherwise, as specified in such Supplemental Resolution.

"Written Certificate of the Agency," "Written Request of the Agency" and "Written Statement of the Agency" – an instrument in writing signed on behalf of the Agency by an Authorized Officer.

Section 1.02 Construction of Terms; References in Resolution.

(a) Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, trusts, corporations or governments or agencies or political subdivisions thereof.

(b) All references in this Resolution to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this Resolution, unless otherwise provided herein. The headings or titles of the several articles and sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Resolution.

Section 1.03 Resolution to Constitute a Contract; Equal Benefit for all Holders. In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Agency and the Holders, and the pledge made in this Resolution by the Agency and the covenants and agreements set forth herein to be performed by the Agency shall be for the equal and proportionate benefit, security and protection of all Holders, without preference, priority or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale or delivery.

Section 1.04 Incorporation of Preambles; Finding that Bonds are Transmission Debt.

(a) The preambles hereto are hereby incorporated in, and made a part hereof for all purposes.

(b) The Bonds are being issued for the purpose of refinancing Transmission Facilities. Accordingly, it is hereby declared and determined that the Bonds are being issued as Transmission Debt.

Section 1.05 Board Findings Regarding the Issuance of the Bonds as Additional Parity Transmission Debt. The Board hereby finds that after delivery of the Bonds

(i) the facilities being financed or refinanced with the proceeds of the Bonds have received or are expected to receive a CCN or are otherwise not required to have a CCN;

(ii) the Project Costs for the facilities being financed or refinanced with the proceeds of the Bonds (A) have been approved by the PUC for inclusion in the Agency's rate base or (B) are expected to be approved by the PUC for inclusion in the Agency's rate base in the transmission cost of service proceeding within which the Agency plans to request such recovery next succeeding the date of commercial operation of such facilities; and

(iii) the Transmission Gross Revenues are expected to be sufficient (A) to produce an amount sufficient to pay all Transmission Operating and Maintenance Expenses, (B) to produce an amount equal to 1.25 times the Average Annual Debt Requirements, including the Annual Debt Service Requirements relating to the Bonds, (C) to produce an amount sufficient to pay all other Transmission Debt, but excluding from the total of any such debt service that portion of the total that is being funded with capitalized interest (and excluding the effect of the Annual Debt Service Requirements of the Refunded Obligations being refunded by the Bonds), and (D) to produce an amount sufficient to accumulate the required funds in any debt service reserve fund related to any other Transmission Debt.

ARTICLE II

THE BONDS

Section 2.01 Appointment of Pricing Officer; Delegations and Authorization to Sell the Bonds.

(a) As authorized by Section 1207.007, Texas Government Code, as amended, and Section 1371.053, Texas Government Code, as amended, the General Manager of the Agency is hereby authorized to act on behalf of the Agency in selling and delivering the Bonds (in performing such duties, the General Manager shall be hereinafter referred to as, and shall for all purposes be, the "Pricing Officer"). The delegation made hereby shall expire if not exercised by the Pricing Officer, on or prior to a date that is twelve months after the date of adoption of this Resolution. The Bonds shall be designated and bear the title "Texas Municipal Power Agency Transmission System Revenue Refunding Bonds," or such other title as may be deemed appropriate by the Pricing Officer. The determinations of the Pricing Officer with respect to the sale of the Bonds shall be set forth in a Pricing Certificate, which certificate shall supplement this Resolution. The authority of the Pricing Officer with respect to the sale of the Bonds are subject to the following parameters:

(1) the aggregate principal amount of the Bonds shall not exceed $230,000,000;

(2) proceeds of the Bonds shall be used for the purposes of refunding the Refunded Obligations, funding a debt service reserve fund associated with the issuance of the Bonds, if deemed in the best interest of the refunding transaction by the Pricing Officer, and to pay the costs of issuing the Bonds;

(3) the sale price of the Bonds shall be not less than 95% of the initial aggregate principal amount thereof plus accrued interest thereon, if any;

(4) the latest date for a Stated Maturity shall not be later than September 1, 2051:

(5) the true interest cost of the Bonds shall not exceed 4.00% per annum; and

(6) the refunding achieved by each series of Bonds allocable to the refunding of the Refunded Bond Obligations must produce debt service savings of at least 3.00% measured on a present value basis as a percentage of the principal amount of the Refunded Bond Obligations, with such savings to be net of any Issuer contribution to the refunding and net of the costs of issuance allocable to the portion of the Bonds issued for such purpose.

(b) In addition to such other delegations set forth above and elsewhere in this Resolution, the Pricing Officer shall determine or provide for the following terms of the Bonds and the other agreements and actions pertaining to the issuance and sale of the Bonds:

(1) determine which of the Series A Notes and the amount thereof that shall be included as Refunded Obligations in addition to the Series 2010 Bonds and the 2017 Bonds, fixing the discharge date or dates for the Refunded Obligations and shall provide any notice of redemption required in connection with the refunding of the Refunded Obligations;

(2) determine the Paying Agent/Registrar, and the Pricing Officer or other Authorized Officer may execute the Paying Agent/Registrar Agreement on behalf of the Agency;

(3) if required for the refunding of the Refunded Obligations, name the financial institution that shall serve as escrow agent, and the Pricing Officer or other Authorized Officer may execute the Escrow Agreement on behalf of the Agency;

(4) determine whether a book-entry-only system shall not be used with respect to the Bonds;

(5) determine the Bond Date and the Record Date;

(6) determine any additional or different designation or title by which the Bonds shall be known;

(7) determine the principal amount of the Bonds to be issued subject to the parameter of Section 2.01(a)(1), and determine whether the Bonds shall be issued in more than one Series;

(8) determine whether all or part of the Bonds shall be issued as obligations the interest on which is exempt from federal income taxation or as obligations the interest on which is subject to federal income taxation (in which event, the covenants set forth in Section 5.15 shall not be applicable to such taxable Bonds;

(9) determine whether the Bonds shall be sold by private placement or by competitive or negotiated sale to the Purchasers and the terms to be included in a Purchase Agreement, including the price to be paid for the Bonds subject to the parameter of Section 2.01(a)(3);

(10) determine the rate or rates of interest to be borne by the Bonds subject to the parameter of Section 2.01(a)(5);

(11) determine the amount of each maturity of principal of the Bonds and the Stated Maturity or Stated Maturities subject to the parameter of Section 2.01(a)(4);

(12) determine the interest accrual and payment dates and periods for the Bonds;

(13) determine the dates, price and terms, if any, upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Agency and/or any mandatory sinking fund redemption provisions;

(14) determine whether municipal bond insurance for the Bonds is beneficial and shall be obtained and if so, approve modifications to this Resolution and execute such instruments, documents and agreements as may be necessary with respect thereto (any such modifications shall be set forth in the Pricing Certificate);

(15) determine whether to fund a debt service reserve fund for the Bonds, and if so, whether to fund it with (A) proceeds of the Bonds, (B) providing for the accumulation over time from revenues of the Agency, (C) a Reserve Fund Obligation or (D) some combination of (A), (B) and (C) (if a debt service reserve fund is not so created with respect to the Bonds, the provisions of Section 4.07 shall not be applicable to the Bonds);

(16) determine whether modifications should be made to the Agency's continuing disclosure undertaking as set forth in Section 11.07 (any such completions or modifications shall be set forth in the Pricing Certificate); and

(17) determine whether the types of securities and obligations that may be used as Defeasance Securities shall be limited.

In addition to the foregoing authorizations, the Pricing Officer and other Authorized Officers are authorized to execute on behalf of the Agency all required documents required in connection with the issuance of the Bonds, including the Paying Agent/Registrar Agreement, the Escrow Agreement (if required), the Purchase Agreement, and, in general, the Pricing Officer shall make all determinations and effect all other matters relating to the issuance, sale and delivery of the Bonds. The Pricing Officer is further authorized, for and on behalf of the Agency, to approve any notice of sale, official statement or other offering documents, and any supplements thereto relating to the Bonds. In addition, an Authorized Officer is authorized to purchase such securities with proceeds of the Bonds, including, without limitation, an Authorized Officer may execute such subscriptions for the purchase of the United States Treasury Securities State and Local Government Series or may purchase other United States Treasury or United States Agency securities in the open market, and may transfer and deposit such cash from available funds of the Agency as may be necessary or appropriate to fund any escrow fund or to otherwise apply in connection with the refunding of the Refunded Obligations.

(c) In satisfaction of Section 1201.022(a)(3)(B), Texas Government Code, the Board hereby determines that the delegation of the authority to the Pricing Officer to approve the final terms of the Bonds set forth in this Resolution is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated into the Pricing Certificate will be, in the Agency's best interests, and the Pricing Officer is hereby authorized to make and include in the Pricing Certificate a finding to that effect.

Section 2.02 Paying Agent/Registrar. The Agency shall keep or cause to be kept at the principal corporate trust office of the bank named in the Pricing Certificate as the Paying Agent/Registrar for the Bonds books or records for the registration of the transfer, conversion and exchange of the Bonds, and the Agency hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Agency and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The Agency covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged. The Paying Agent/Registrar shall be entitled to payment of a fee for paying each Bond, and for acting as registrar.

The Paying Agent/Registrar for the Bonds shall be required to execute the Paying Agent/Registrar Agreement. Once appointed, a Paying Agent/Registrar shall continue in such capacity until a successor (i) has been named in a Written Certificate of the Agency and (ii) has executed a Paying Agent/Registrar Agreement. All such agreements shall be for a period the Board determines would best serve the interest of the Agency, and may be subject to termination upon notice.

In the event there is a bank failure or for some other reason the Paying Agent/Registrar initially appointed for the Bonds is no longer authorized to serve in such capacity under this Resolution, a different Paying Agent/Registrar shall be named in a Written Certificate of the Agency and such appointment may be evidenced by a Written Certificate of the Agency.

Any successor Paying Agent/Registrar for the Bonds shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar and shall have a combined capital, surplus and undivided profits of at least $50 million. Upon any change in the Paying Agent/Registrar for the Bonds, the Agency agrees to promptly cause a written notice thereof to be sent to each Holder of the Bonds by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, or otherwise, shall be payable only to the Holders of the Bonds appearing on the Bond Registration Books and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The Bonds shall be payable at their Stated Maturity only upon the presentation and surrender to the principal office of the Paying Agent/Registrar. Interest on the Bonds shall be paid to the Holders whose names appear in the Bond Registration Books at the close of business on the Record Date and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Bond Registration Books or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on a scheduled payment date on the Bonds, and for thirty (30) days thereafter, a new record date for such interest payment for such maturity (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Agency. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of the Bonds appearing on the Bond Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. The provisions of this Resolution with respect to the Bonds are subject to the applicable unclaimed property laws of the State of Texas.

Section 2.03 Book-Entry Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 2.02 and 2.09 relating to the payment, and transfer/exchange of the Bonds (but subject to the delegations made to the Pricing Officer in Section 2.01), the Agency hereby approves and authorizes the use of "Book-Entry Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the requirements and procedures identified in the DTC Operational Arrangements memorandum, as amended, the Blanket Issuer Letter of Representation, by and between the Agency and DTC, and the Letter of Representation from the Paying Agent/Registrar to DTC (collectively, the "Depository Agreement") relating to the Bonds.

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC, which entity shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the applicable Depository Agreement, the Holder of the Bonds on the Registration Books for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the Agency determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the Agency covenants and agrees with the Holders of the Bonds to cause the Bonds to be printed in definitive form and provide for appropriate Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, Bonds in definitive form shall be assigned, transferred and exchanged on the appropriate Registration Books maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of this Resolution other than this Section.

Section 2.04 Execution - Registration - Initial Bond.

(a) The Bonds shall be executed on behalf of the Agency by the President and attested by the Secretary or Assistant Secretary of the Agency under its seal reproduced or impressed thereon. The signature of said officers on the Bonds and the Initial Bond may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Agency on the Bond Date shall be deemed to be duly executed on behalf of the Agency, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the Purchasers and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

(b) No Bond shall be entitled to any right or benefit under this Resolution, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 2.05(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 2.05(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

(c) The Initial Bond herein authorized shall be initially issued as a single fully registered bond in the aggregate principal amount for each Series designated and referenced in the Pricing Certificate with principal installments to become due and payable as provided in the Pricing Certificate. The Initial Bond shall be registered in the name specified in the Pricing Certificate, and shall be numbered T-1. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchasers. Any time after the delivery of the Initial Bond, the Paying Agent/Registrar, pursuant to written instructions from the Purchasers, or the designees thereof, shall cancel the Initial Bond delivered hereunder and exchange therefor Definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holder named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the Purchasers, or the designees thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

Section 2.05 Forms.

(a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution and may have such letters, numbers, or other marks of identification (including CUSIP numbers) and such legends and endorsements (including insurance legends on insured Bonds, if any, and any reproduction of an opinion of counsel) thereon as may be established, consistently herewith, by the Agency or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The Definitive Bonds shall be typewritten, printed, lithographed, photocopied or engraved or produced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by the execution thereof, but the Initial Bond submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

The Agency may provide (i) for issuance of one fully registered Bond for each Stated Maturity in the aggregate principal amount with respect to the Bonds of each Stated Maturity and (ii) for registration of such Bonds in the name of a securities depository, or the nominee thereof. The Form of the Definitive Bonds shall be completed with information set forth in the Pricing Certificate and shall be attached to the Pricing Certificate as an exhibit thereto.

B. Form of Definitive Bonds.

REGISTERED	REGISTERED
NO. R- _____	$___________

UNITED STATES OF AMERICA
STATE OF TEXAS
TEXAS MUNICIPAL POWER AGENCY
TRANSMISSION SYSTEM REVENUE REFUNDING BOND
SERIES 2021

Delivery Date:	Interest Rate:	Stated Maturity:	CUSIP NO:
________, _____	%		

Registered Owner: ______________________

Principal Amount: __________________________________ DOLLARS

The Texas Municipal Power Agency (hereinafter referred to as the "Agency"), a municipal corporation and a political subdivision of the State of Texas, for value received, hereby promises to pay to the Registered Owner named above, or the registered assigns thereof (the "Holder"), solely from the revenues hereinafter identified, on the Stated Maturity date specified above the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount from _________, ____[1] at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on ________[2] and _________[3] of each year, commencing _______________,

[1] Insert with appropriate date as provided in the Pricing Certificate.

[2] Insert with appropriate date as provided in the Pricing Certificate.

[3] Insert with appropriate date as provided in the Pricing Certificate.

200_[4]. Principal of this Bond is payable at its Stated Maturity or redemption to the Holder hereof, upon presentation and surrender at the principal office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds) whose name appears on the Bond Registration Books maintained by the Paying Agent/Registrar at the close of business on the Record Date for this Bond, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Bond Registration Books or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Holder hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is dated as of ____________________ [5]and is one of the series specified in its title issued in the aggregate principal amount of $___________[6] (herein referred to as the "Bonds") to refund certain outstanding obligations of the Agency under and in strict conformity with the Constitution and laws of the State of Texas, including Texas Utilities Code, Chapter 163, Subchapter C-1, as amended, Texas Government Code, Chapter 1207, Texas Government Code, as amended, Chapter 1371, Texas Government Code, as amended, and pursuant to a resolution adopted by the governing body of the Agency (the "Resolution").

[Redemption provisions, if any, and notice provisions as provided in the Pricing Certificate shall be included here.]

In the event of a partial redemption of the principal amount of this Bond, payment of the redemption price of such principal amount shall be made to the Holder only upon presentation and surrender of this Bond to the principal office of the Paying Agent/Registrar, and there shall be issued to the Holder hereof, without charge, a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof. If this Bond is called for redemption, in whole or in part, the Agency and the Paying Agent/Registrar shall not be required to transfer this Bond to an assignee of the Holder within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds are special obligations of the Agency and are payable solely from and equally and ratably secured by a first lien on and pledge of Transmission Net Revenues and all funds and accounts specifically pledged by the Resolution, subject to the priorities set forth therein, and shall not be obligations of the member cities of the Agency, but shall be obligations solely of the Agency

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[4] Insert with appropriate date as provided in the Pricing Certificate.

[5] Insert with Bond Date as provided in the Pricing Certificate.

[6] Insert with appropriate amount as so provided in the Pricing Certificate.

and its Transmission System as provided in the Resolution. The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

The Agency reserves the right to issue additional Transmission Debt and other lawful evidences of indebtedness secured by all or a part of the Transmission Net Revenues for any lawful purpose, including refunding bonds, under the terms and conditions provided in the Resolution, to which reference is made for more complete details.

In accordance with the Resolution, the Agency [shall][shall not][7] fund a debt service reserve fund for the benefit of the Bonds [in the amount specified in the Resolution solely to secure the Bonds], and the Agency may create a debt service reserve fund and fund it or provide for it to be funded in connection with the issuance of any obligations or the incurrence of any indebtedness which possesses a lien on and pledge of the Transmission Net Revenues on a parity with the Bonds, and if so created such reserve shall secure only the obligations or indebtedness for which it was funded or is to be funded.

Reference is hereby made to the Resolution which is on file in the principal office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the sources pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations secured by revenues of the Transmission System; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Resolution may be amended or supplemented; the rights, duties, and obligations of the Agency and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond, and this Bond is deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used herein have the same meanings assigned in the Resolution.

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Bond Registration Books only upon its presentation and surrender at the principal office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Holder hereof, or his duly authorized agent. When a transfer on the Bond Registration Books occurs, one or more new fully registered Bonds of the same Stated Maturity, of the authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The Agency and the Paying Agent/Registrar, and any agent of either, may treat the Holder hereof whose name appears on the Bond Registration Books (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii)

[7] To be completed as provided in the Pricing Certificate.

on any other date as the owner for all other purposes, and neither the Agency nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non-payment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Agency. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of the Holder appearing on the Bond Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and declared that the Agency is a duly organized and legally existing municipal corporation, a political subdivision and body politic and corporate organized under and by virtue of the Constitution and laws of the State of Texas including the Act; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the Agency have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Resolution; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the revenues and funds as aforestated. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of Directors of the Agency has caused this Bond to be duly executed under the official seal of the Agency as of ______________[8].

TEXAS MUNICIPAL POWER AGENCY

____
President, Board of Directors

ATTEST:

____
[Secretary][Assistant Secretary]

(SEAL)

[8] Insert with appropriate date as provided in the Pricing Certificate.

(c) *Form of Registration Certificate of Comptroller of Public Accounts to Appear on the Initial Bond only.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

____
Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

*NOTE: Do not print the Comptroller's Registration Certificate on Definitive Bonds.

(d) Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned resolution; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

______________________,
_________, ____________[9],
as Paying Agent/Registrar

Registration date:

____

By ______________________________
Authorized Signature

(e) Form of Assignment.

[9] Name and City of the Paying Agent/Registrar to be added as provided in the Pricing Certificate.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto ____.

(Please insert Social Security or Taxpayer Identification Number of Transferee)

____

(Please print or typewrite name and address, including zip code, of Transferee.)

____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ______________________________________, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ____________________________

Signature Guaranteed:

______________________________	______________________________
NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.	NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

(f) The Initial Bond shall be in the respective form set forth therefor in paragraph (b) of this Section, except as follows:

Heading and paragraph one shall be amended to read as follows:

NO. T-1 $______________

UNITED STATES OF AMERICA
STATE OF TEXAS
TEXAS MUNICIPAL POWER AGENCY
TRANSMISSION SYSTEM REVENUE REFUNDING BOND
SERIES 2021

Delivery Date: __________________________

Registered Owner: __________________________

Principal Amount: ____ DOLLARS

The Texas Municipal Power Agency (hereinafter referred to as the "Agency"), a municipal corporation and a political subdivision of the State of Texas, for value received, hereby promises to pay to the Registered Owner named above, or the registered assigns thereof (the "Holder"), solely from the revenues hereinafter identified, on ___________[10] in the years and in principal amounts in accordance with the following schedule:

Year of Stated Maturity	Principal Amount	Interest Rate

(Information to be inserted as provided in the Pricing Certificate).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from _________________ [11]at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _______[12] and _________[13] of each year, commencing ___________, 20__[14]. Principal of this Bond is payable at the year of maturity or on a prepayment date to the Holder hereof, upon presentation and surrender at the principal corporate trust office of U.S. Bank National Association in Dallas, Texas (the "Paying Agent/Registrar"). Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds) whose name appears on the Bond Registration Books maintained by the Paying Agent/Registrar at the close of business on the Record Date for this Bond, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Bond Registration Books or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Holder hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Section 2.06. Application of Proceeds from Sale of the Bonds. The proceeds derived from the sale of the Bonds shall be applied for the following purposes:

(a) payment into the Bond Fund of that portion of such proceeds that is allocable to accrued interest, if any, and any amounts remaining after making the payments specified in (b), (c) (d) and (e);

(b) payment into the Escrow Fund, if required to be established in accordance with Section 11.09, or otherwise deposited with the paying agent/registrars of the

[10] Insert with appropriate date as provided in the Pricing Certificate.

[11] Insert with appropriate date as provided in the Pricing Certificate.

[12] Insert with appropriate date as provided in the Pricing Certificate.

[13] Insert with appropriate date as provided in the Pricing Certificate.

[14] Insert with appropriate date as provided in the Pricing Certificate.

Refunded Obligations of the portion of such proceeds to be used to effect the refunding of the Refunded Obligations;

(c) payment into the Series 2021 Reserve Fund that portion of proceeds, if any, specified in the Pricing Certificate for a cash deposit to such Fund; and

(d) payment into a Depository of the Agency that portion of the proceeds to be used to provide the costs of issuance of the Bonds.

The specific disbursement amounts for the purposes stated above from proceeds of the Bonds shall be made in the amounts as specified in the Pricing Certificate.

Section 2.07 CUSIP Numbers. CUSIP numbers are to be placed or printed on the Bonds (other than the Initial Bond). It is expressly provided, however, that the presence or absence of CUSIP numbers on such Bonds shall be of no significance or effect as regards the legality thereof and neither the Agency nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on said Bonds.

Section 2.08 Printed Legal Opinion on Bonds. The Purchasers' obligation to accept delivery of the Bonds herein authorized is subject to their being furnished a final opinion of McCall, Parkhurst & Horton L.L.P. approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion or an executed counterpart thereof may, but shall not be required to, accompany the global Bonds deposited with The Depository Trust Company or a reproduction thereof may, but shall not be required to, be printed on the definitive Bonds in the event the book-entry-only system shall be discontinued.

Section 2.09 Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of like kind of other authorized denominations upon the Bond Registration Books by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond at the principal office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of like kind executed on behalf of, and furnished by, the Agency, of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the principal office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds executed on behalf of, and furnished by, the Agency to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the principal office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid, to the Holder and, upon the delivery thereof, the same shall be the valid obligations of the Agency, evidencing the same obligation to pay, and entitled to the same benefits under this Resolution, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any fee, tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to Section 2.11 and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

All Bonds surrendered for payment, transfer, exchange or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Agency, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The Agency may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the Agency may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar.

Section 2.10 Notices to Holders-Waiver. Wherever this Resolution provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Bondholder appearing in the Bond Registration Books at the close of business on the business day next preceding the mailing of such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

In any case where notice to Bondholders is given by mail, neither the failure to mail such notice to any particular Bondholders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bondholders. Where this Resolution provides for notice in any manner, such notice may be waived in writing by the Bondholder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 2.11 Mutilated - Destroyed - Lost and Stolen Bonds. If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the Agency and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Agency and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the Agency or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the Agency shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Agency in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Agency may require payment by the Bondholder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Agency, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bonds.

Section 2.12 Municipal Bond Insurance. If the Bonds are sold with municipal bond insurance, the terms negotiated by the Pricing Officer for such insurance shall be included in the Pricing Certificate, as provided in Section 2.01(b), and such terms shall become a part of this Resolution to the same extent as if the same had been set forth in this Section.

If a bond insurer is named in the Pricing Certificate for the Bonds, and if such insurer is not in default (the "Insurer") on the related bond insurance policy for the Bonds (if any), then the Insurer shall be deemed to be the sole Holder of Bonds insured by it for all purposes of this Resolution, including (i) any action taken pursuant to Article VII of this Resolution, except with respect to those amendments set forth in Section 7.01(a) that require the written consent of all Holders, in which case the consent of the Insurer will be required in addition to the consents of the Holders of the Bonds as provided in Section 7.01(a), and (ii) initiation and execution by the Holders of any action taken pursuant to the provisions of Article VIII of this Resolution.

ARTICLE III

REDEMPTION

Section 3.01 Redemption. The Bonds subject to redemption prior to maturity pursuant to this Resolution shall be redeemable, upon notice being given as provided in this Section, at such times, at such redemption prices and upon such terms (in addition to and consistent with the terms contained in this Section) as may be specified in the Pricing Certificate to be executed and delivered in connection with the issuance of the Bonds.

Section 3.02 Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the optional redemption of Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the Agency shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof.

Section 3.03 Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding which is obtained by dividing the principal amount by $5,000 and shall select the Bonds to be redeemed within such Stated Maturity, by lot.

Section 3.04 Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the Agency and at the Agency's expense, to each Holder of a Bond to be redeemed at the address of the Holder appearing on the Bond Registration Books at the close of business on the last business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed, (iii) state the redemption price, (iv) state that the Bonds shall become due and payable on the redemption date and at the redemption price specified, and that interest shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds shall be made at the principal office of the Paying Agent/Registrar only upon presentation and surrender of the Bonds to be redeemed, in whole or in part, by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption has been duly given as herein provided, such Bond (or the principal amount to be redeemed) shall become due and payable and interest thereon, or on the portion thereof to be redeemed, shall cease to accrue from and after the redemption date therefor, provided moneys sufficient for the payment of such Bonds (or of the principal amount to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Resolution have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Agency, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Agency shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

ARTICLE IV

PLEDGE – CREATION AND ADMINISTRATION OF FUNDS

Section 4.01 Pledge.

(a) The Bonds, together with the Series A Note Obligations and any Additional Parity Transmission Debt hereafter issued, are (or in the case of any Additional Parity Transmission Debt, will be) payable solely from and equally and ratably secured by a first lien on and pledge of Transmission Net Revenues and amounts on deposit in the Transmission System Debt Service Fund and the Transmission Net Revenues and amounts on deposit in the Transmission System Debt Service Fund are hereby pledged to secure the Bonds. In addition, the Bonds are secured (and are the only Series so secured) by amounts (if any) on deposit in the Series 2021 Reserve Fund and the Agency hereby pledges those amounts to the payment of the Bonds. The sources of payment and security for the Bonds is subject to the payment priorities set forth in Section 4.05.

(b) Section 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Transmission Net Revenues granted by the Agency under Section 4.01(a), and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Transmission Net Revenues granted by the Agency under Section 4.01(a) is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Agency agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 4.02 Creation of Special Funds. (a) In accordance with the Prior Parity Resolutions, there has been directed to be created and established (and such direction is hereby confirmed), and shall be maintained so long as First Lien Transmission Debt is Outstanding, the following limited special funds, each of which shall be held at one or more Depositories:

(i) Texas Municipal Power Agency Transmission System Revenue Fund, hereinafter called the "Revenue Fund."

(ii) Texas Municipal Power Agency Transmission System First Lien Debt Service Fund, hereinafter called the "Debt Service Fund."

(iii) Texas Municipal Power Agency Transmission System First Lien Construction Fund, hereinafter called the "Construction Fund."

(b) In accordance with Section 4.07, and subject to the determinations of the Pricing Officer as set forth in Section 2.01(b)(15) the Texas Municipal Power Agency Transmission System Series 2021 Debt Service Reserve Fund, hereinafter called the "Series 2021 Reserve Fund," is created solely for the benefit of the Holders of the Bonds.

Section 4.03 Reserved Section.

Section 4.04 Revenue Fund. The Agency hereby covenants, agrees and establishes that the Transmission Gross Revenues shall be deposited and credited to the Revenue Fund immediately as collected and received.

Section 4.05 Flow of Funds. (a) All Transmission Gross Revenues deposited and credited to the Revenue Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: to the payment of all Transmission Operating and Maintenance Expenses, and the payment of Transmission Operating and Maintenance Expenses shall be a first charge on and claim against the Transmission Gross Revenues.

SECOND: to the payment of the amounts required to be deposited and credited to the Debt Service Fund created and established for the payment of the Bonds, all other Outstanding First Lien Transmission Debt and any Additional Parity Transmission Debt issued by the Agency as the same become due and payable.

THIRD: pro rata to the payment of the amounts required to be deposited and credited (i) to each debt service reserve fund established in accordance with the provisions of each resolution authorizing First Lien Transmission Debt to maintain the required reserve amount therein (if any), including amounts owed with respect to any Reserve Fund Obligation to restore the respective required reserve amount with respect to such reserve funds and (ii) to each other reserve fund created and established to maintain a reserve in accordance with the provisions of any Supplemental Resolution, including amounts owed with respect to any surety bond or insurance policy or similar instrument deposited in a debt service reserve fund established by a Supplemental Resolution to restore the amount required to be on deposit therein with respect to such debt service reserve funds.

FOURTH: to the payment of the amounts required to be deposited and credited to any debt service fund or debt service reserve fund created and established for the payment of any Subordinate Transmission Debt issued by the Agency as the same become due and payable.

FIFTH: to the payment of the amounts required by a Supplemental Resolution to be deposited and credited to any Transmission System Contingency Fund established in accordance with the provisions of a Supplemental Resolution to maintain the Transmission System Contingency Fund Requirement therein.

(b) Any Transmission Gross Revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other Agency purpose now or hereafter permitted by law.

Section 4.06 Debt Service Fund. (a) For purposes of providing funds to pay the principal of, premium, if any, and interest on the First Lien Transmission Debt as the same become due and payable, including any mandatory sinking fund redemption payments, the Agency agrees that it shall maintain the Debt Service Fund. The Agency covenants to deposit and credit to the Debt Service Fund prior to each principal, interest payment, redemption date or other payment date for First Lien

Transmission Debt from the available Transmission Net Revenues an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and the principal of the First Lien Transmission Debt then coming due and payable.

(b) The required deposits and credits to the Debt Service Fund shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in and credited to the Debt Service Fund and any reserve fund created pursuant to the Prior Parity Resolutions (with respect to Outstanding First Lien Transmission Debt), this Resolution or any Supplemental Resolution, taking into account any Reserve Fund Obligation held in or for the benefit of any such reserve fund, is equal to the amount required to fully pay and discharge all Outstanding First Lien Transmission Debt (principal, premium, if any, and interest) or (ii) the First Lien Transmission Debt is no longer Outstanding.

(c) Accrued interest and capitalized interest, if any, received from the purchaser of any First Lien Transmission Debt shall be taken into consideration and reduce the amount of the deposits and credits hereinabove required into the Debt Service Fund.

(d) The Agency may create and establish accounts or subaccounts within the Debt Service Fund pursuant to the provisions of any Supplemental Resolution authorizing the issuance of Additional Parity Transmission Debt for the purpose of securing that particular issue or series of Additional Parity Transmission Debt.

Section 4.07 Series 2021 Reserve Fund. (a) As provided in the Pricing Certificate, the Agency may provide for the funding of the Series 2021 Reserve Fund and, if so provided, the Agency shall fund the Series 2021 Reserve Fund by depositing or accumulating therein the 2021Required Reserve Amount, all as more specifically provided in the Pricing Certificate. If so required by the Pricing Certificate, the Series 2021 Required Reserve Amount shall be maintained in the Series 2021 Reserve Fund at all times while the Bonds are Outstanding and there shall be deposited into the Series 2021 Reserve Fund any Reserve Fund Obligations so designated by the Agency from time to time. All funds, investments and Reserve Fund Obligations on deposit and credited to the Series 2021 Reserve Fund shall be used solely for (i) the payment of the principal of and interest on the Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make Reserve Fund Obligation Payments, (iii) to retire the last Stated Maturity or Stated Maturities of or interest on the Bonds, or (iv) as provided in clause (c) below, any excess amount in the Series 2021 Reserve Fund may be transferred to the Revenue Fund and allocated in accordance with Section 4.05.

(b) When and for so long as the cash, investments and Reserve Fund Obligations in the Series 2021 Reserve Fund equal the Series 2021 Required Reserve Amount, no deposits need be made to the credit of the Series 2021 Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Series 2021 Required Reserve Amount, the Agency covenants and agrees that the Agency shall cure the deficiency in the Series 2021 Reserve Fund by depositing to such Fund from the Transmission Net Revenues in accordance with Section 4.05 by monthly deposits. Such deposits shall be made in accordance with Section 4.03(c) or in amounts equal to not less than 1/60th of the Series 2021 Required Reserve Amount, whichever produces a larger monthly deposit, with any such deficiency payments being made on or before the last day of each month until the Series

2021 Required Reserve Amount has been fully restored. In addition, in the event that a portion of the Series 2021 Required Reserve Amount is represented by a Reserve Fund Obligation, the Series 2021 Required Reserve Amount shall be restored as soon as possible from monthly deposits of Transmission Net Revenues on deposit in the Revenue Fund in accordance with Section 4.05, but subject to making the full deposits and credits to the Debt Service Fund required to be made by Section 4.06. The Agency further covenants and agrees that, subject only to the prior deposits to be made to the Debt Service Fund, the Transmission Net Revenues shall be applied and appropriated and used to establish and maintain the Series 2021 Required Reserve Amount, including by paying Reserve Fund Obligation Payments when due, and any reserve established for the benefit of any issue or series of Additional Parity Transmission Debt and to cure any deficiency in such amounts as required by the terms of this Resolution and any Supplemental Resolution. Reserve Fund Obligation Payments shall constitute the making up of a deficiency in the Series 2021 Reserve Fund to the extent that such payments result in the reinstatement, in whole or in part, as the case may be, of the amount of the Reserve Fund Obligation.

(c) Earnings and income derived from the investment of amounts held for the credit of the Series 2021 Reserve Fund (if any) shall be retained in the Reserve Fund until the Series 2021 Reserve Fund contains the Series 2021 Required Reserve Amount. During such time as the Series 2021 Reserve Fund contains the Series 2021 Required Reserve Amount, or at any time when cash or Permitted Investments are replaced with a Reserve Fund Obligation pursuant to subsection (d) below, the Agency may, at its option, withdraw all surplus funds in the Reserve Fund and deposit such surplus in the Revenue Fund; provided that the face amount of any Reserve Fund Obligation may reduced at the option of the Agency in lieu of such transfer. Notwithstanding the foregoing, any surplus funds in the Reserve Fund that consist of proceeds of the Bonds or interest thereon shall be used for purposes for which the Bonds were issued or deposited to the Debt Service Fund.

(d) The Agency may at any time deposit, supplement, replace or substitute a Reserve Fund Obligation for cash or Permitted Investments on deposit in the Series 2021 Reserve Fund or in substitution for or replacement of any existing Reserve Fund Obligation, provided, that the deposit, supplement, replacement or substitution of the Reserve Fund Obligation will not, in and of itself, cause any ratings then assigned to the Bonds by any Rating Agency to be lowered and the Board action authorizing the substitution of the Reserve Fund Obligation for all or part of the Series 2021 Required Reserve Amount contains a finding that such substitution is cost effective. If the Agency does not utilize a Reserve Fund Obligation in connection with the initial issuance of the Bonds, but a Reserve Fund Obligation is utilized in connection with the Bonds after the issuance date of the Bonds, the Board must specifically approve any such Reserve Fund Obligation and any such Reserve Fund Obligation must be submitted to the Attorney General of Texas for approval, if submission is then required by law.

(e) If the Agency is required to make a withdrawal from the Series 2021 Reserve Fund for any of the purposes described in Section 4.07(a), the Agency shall promptly notify the provider of such Reserve Fund Obligation of the necessity for a withdrawal from the Series 2021 Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or Permitted Investments then on deposit in the Series 2021 Reserve Fund, and NEXT from a drawing under any Reserve Fund Obligation to the extent of such deficiency.

(f) In the event there is a draw upon the Reserve Fund Obligation, the Agency shall reimburse the provider of such Reserve Fund Obligation for such draw, in accordance with the terms of any agreement pursuant to which the Reserve Fund Obligation is issued, from Transmission Net Revenues, however, such reimbursement from Transmission Net Revenues shall be in accordance with clause THIRD of Section 4.05.

(g) The Agency may create and establish a debt service reserve fund pursuant to the provisions of a Supplemental Resolution authorizing the issuance of Additional Parity Transmission Debt for the purpose of securing that particular issue or series of Additional Parity Transmission Debt or any specific group of issues or series of First Lien Transmission Debt, and the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Transmission Net Revenues and shall be held solely for the benefit of the Holders of the particular First Lien Transmission Debt for which such debt service reserve fund was established. Each debt service reserve fund shall receive a pro rata amount of the Transmission Net Revenues after the requirements of the Debt Service Fund, which secures all First Lien Transmission Debt, have first been met as provided in clause THIRD of Section 4.05. Each such debt service reserve fund shall be designated in such manner as is necessary to identify the First Lien Transmission Debt it secures and to distinguish such debt service reserve fund from the debt service reserve funds created for the benefit of other First Lien Transmission Debt. Each Supplemental Resolution authorizing the issuance of First Lien Transmission Debt that is to be secured by a debt service reserve fund shall specify the amount or a manner of calculating the amount to be held and maintained on deposit therein.

Section 4.08 Deficiencies. If on any occasion there shall not be sufficient Transmission Net Revenues to make the required deposits and credits to the Debt Service Fund or to each debt service reserve fund established for First Lien Transmission Debt, then such deficiency shall be cured as soon as possible from the next available unallocated Transmission Net Revenues in accordance with Section 4.05, or from any other sources available for such purpose, and such deposits and credits shall be in addition to the amounts otherwise required to be deposited and credited to such funds.

Section 4.09 Construction Fund.

(a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of any Supplemental Resolution and any moneys from other sources which the Board may elect to deposit therein. Amounts in the Construction Fund, except as otherwise provided herein, shall provide the funds for payment of Project Costs.

(b) The Agency may establish within the Construction Fund a separate account for each Construction Project or for each Series of First Lien Transmission Debt that funds a deposit to the Construction Fund, but in any event the Agency shall provide for accounting controls with respect to the expenditures of amounts from the Construction Fund as to assure application of moneys therein as required by the applicable Supplemental Resolution or any other official action of the Board of Directors of the Agency and applicable law.

(c) The proceeds of insurance maintained pursuant to this Resolution, any Supplemental Resolution or any other official action of the Board against physical loss of or damage to the

Transmission System, or of contractors' performance bonds with respect thereto, pertaining to the period of construction of any Construction Project shall be paid into the Construction Fund.

(d) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of the principal of, premium, if any, and interest on the Series of First Lien Transmission Debt from which such funds for deposit to the Construction Fund were provided, or, if such funds on deposit in the Construction Account are not proceeds of First Lien Transmission Debt, for deposit to the Debt Service Fund and used to pay the First Lien Transmission Debt next coming due for payment.

(e) Upon the completion of a Construction Project, any balance remaining in the Construction Fund shall be transferred to the Debt Service Fund and be applied towards the payment of the First Lien Transmission Debt that funded the Construction Project.

(f) In connection with the issuance of a Series of Subordinate Transmission Debt, the Agency may establish a construction fund with respect to such Series and may provide for the use of amounts deposited thereto.

Section 4.10 <u>Payment of First Lien Transmission Debt</u>. While any of the First Lien Transmission Debt is Outstanding, the Agency shall transfer to the respective paying agent/registrar therefor, from funds on deposit in and credited to the Debt Service Fund, and, if necessary, in the applicable debt service reserve fund, amounts sufficient to fully pay and discharge promptly the interest on and principal of the First Lien Transmission Debt as it shall become due on each interest or principal payment date, or date of redemption; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with each respective paying agent/registrar for the First Lien Transmission Debt not later than the date such payment is due thereon.

ARTICLE V

COVENANTS OF THE AGENCY

Section 5.01 <u>Maintenance of Facilities</u>. The Agency (i) will at all times maintain, preserve and keep or cause to be maintained, preserved and kept, the properties and facilities constituting the Transmission System, and operations thereof and all additions and betterments thereto and extensions thereof and every part and parcel thereof in good repair, working order and condition and (ii) will from time to time make or cause to be made all necessary and proper repairs, renewals, capital additions, replacements, extensions and betterments to such so that at all times the business carried on in connection with the Transmission System may be properly and advantageously conducted.

The Agency agrees at all times to use its best efforts to (i) obtain approval from the PUC of rates and charges for the facilities and services of the Transmission System which will permit the Agency to comply with all covenants, representations and agreements contained in this Resolution, to the extent the facilities and services of the Transmission System are regulated by such entity, (ii) obtain or cause to be obtained and maintain or cause to be maintained in effect all permits and licenses for operating the properties and facilities of the Transmission System and the operations of any part thereof required by federal or state governmental agencies or bodies, (iii) comply with all federal or State laws or regulations applicable to the construction, operation, maintenance and repair of the properties and facilities of the Transmission System and its operations, or requiring a license for the properties and facilities of the Transmission System and the operations or any part thereof, and (iv) comply and assure compliance with the terms and conditions of any such permits and licenses.

Section 5.02 Maintenance of Rates and Charges. (a) Subject to subsection (b) below, the Agency covenants to use its best efforts to obtain approval from the PUC of rates and charges for the facilities and services of the Transmission System and to establish and maintain such other fees, rents, tolls, rates and other charges for the properties and facilities constituting the Transmission System and its operations, which it may lawfully charge and assess without having received the approval of any regulatory body, if any, on the basis of all available information and experience and with due allowance for contingencies, that are reasonably expected to produce Transmission Gross Revenues each Fiscal Year sufficient:

(i) To produce an amount sufficient to pay all Transmission Operating and Maintenance Expenses,

(ii) To produce an amount equal to 1.25 times the Average Annual Debt Service Requirements when due and payable,

(iii) To produce an amount sufficient to pay all Subordinate Transmission Debt when due and payable, but excluding from the total the debt service requirements that portion of the total that is being funded with capitalized interest, and

(iv) To produce an amount sufficient to accumulate the required funds in any debt service reserve fund related to any Transmission Debt or any other funds required by any other agreement.

(b) In any Fiscal Year, if the Agency complies with clause (i) of the second paragraph of Section 5.01 but the fees, rents, tolls, rates and other charges approved by the PUC are not sufficient for the Agency to produce Transmission Gross Revenues as required by subsection (a) above, such event shall not be deemed a failure to comply with the covenant contained in subsection (a) so long as Transmission Gross Revenues for such Fiscal Year are sufficient to meet the requirements of clauses (i), (iii) and (iv) of subsection (a) above, plus an amount to produce the Annual Debt Service Requirements.

(c) Notwithstanding anything in this Resolution to the contrary, in the event the Agency fails to comply with subsection (a) above but such event does not constitute an Event of Default pursuant to subsection (b) above, the Agency shall immediately begin preparation of a transmission cost of service proceeding with the PUC and file such proceeding as soon as practical in which the Agency shall seek costs and rates in an amount at least sufficient for the Agency to meet all of its obligations hereunder, including subsection (a) above. The Agency may not be compelled to file a new complete transmission cost of service proceeding before the PUC within a twelve month period of it having filed a similar complete proceeding. In addition, the Agency shall engage a Transmission Consultant to assist the Agency in any proceeding required by this paragraph.

Section 5.03 Not to Furnish Facilities Free of Charge; Enforcement of Accounts Owing. The Agency will not furnish or supply the use, services or facilities of the Transmission System free of charge to any person, firm or corporation, public or private, and the Agency will promptly enforce the payment of any and all accounts owing to the Agency by reason of the ownership and operation of the properties and facilities constituting the Transmission System and its operations.

Section 5.04 No Other Liens on Transmission Net Revenues. The Transmission Net Revenues have not been pledged in any manner to the payment of any debt or obligation of the Agency other than as set forth in this Resolution.

Section 5.05 Permitted Liens on Transmission Facilities. Except as may otherwise be provided in Sections 5.04, 5.09 and 5.11, the Agency will not create or permit or suffer to exist any lien, encumbrance, or charge upon the properties and facilities constituting the Transmission System or any interest therein at any time, except Permitted Liens.

Section 5.06 Records and Accounts; Annual Audit. The Agency hereby covenants and agrees that so long as any First Lien Transmission Debt is Outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the Transmission System in which complete and correct entries shall be made of all transactions relating thereto in accordance with Generally Accepted Accounting Principles. The Agency further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts of the Transmission System to be made by an independent firm of certified public accountants. The Agency may prepare the Transmission System audit as a component of a consolidated audit of any other Agency lines of business or enterprise funds. Each such audit, in addition to whatever other matters may be thought proper by the accountant, shall particularly include a report regarding the following:

(a) A statement of the income and expenses for such Fiscal Year, and

(b) A balance sheet as of the end of such Fiscal Year.

The audits herein required shall be made within one hundred and twenty (120) days following the close of each Fiscal Year insofar as is possible. Holders shall be entitled to receive the audited financial statements of the Transmission System.

Section 5.07 Annual Transmission System Budget. The Agency will cause to be prepared and approved by the Board, prior to the beginning of each Fiscal Year, an Annual Budget covering the operations of the Transmission System, including all Transmission Operating and Maintenance Expenses and costs for capital additions, improvements, betterments and extensions planned for the Transmission System, and the Agency will not incur Transmission Operating and Maintenance Expenses or expenditures for capital additions, improvements, betterments and extensions for the Transmission System in any Fiscal Year in excess of the amounts provided therefor in the Annual Budget for that Fiscal Year, unless such expenditure is approved or ratified by the Board through budget amendment or otherwise. The Annual Budget may consist of separate operating and capital budgets, as may be determined in the discretion of the Board.

Section 5.08 Insurance Required.

(a) Except as otherwise permitted in subsection (b) below, the Agency shall cause to be insured such parts of the properties and facilities constituting the Transmission System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Agency shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance.

(b) If such insurance is unavailable, is prohibitively expensive in the reasonable judgment of the Agency or the Agency determines to self-insure, the Agency may self-insure against risks, accidents, claims, or casualties described in, and at the same levels as, subsection (a) above. The Agency may self insure by utilizing borrowings to protect against such risks.

Section 5.09 Sale, Lease or Disposal of Transmission System Property. No part of the properties and facilities constituting the Transmission System shall be sold, leased, mortgaged, demolished, removed, or otherwise disposed of, except as follows:

(a) to the extent permitted by law, the Agency may sell or exchange at any time and from time to time any properties and facilities constituting the Transmission System only if (i) it shall determine such property or facilities are not useful in the operation of the Transmission System as certified by a Board resolution not less than thirty (30) days prior to such sale or exchange, and (ii) the Agency shall have received a certificate executed by the Chief Financial Officer stating (A) that the Transmission System will not be materially adversely affected by the sale or exchange of such property or facilities and such sale or exchange will not materially adversely affect the rates and charges charged by the Agency for the services provided by the Transmission System and (B) in the opinion of the Chief Financial Officer, that the sale or exchange of such property or facilities will not impair the ability of the Agency to comply during the current or any future year with the provisions of Section 5.02. The proceeds of any such sale or exchange shall be used by the Agency, at the option of the Agency, to acquire additional Transmission Facilities or be used to purchase, defease or redeem First Lien Transmission Debt.

(b) To the extent permitted by law, the Agency may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of its facilities, provided that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by the Agency of the properties and facilities constituting the Transmission System and (ii) does not materially adversely impair or affect the rights or security the Holders; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement, or other right is in excess of $500,000, the Agency shall have received a certificate executed by an Authorized Officer that the action of the Agency with respect thereto does not result in a breach of the conditions under this subsection (b). Any payments received by the Agency under or in connection with any such lease, contract, license, arrangement, easement, or right in respect of its facilities or any part thereof shall constitute Transmission Gross Revenues.

Section 5.10 Insurance and Condemnation Awards. (a) In case any substantial damage to or destruction of any part of the properties and facilities constituting the Transmission System occurs or any part thereof is taken by eminent domain, unless the Agency determines that the property or part thereof shall not be repaired or replaced, the Agency shall cause the damaged or destroyed property to be repaired, reconstructed or replaced (either in accordance with the original or a different design) and shall apply the proceeds received to acquire additional Transmission Facilities.

(b) The proceeds of insurance resulting from loss, damage or destruction, or condemnation awards, with respect to the properties and facilities constituting the Transmission System shall be used to restore or replace the lost, damaged or destroyed property, provided, however, that if the Agency determines that the damaged or condemned property or part thereof shall not be replaced or repaired or additional Transmission Facilities shall not acquired, the proceeds of the insurance or the condemnation award shall be used to purchase, defease or redeem First Lien Transmission Debt.

(c) The proceeds of insurance resulting from loss, damage or destruction, or condemnation awards shall not be considered as Transmission Gross Revenues. The proceeds of any insurance or condemnation award received as a result of the destruction or condemnation of Transmission Facilities, and that remain after the Agency has satisfied the requirements of Section 5.10(b), shall belong to, and may be used for any lawful purpose by, the Agency.

Section 5.11 Taxation of Project. During the term of this Agreement, the Agency will promptly remit when due all taxes, including for which it is liable and not exempt, levied in respect of the properties and facilities constituting the Transmission System as may be assessed against such properties and facilities to the appropriate taxing body. The Agency may, at its own expense and in its own name, in good faith contest any such taxes, assessments and other charges and, in the event of such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. All taxes, assessments and other charges levied or imposed with respect to the properties and facilities constituting the Transmission System shall be a Transmission Operating and Maintenance Expense.

Section 5.12 Power to Issue the Bonds and Pledge Revenues and Other Funds. The Agency is duly authorized under all applicable laws to provide for the issuance of the Bonds and to pledge the Transmission Net Revenues and other moneys, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The provisions of this Resolution and the Bonds are valid and legally enforceable obligations of the Agency in accordance with the respective terms of this Resolution and the Bonds. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Transmission Net Revenues and other moneys, securities and funds pledged under this Resolution and all the rights of the Holders under this Resolution against all claims and demands of all persons whomsoever.

Section 5.13 Power to Construct and Operate the Transmission System and Collect Rates and Fees. The Agency has, and will have so long as any First Lien Transmission Debt is Outstanding, good, right and lawful power to construct, reconstruct, improve, maintain, operate and repair the properties and facilities constituting the Transmission System and to fix and collect rates, fees and other charges in connection with the Transmission System, subject to the jurisdiction of any applicable law or regulatory authority.

Section 5.14 General.

(a) The Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Agency under the provisions of the Act and this Resolution.

(b) Upon the date of delivery of any of the Bonds all acts, conditions and things required by law and this Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed in regular and in due time, form and manner as required by law and the Agency will have duly and regularly complied with all applicable provisions of law and will be duly authorized to issue the Bonds under the Act in the manner and upon the terms as in this Resolution provided.

Section 5.15 Covenants to Maintain Tax-Exempt Status.

(a) Covenants. The Agency covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code (the "Code"), the interest on which is not includable in the "gross income" of the Holder for purposes of federal income taxation. In furtherance thereof, the Agency covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Agency, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve

fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section l.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the Agency for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the

Holders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The Agency understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the Refunded Obligations expended prior to the date of issuance of the Bonds. It is the understanding of the Agency that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Agency will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Agency agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Agency hereby authorizes and directs an Authorized Officer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Agency, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Disposition of Project. The Agency covenants that the projects funded with the proceeds of the Refunded Obligations will not be sold or otherwise disposed of in a transaction resulting in the receipt by the Agency of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Agency may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Agency shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

ARTICLE VI

ADDITIONAL DEBT

Section 6.01 Reservation of Right to Issue Additional Parity Transmission Debt. Subject to the provisions of this Article VI, the Agency expressly reserves the right to issue Additional Parity Transmission Debt now or hereafter permitted by applicable law to be issued by the Agency payable from and secured by a lien on and pledge of the Transmission Net Revenues on parity with the Bonds and any other Outstanding First Lien Transmission Debt.

Section 6.02 Issuance of Additional Parity Transmission Debt. (a) Additional Parity Transmission Debt, if and when authorized, issued and delivered in accordance with this Resolution and each Supplemental Resolution shall be secured by and made payable equally and ratably on a parity with all other Outstanding First Lien Transmission Debt, from the lien on and pledge of the Transmission Net Revenues granted with respect to the Bonds, subject to the payment priorities set forth in Section 4.05.

(b) The Debt Service Fund established by this Resolution shall secure and be used to pay all First Lien Transmission Debt. However, each Supplemental Resolution under which Additional Parity Transmission Debt is issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any Supplemental Resolution authorizing Additional Parity Transmission Debt to be deposited to the credit of the Debt Service Fund, the Agency shall deposit to the credit of the Debt Service Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Parity Transmission Debt then being issued, as the same come due.

(c) The Agency may create and establish a reserve fund or other funds pursuant to the provisions of any Supplemental Resolution authorizing the issuance of Additional Parity Transmission Debt for the purpose of securing that particular issue or series of Additional Parity Transmission Debt or any specific group of issues or series of First Lien Transmission Debt, as provided in Section 4.07(g).

Section 6.03 <u>Further Requirements for Additional Parity Transmission Debt</u>. Additional Parity Transmission Debt shall be issued only in accordance with this Resolution and each Supplemental Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, series or issue of Additional Parity Transmission Debt, except as provided in subsection (c) below relating to the issuance of one or more series of Transmission Debt CP and any Transmission Debt CP Credit Agreement related thereto that constitutes Additional Parity Transmission Debt, shall be issued or delivered unless:

(a) An Authorized Officer signs a written certificate to the effect that the Agency is not in default as to any covenant, condition or obligation in connection with all Outstanding First Lien Transmission Debt (unless, if such default has occurred, upon the issuance of such series or issue of Additional Parity Transmission Debt any such default will be cured), and the Supplemental Resolutions authorizing same, and that the Debt Service Fund and any reserve fund or other fund securing any other series or issue of First Lien Transmission Debt each contain the amounts then required to be therein.

(b) The Board finds in a Supplemental Resolution or other official action of the Board in connection with the issuance of the Additional Parity Transmission Debt that (i) the relevant facilities being funded with proceeds of the Additional Parity Transmission Debt have received or are expected to receive a CCN or are otherwise not required to have a CCN, (ii) either (A) the Annual Debt Service Requirements on such proposed Additional Parity Transmission Debt is expected to be approved by the PUC as an allowable cost of service in the transmission cost of service proceeding within which the Board plans to request such recovery or (B) the Project Costs for the relevant facilities being funded with proceeds of the Additional Parity Transmission Debt are expected to be approved by the PUC for inclusion in the Agency's rate base in the transmission cost of service proceeding within which the Board plans to request such recovery next succeeding the date of commercial operation of such facilities and (iii) after delivery of the proposed Additional Parity Transmission Debt, the Transmission Gross Revenues are expected to be sufficient (A) to produce an amount sufficient to pay all Transmission Operating and Maintenance Expenses, (B) to produce an amount equal to 1.25 times the Average Annual Debt Requirements, including the Annual Debt Service Requirements relating to the proposed Additional Parity Transmission Debt, (C) to produce an amount sufficient to pay all other Transmission Debt, but excluding from the total of any such debt service that portion of the total that is being funded with capitalized interest, and (D) to produce an amount sufficient to accumulate the required funds in any debt service reserve fund related to any other Transmission Debt.

(c) Additional Parity Transmission Debt, issued pursuant to a Supplemental Resolution as one or more series of Transmission Debt CP, at the time of authorization by the Agency, in an aggregate amount not to exceed the greater of $60 million or twenty-five percent (25%) of the sum of the Total Equity and the Long-Term Debt of the Transmission System (as certified by the Chief Financial Officer of the Agency pursuant to (iv) below) and any related Transmission Debt CP Credit Agreement may be issued by the Agency, without regard to subsections (a) and (b) above, provided:

(i) At the time of the authorization of Transmission Debt CP, an Agency Officer signs a written certificate to the effect that the Agency is not in default as to any material covenant, condition or obligation in connection with all Outstanding First Lien Transmission Debt (unless, if such default has occurred, upon the initial issuance of obligations as Transmission Debt CP any such default will be cured), and that the Debt Service Fund and any reserve fund or other fund securing any other series or issue of First Lien Transmission Debt each contain the amounts then required to be therein.

(ii) The Board finds in a Supplemental Resolution or other official action of the Board in connection with the issuance of the Transmission Debt CP that the Board has a reasonable expectation that (A) such Transmission Debt CP will be issued only for those purposes for which Transmission Debt may be issued, (B) any facilities financed with proceeds from such Transmission Debt CP will be covered by, or will receive a CCN or are otherwise not required to have a CCN, and (C) either (I) the Annual Debt Service Requirements on such Transmission Debt CP (and/or the Additional Parity Transmission Debt issued to refund any portion of such Transmission Debt CP) will be approved by the PUC as an allowable cost of service in the transmission cost of service proceeding within which the Board plans to request such recovery or (II) the Project Costs for the relevant facilities financed with the proceeds of such Transmission Debt CP will be approved by the PUC for inclusion in the Agency's rate base in a transmission cost of service proceeding within which the Board plans to request such recovery.

(iii) Any Supplemental Resolution authorizing Transmission Debt CP shall require, as a condition precedent to the issuance of any notes or other obligations thereunder, certifications of authorized representatives of the Agency substantially similar to the certifications contained in subsections (i) and (ii) above, respectively.

(iv) In making the certification of Total Equity and Long-Term Debt for purposes of this Section, the Chief Financial Officer may rely on audited or unaudited financial statements of the

Transmission System for any Fiscal Year or other twelve month period ending not more than ninety (90) days prior to the date of any such certification.

(d) The authorization of the Series A Notes represented the issuance of all of the First Lien Transmission Debt authorized by Section 6.03(c).

Section 6.04 Refunding Transmission Debt. The Agency reserves the right to issue Additional Parity Transmission Debt to refund all or any part of the Outstanding First Lien Transmission Debt or any other Transmission Debt, pursuant to any law then available, upon such terms and conditions as the Board may deem to be in the best interest of the Agency and, unless all of the then Outstanding First Lien Transmission Debt is simultaneously refunded, the conditions precedent prescribed for the issuance of Additional Parity Transmission Debt and the representations and certifications required in Sections 6.02 and 6.03, other than the requirements of Section 6.03(b)(i) and (ii), shall be satisfied and shall give effect to the Annual Debt Service Requirements of the proposed refunding Additional Parity Transmission Debt (but shall not give effect to the Annual Debt Service Requirements of the obligations being refunded following their cancellation or provision being made for their payment); provided, however, if First Lien Transmission Debt is being refunded and as a result of such refunding the Annual Debt Service Requirements are not increased in any Fiscal Year, the Agency shall not be required to satisfy the requirements of Section 6.03(b) as a condition to the issuance of such Additional Parity Transmission Debt.

Section 6.05 Issuance of Subordinate Lien Obligations. The Agency hereby reserves the right to issue, at any time, Subordinate Transmission Debt.

Section 6.06. No Obligation of Lien Superior to that of the First Lien Transmission Debt; Right to Issue Non-Recourse Debt.

(a) The Agency will not issue any additional bonds, notes, or other obligations or create or issue evidences of indebtedness for any purpose possessing a lien on the Transmission Net Revenues superior to that possessed by the First Lien Transmission Debt.

(b) Non-Recourse Debt may be incurred by the Agency without limitation.

Section 6.07 Undertaking Non-Transmission System Operations and Issuance of Obligations for Other Purposes. The Agency retains the right to undertake operations for any purpose permitted by the Act or other applicable State law, and to issue bonds, notes, or other obligations for the any purpose permitted by law, including for financing the construction or acquisition of electric facilities (as defined in the Act). Any obligations issued or incurred for non-Transmission System purposes shall not be payable from Transmission Gross Revenues, nor shall the expense of operating and maintenance for any such purpose undertaken or financed by the Agency be a Transmission Operating and Maintenance Expense. Any moneys received by reason of such non-Transmission System operations or financings shall be kept separate and apart from all funds established pursuant to this Resolution or any Supplemental Resolution.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS RESOLUTION

Section 7.01 Amendments Permitted.

(a)(i) Except as provided in clause (ii) of this Section 7.01(a), this Resolution and the rights and obligations of the Agency and of the Holders of the Bonds may be modified or amended at any time with the written consent of the Holders of the Bonds aggregating at least a majority in principal amount of the Bonds then Outstanding and provided that (ii) unless the Agency shall have received the consent of all of the Holders of the Bonds, no such modification or amendment shall:

(i) Grant to the Holders of another Series of Transmission Debt a priority over the lien on the Transmission Net Revenues provided herein for the benefit of the Bonds; or

(ii) Materially adversely affect the rights of the Holders of the Bonds then Outstanding; or

(iii) Change the minimum percentage of the Outstanding principal amount of the Bonds necessary for consent to such amendment; or

(iv) Reduce the rate of interest borne by any Bond; or

(v) Reduce the amount of the principal payable on any Outstanding Bond; or

(vi) Modify the terms of payment of principal of, premium, if any, or interest on any Outstanding Bond, or impose any conditions with respect to such; or

(vii) Amend subsection (a) of this Section.

(b) This Resolution and the rights and obligations of the Agency and of the Holders of the Bonds may also be modified or amended at any time, without notice to or receipt of the consent of any Bondholders, but only for any one or more of the following purposes:

(1) To add to the covenants and agreements of the Agency in this Resolution contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Agency; or

(2) To cure any ambiguity, or to cure or correct any defective provision contained in this Resolution, upon receipt by the Agency of an approving opinion of bond counsel, selected by the Agency, that the same is needed for such purpose; or

(3) To make any changes in the provisions of this Resolution as the Agency may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the Holders of the Outstanding Bonds.

Section 7.02 Amendment by Written Consent.

(a) If at any time the Agency shall desire to amend this Resolution pursuant to Section 7.01(a), the Agency shall first cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York, or in the State of Texas, once during each calendar week for at least two successive calendar weeks or disseminated by electronic means customarily used to convey notices of redemption. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Agency for inspection by all Holders of the Bonds. Such publication is not required, however, if the Agency gives or causes to be given such notice in writing, by U.S. mail or by customary electronic means, to each Holder of the Bonds (including the nominee of DTC at any time that such nominee is the registered owner of all of the Outstanding Bonds).

(b) With respect to any amendment undertaken pursuant to Section 7.01(a), whenever at any time the Agency shall receive an instrument or instruments executed by all of the Holders or the Holders of a majority in Outstanding principal amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(c) Upon the adoption by the Board of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Agency and all Holders of then Outstanding Bonds and all future Holders thereof shall thereafter be determined, exercised, and enforced under this Resolution, as amended.

(d) Any consent given by any Holder of the Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section or the date of such consent, whichever is later, and shall be conclusive and binding upon all future Holders of the same Bonds during such period. Such consent may be revoked at any time after the applicable period of time that a consent is irrevocable by the Holder who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar for such Bonds and the Agency, but such revocation shall not be effective if the Holders of the requisite amount of the Outstanding Principal Amount, prior to the attempted revocation, consented to and approved the amendment.

(e) For the purpose of this Section 7.02, the ownership and other matters relating to all the Bonds shall be determined as provided in Section 11.03.

(f) Each Supplemental Resolution shall contain provisions governing the ability of the Agency to amend such Supplemental Resolution; provided, however, that no amendment may be made to any Supplemental Resolution for the purpose of granting to the Holders of a Series of First Lien Transmission Debt a lien or pledge of the Transmission Net Revenues having a priority over the lien and pledge given in the Resolution for the Bonds.

(g) Any amendment to this Resolution requiring the consent of the Holders may be undertaken by the Agency in conjunction with the amendment of any other Supplemental Resolution to which modifications of the same effect are being made, and in such event, such modifications may be made upon the receipt of written consent of the Holders of the Bonds and such other Series of First Lien Transmission Debt cumulatively aggregating at least a majority in principal amount of the Bonds and such other First Lien Transmission Debt then Outstanding that are similarly affected by the modification.

Section 7.03 Certain Bonds not Considered Outstanding. For the purposes of Article VII, Bonds owned by or held for the account of the Agency shall not be considered as Outstanding.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

Section 8.01 Events of Default. Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(a) the failure to make payment of the principal of or premium, if any, on any of the Bonds when the same shall become due and payable;

(b) the failure to pay any installment of interest when the same shall become due and payable,

(c) default in any covenant, undertaking or commitment contained in this Resolution, the failure to perform which materially affects the rights of the Holders of the Bonds to be repaid and the continuation thereof for a period of sixty (60) days after notice of such default by any Holder of not less than 5% of the Outstanding Bonds; and

(d) if there shall occur the dissolution or liquidation of the Agency (other than re-creation of the Agency as provided in the Act) or the filing by the Agency of a voluntary petition in bankruptcy or the commission by the Agency of any act of bankruptcy, or adjudication of the Agency as a bankrupt or assignment by the Agency for the benefit of its creditors, or the entry by the Agency into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Agency in a proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

Section 8.02 Remedies for Default. Upon the happening and continuation of any of the Events of Default as provided in Section 8.01, then and in every case any Holder may proceed against the Agency for the purpose of protecting and enforcing the rights of the Holders of Bonds under this Resolution, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of the Holder hereunder or any combination of such remedies. Each such right or privilege shall be in addition to and cumulative of any other right or privilege and the exercise of any right or privilege by or on behalf of any Holders shall not be deemed a waiver of any other right or privilege thereof.

Section 8.03 Priority of Payments. If an Event of Default has occurred then moneys of the Agency shall be applied first to the payment of interest on Bonds that has become due and second to the pro-rata payment of the principal amount of and premium, if any, on Bonds Outstanding which have become due.

ARTICLE IX

DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 9.01 Depositories.

(a) All moneys held in the Construction Fund, the Debt Service Fund or the Series 2021 Reserve Fund shall be deposited with one or more Depositories in the name of the Agency and shall be held in trust for the benefit of the Holders and applied only in accordance with the provisions of this Resolution.

(b) Each Depository shall be a bank or trust company organized under the laws of the State or a national banking association located within this State willing and able to accept the office on reasonable and customary terms and authorized to act in accordance with the provisions of this Resolution.

Section 9.02 Deposits.

(a) All moneys held by any Depository may be placed on demand or time deposit, if and as directed by the Agency, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. No officer or employee of the Agency shall be liable for any loss or depreciation in value resulting from any investment made pursuant to this Resolution. Any such deposit may be made in the commercial banking department of any Depository which may honor checks and drafts on such deposit or may be deposited in the banking department on demand or, if and to the extent directed by the Agency on time deposit, provided that such moneys on deposit be available for use at the time the Agency estimates it will be needed. Such Depositories shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(b) All funds created by this Resolution shall be secured in the manner and to the fullest extent permitted or required by law, and such funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

(c) All moneys deposited with the Paying Agent/Registrar and each Depository shall be credited to the particular fund or account to which such moneys belong.

Section 9.03 Investment of Money in Funds. Any cash on deposit in the respective funds required to be kept and maintained by the Agency pursuant to the provisions of this Resolution, may at the option of the Agency, be invested and reinvested in accordance with the investment policy of the Agency.

Investments held for the account of each Fund shall be valued, as of any date, in terms of the amortized cost of such investments and the total value of all investments held for such funds shall be redetermined at amortized cost each date moneys or securities are sold, traded or withdrawn from the particular fund. Such investments held for the account of the Debt Service Fund, the Construction Fund or the Series 2021 Reserve Fund shall be sold promptly when necessary to prevent any default in connection with the Bonds or other First Lien Transmission Debt, as applicable.

ARTICLE X

DISCHARGE OF INDEBTEDNESS

Section 10.01 Discharge of Indebtedness.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer Outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section 10.01, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient money to provide for such payment, and when proper arrangements have been made by the Agency with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bonds and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues and Funds herein pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter the Agency will have no further responsibility with respect to amounts available to the Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Bond, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 10.01(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Agency expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Agency be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Agency, or deposited as directed in writing by the Agency. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 10.01(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Agency or deposited as directed in writing by the Agency.

(c) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Agency shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) In the event that the Agency elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Section 10.02 Unclaimed Moneys. Anything in this Resolution to the contrary notwithstanding, but subject to the unclaimed property laws of the State, any moneys held by a Paying Agent/Registrar in trust for the payment and discharge of any of the Bonds which remain unclaimed for four years after the date when the same have become due and payable, either at their Stated Maturity or by call for earlier redemption, if such moneys were held by a Paying Agent/Registrar at such date, or for four years after the date of deposit of such moneys if deposited with the Paying Agent/Registrar after the said date when such Bonds become due and payable, shall, at the written request of the Agency, be repaid by the Paying Agent/Registrar to the Agency, as its absolute property and free from trust, and the Paying Agent/Registrar shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Agency for the payment of such Bonds.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Limited Liability of Agency. The Agency shall not be required to advance any moneys derived from any source of income other than those pledged (under Section 4.01) for the payment of the principal of, premium, if any, and interest on the Bonds. Nevertheless, the Agency may, but shall not be required to, advance for any of the purposes hereof any funds of the Agency which may be available to it for such purposes.

Section 11.02 Successor Is Deemed Included in All References to Predecessor. Whenever in this Resolution either the Agency or any Paying Agent/Registrar is named or referred to, such reference shall be deemed to include the successors or assigns thereof.

Section 11.03 Execution of Documents by Bondholders. Any request, declaration or other instrument which this Resolution may require or permit to be executed by Bondholders may be in one or more instruments of similar tenor, and shall be executed by Bondholders in person or by their attorneys appointed in writing.

Except as otherwise expressly provided, the fact and date of the execution by any Bondholder or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Any request, declaration or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond in respect of anything done or suffered to be done by the Agency or a Paying Agent/Registrar in good faith and in accordance therewith or in reliance thereon.

Section 11.04 Waiver of Personal Liability. No member of the Board and no officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of, premium, if any, and interest on the Bonds but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 11.05 Waiver of Notice. Whenever in this Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.06 Cremation or Destruction of Canceled Bonds. Whenever in this Resolution provision is made for the surrender to the Agency of any Bonds which have been paid or canceled pursuant to the provisions of this Resolution, the Agency may, by a written request, direct the appropriate Paying Agent/Registrar to cremate or destroy such Bonds and furnish to the Agency a certificate of such cremation or destruction.

Section 11.07 Continuing Disclosure Undertaking.

(a) If the Bonds are sold by public offering, and are subject to the Rule (as defined below), the following provisions shall apply:

(i) Annual Reports. (A) The Agency shall provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data (the "Annual Operating Report") with respect to the Agency of the general type included in the final Official Statement authorized by this Resolution, being the information described in the Pricing Certificate. The

Agency will additionally provide financial statements of the Agency (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in the Pricing Certificate or such other accounting principles as the Agency may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in the final Official Statement and (ii) audited, if the Agency commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The Agency will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2021. The Agency may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the Agency shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

(B) If the Agency changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Agency otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any documents available to the public on the MSRB's internet website or filed with the SEC.

(ii) Event Notices. The Agency shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Agency;
13. The consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such

an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;
15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding item (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

The Agency shall notify the MSRB, in a timely manner, of any failure by the Agency to provide financial information or operating data in accordance with subsection (ii) of this Section by the time required by subsection (i).

(iv) Limitations, Disclaimers, and Amendments. (A) The Agency shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Agency remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Agency in any event will give notice of any deposit made in accordance with this Resolution or applicable law that causes the Bonds no longer to be outstanding.

(B) The provisions of this Section are for the sole benefit of the Holders and Beneficial Owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Agency undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Agency's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Agency does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(C) UNDER NO CIRCUMSTANCES SHALL THE AGENCY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY

BREACH BY THE AGENCY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(D) No default by the Agency in observing or performing its obligations under this Section shall comprise a breach of or default under the Resolution for purposes of any other provision of this Resolution. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Agency under federal and state securities laws.

(E) The provisions of this Section may be amended by the Agency from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Agency, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Agency (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and Beneficial Owners of the Bonds. If the Agency so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Agency may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(b) If the Bonds are sold by private placement, the Pricing Officer may agree to provide for an undertaking in accordance with the Rule or may agree to provide other public information to the purchaser as may be necessary for the sale of the Bonds on the most favorable terms to the Agency.

Section 11.08 Governing Law. This Resolution shall be governed by and construed in accordance with the laws of the State.

Section 11.09 Contingent Approval of Escrow Agreement; Retirement of Refunded Obligations. One or more escrow or deposit agreements (collectively, the "Escrow Agreement") by and between the Agency and any financial institution named in the Pricing Certificate as the escrow agent (the "Escrow Agent"), may be used for the retirement of the Refunded Obligations, and the form of such Escrow Agreement is hereby approved. An Authorized Officer is authorized to execute the Escrow Agreement, in substantially the form presented to the Board at the meeting at which this Resolution was adopted, setting forth the powers and duties of the Escrow Agent, provided that such Escrow Agreement may be revised with such changes or revisions as may be necessary to accomplish the refunding or benefit the Agency, as determined by the Pricing Officer.

Provided, that if the Pricing Officer determines that the refunding authorized herein may be accomplished without the use of an escrow agreement, provision may be made by the Pricing Officer for deposit of the refunding proceeds directly to the Note Payment Fund created by the resolution approving the issuance of the Series A Notes to provide for the discharge of the Refunded Note Obligations.

Furthermore, the Pricing Officer and/or the Chief Financial Officer of the Agency, in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Escrow Securities, if any, referenced in the Escrow Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Purchaser for deposit to the credit of the escrow account (if required), all as contemplated and provided in Chapter 1207, this Resolution and the Escrow Agreement.

Subject to execution and delivery of the Purchase Agreement with the Purchaser, the Board hereby directs that the Refunded Obligations be called for redemption, and the Pricing Officer and/or the Chief Financial Officer of the Agency shall coordinate the final payment and discharge of the Refunded Obligations with the paying agent/registars therefor.

Section 11.10 Reasons for Refunding. It is specifically found and determined by the Board that the Bonds are being issued to provide debt service savings with respect to the Refunded Bond Obligations. The Board hereby finds and declares a public purpose and deems it advisable and in the best interests of the Agency to refund the Refunded Bond Obligations for the aforesaid reasons.

In accordance with Chapter 1207, the Board hereby finds and determines that the manner in which the refunding of the Refunded Note Obligations is being executed makes it impracticable for the Board to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Obligations, for the reason that the Series A Notes are revolving notes that are intended to be issued from time to time at different interest rates, and therefore there is no practicable means of ascertaining the future interest cost of such revolving note Refunded Note Obligations for debt service comparison purposes.

Section 11.11 Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution on the part of the Agency (or of any Paying Agent/Registrar) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Resolution or of the Bonds but the Holders shall retain all rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 11.12 Effective Date of Resolution. This Resolution shall become effective to accomplish the refunding and defeasance of the Refunded Obligations, concurrently with the issuance and delivery of the Bonds.

June 10, 2021

AGENDA ITEM NO. 14

SUBJECT: Executive Session

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

A. Real property matters - Update regarding the status of the marketing effort to sell the mine and the strategy going forward to market and consider offers to purchase the mine. (value of real property under Section 551.072, Government Code, and legal advice under Section 551.071, Government Code.)

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

June 10, 2021

AGENDA ITEM NO. 14A

SUBJECT: Real property matters - Update regarding the status of the marketing effort to sell the mine and the strategy going forward to market and consider offers to purchase the mine.

DISCUSSION: See the attached update.

BACKUP MATERIAL: None.

ACTION REQUESTED: None.

Bob Kahn
5/24/21

Lakes of Gibbons Creek
Marketing Update
5/18/2021

As the TMPA Board meeting on June 10th approaches, I would like to update everyone on our expectations for the next several weeks and a preliminary plan of action for the meeting. There continues to be considerable activity on the property and we have notified prospective Buyers that offers need to be received by June 1st to be considered at the meeting of the 10th. Between now and the 1st, we are pushing Buyers to bring in offers and also advising some earlier offers that they will need to consider submitting new offers to be seriously considered. This is our first step in further increasing the price on the property. Once all of the offers are in, we will review and present a schedule to the Board for moving forward. Our outlook at this time for the process is that we will have between 3 and 5 offers which will stand out as the most likely to close at the highest price. Should this turn out to be the case, we are considering going to a sealed bid effort to further increase the offers from the Buyer pool that are the most promising. This will depend on ultimately what the offers received by June 1st look like, however from our discussions I expect that this will likely be our best route to getting the highest price for the property. We further are intending to prepare Contract language that will be acceptable to TMPA to present to the highest bidders for submitting final and best offers.

Since the last update; we did show the baseball consortium the property and are expecting an offer from them before June 1st. Also Mr. Wayne Mann who had previously declined to make an offer has come back and expects to submit an offer now. We also did receive the offer we were expecting from the Dallas development group. We have four more showings this week to new Buyers. I am expecting that by June 1st besides the five offers we currently have, another three offers are for sure forthcoming and expect at least one of the earlier offers to up their price. I am also confident that we will be getting offers from at least two more prospects from the showings still scheduled for this week.

Showings this week:

1) AP Solar - A large solar company out of Austin
2) Todd Mason - Founding partner at MLB Capital Partners, a real estate investment and development group out of Houston.
3) Mike Smith - currently owns over 250,000 acres in Texas and New Mexico.
4) Randy Smith & Graham Weston - San Antonio based real estate investors. Mr. Weston was a co-founder of Rackspace.

June 10, 2021

AGENDA ITEM NO. 15

SUBJECT: Resolution No. 2021-6-10, authorizing the renewal of the lease for office space for the principal office of the Agency in the City of Bryan, Texas; and resolving matters incidental and related thereto.

DISCUSSION: On November 12, 2019, the Board adopted Resolution No. 2019-11-1, authorizing the lease of office space in the City of Bryan, Texas. On February 13, 2020, the Board adopted Resolution No. 2020-2-3, formally designating 2751 Nash Street, Suite 130, Bryan, Texas, 77802 as the principal office of the Agency.

The office lease, dated November 21, 2019, is scheduled to expire on December 31, 2021. However, the lease contains an option to renew the lease for a one-year term. To exercise the option to renew, the Agency must give notice of intent to renew by the end of this month. The only effects of renewal are to (i) extend the term of the lease to December 31, 2022 and (ii) increase the monthly base rent from $6,678.17 to $7,071.00.

In a recent conversation with the owner, the owner agreed to convert the option into a two-year renewal option without any increase in rent for the second year of the renewal term.

Staff recommends renewal of the lease for a renewal term of two years. During the two-year renewal term, monthly base rent will be fixed at $7,071.00.

BACKUP MATERIAL: Term Lease Agreement, dated November 21, 2019.

ACTION REQUESTED: Consideration and action on Resolution No. 2021-6-10.

RESOLUTION NO. 2021-6-10

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING THE RENEWAL OF THE LEASE FOR OFFICE SPACE FOR THE PRINCIPAL OFFICE OF THE AGENCY IN THE CITY OF BRYAN, TEXAS; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Board desires to renew, for an additional period of two years, the lease of office space at 2751 Nash Street, Suite 130, Bryan, Texas 77802 (the "Lease");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY:

1. That the above recitals are true and correct;

2. That the General Manager, or person acting at his direction, is authorized to renew the Lease for a period of two years, for a fixed monthly base rent of $7,071.00;

3. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 10TH DAY OF JUNE 2021.

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

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

Texas Municipal Power Agency
TERM LEASE AGREEMENT

THIS AGREEMENT (herein referred to as the "Lease") made and entered into this the 21st day of November, 2019, by and between B&E Land, LLC, a Texas limited liability corporation, having principal offices in Austin, Texas, hereinafter referred to as the Lessor, and Texas Municipal Power Agency, hereinafter referred to as Lessee,

WITNESSETH, that said Lessor does by these presents lease and demise unto the said Lessee the following described property hereinafter known as:

"Premises": 2751 NASH STREET, Suite 120, BRYAN, TX 77802 Square Feet 4,714

With appurtenances for the term of two years (2) years beginning January 1, 2020 and ending December 31, 2021 (the "Term"), at the monthly rent or sum of:

Six Thousand Six Hundred Seventy-Eight Dollars and 17/100 Cents ($6,678.17) month;

plus Additional Rent amounting to Lessee's pro rata share of common area maintenance ("CAM"), Insurance and real estate tax expenses (the "Operating Expenses") incurred by Lessor in connection with the operation of the Building as outlined in paragraph 10. For calendar year 2020, Lessee shall pay Additional Rent of $5.55 per square foot per year, as Base Rent becomes due, subject to reconciliation and adjustment as provided below.

Reconciliation and Adjustment of Additional Rent

Within 60 days following the completion of each calendar year, beginning in **2021**, Lessor will provide to Lessee a statement showing in reasonable detail the Operating Expenses for the preceding calendar year, the Additional Rent due, or refund due to Lessee, with regard to Lessee's share of the Operating Expenses, and Lessor's reasonable estimate of Operating Expenses for the then current calendar year (the "Annual Reconciliation Statement"). Lessee shall, on or before 30 days following receipt of said statement, pay to Lessor the amount of Additional Rent due as provided herein or receive from Lessor a refund of Additional Rent paid in excess of Operating Expenses. Lessee agrees to pay Additional Rent each month thereafter, in addition to Base Rent, in an amount necessary to amortize the Operating Expenses for the preceding calendar year (or the pro rata portion thereof, if applicable) over a period equal to the lesser of (i) the number of months remaining in the Term or (ii) the number of months remaining in the current calendar year. Notwithstanding that the Term has expired or been terminated, Lessee shall remain liable for and agrees to pay to Lessor within 30 days following receipt of the Annual Reconciliation Statement, its pro rata portion of Operating Expenses for the preceding calendar year (or portion thereof) during which the Term expired or was terminated, and Lessor shall remain liable for and agrees to pay to Lessee within said 30 day period a refund of Additional Rent paid in excess of Operating Expenses for the period in which Additional Rent was paid to Lessor. It is agreed that Lessee's pro rata shall of Operating Expenses shall be based on 4,714 square feet out of 9,951 square feet of rentable area in the Building, or 43.37%, and that this percentage shall remain constant for the duration of the Lease (except when this Lease expressly provides for proportional adjustments in rent such as in sections 20 and 21). Without limiting the foregoing, said percentage shall not change based on any loss of other tenants or change in the occupancy of the Building in which the Premises are located.

1. **Form W-9**

   a. Under Section 6109 of the Internal Revenue Code, Lessor is required to provide Lessee with the correct Taxpayer Identification Number (TIN) in order for Lessee to file information returns to the IRS to report income paid to Lessor. Lessor shall complete all IRS required forms and return to Lessee as requested. Notwithstanding anything to the contrary herein, if Lessor fails to submit a properly completed Form W-9 as requested by Lessee, Lessor agrees that Lessee has the right (but not the obligation), pursuant to Section 3406 of the Internal Revenue Code, to withhold and pay to the IRS a percentage of the total monthly rent payment.

b. In the event that Lessor shall have a change in its business or legal name, Lessor agrees to notify Lessee in writing, within 30 days of any such change, and submit a new Form W-9 reflecting such change(s).

2. **Notice to Lessee**

It is expressly understood between the parties hereto that all notices to be served by the Lessor upon the Lessee shall be in writing addressed to:

Texas Municipal Power Agency
P. O. Box 7000
Bryan, Texas 77805
Attention: General Manager

Notices to either party shall be considered served when deposited with the United States Postal Service via Certified Mail, return receipt requested.

Only Principals or Authorized Officers/Agents of Lessee employed at its Headquarters, including the General Manager of Lessee, or any person designated in writing by the General Manager of Lessee, are empowered to give any instruction or notice regarding the Lease and any notice or instruction issued by any other party is null and void.

Due to the nature of Lessee's business, any access to or entrance into the Premises by the Lessor or its employees, agents or contractors shall require 24 hours prior notice to Lessee, except in cases of an emergency.

3. **Notice to Lessor**

Any payments required to be paid, and all notices required to be delivered to Lessor from Lessee shall be delivered to Lessor at:

B&E Land, LLC
Attn: Todd England
16200 Wynstone Lane
Austin, TX 78717

4. **Occupancy and Commencement of Term**

In the event the Premises are ready for occupancy prior to the January 1, 2020, ("Commencement Date") Lessor will allow Lessee to take early occupancy. All terms, conditions and provisions of this Lease shall be in full force and effect during any said early occupancy period beginning on the date that Lessee occupies the Premises.

If the Lessor shall be unable to give possession of the Premises on the Commencement Date for any reason except that caused solely by Lessee, then the rent shall not commence until possession of the premises is given and all improvements to be made by Lessor are substantially complete, and reasonably acceptable to Lessee. Additionally, in the event that the Premises are not made substantially complete and reasonably acceptable to Lessee within thirty (30) days after the Commencement Date, Lessee may, at its option, cancel this Lease, upon written notice to Lessor, without liability to Lessor and this lease shall be null and void. In the event Lessor is unable to give possession on the Commencement Date, and Lessee does not elect to cancel this Lease, the expiration date shall be extended from the actual date of occupancy in accordance with the total lease term specified in the Lease.

The first month's rent shall begin on January 1, 2020 (and continue on the 1st day of each month thereafter for the term of the lease).

First month's rent and security deposit equal to the total monthly rent due at the time of execution.

5. **Option to Renew**

Provided Lessee is not in default of the Lease, Lessor will grant Lessee an option to renew this Lease for one additional period of 12 Months (the "Renewal Period") provided that Lessee provides Lessor notice of its intent to renew no later than with six (6) months prior to the termination of the Lease. The rental rate for such Renewal Period shall be a base monthly rate of $18 per square foot ($7,071.00 per month) plus the Operating Expenses. Except for such change to base monthly rent, all other terms and conditions of this Lease shall be applicable during the Renewal Period.

6. **Delivery Upon Termination**

a. Upon expiration of the Lease term, or any subsequent renewal term, or other sooner termination of this Lease, Lessee shall, subject to paragraph "b", deliver to Lessor possession of the Premises, together with any and all improvements or additions in or to the Premises, in the same condition as received, ordinary wear and tear excepted. Lessee shall not be required to remove any of said improvements or return the Premises to its original condition upon any termination of this Lease. Subject to paragraph "b", all said improvements shall remain in place as the Property of the Lessor.

b. Lessee may remove its fixtures, shall remove its furniture and equipment not constituting fixtures, and shall make any repairs occasioned by said removal upon any termination of this Lease.

7. **Use**

Lessee shall use said Premises for general office space for the carrying on the Lessee's business. The restrictions on Lessor outlined in paragraph 8(A) shall only apply to the Building in which the Premises, as described in this Lease, are located. Should Lessor violate said restriction, Lessee may elect to terminate this Lease at any time upon providing thirty (30) days' notice to Lessor.

Lessee, its employees, customers, invitees, contractors, and agents shall have access and the right to use the Premises and the Common Areas, if any, including but not limited to: corridors, sidewalks, restrooms, parking lots, entryways, lobbies and elevators, subject to Lessor's reasonable written rules and regulations relating to the Common Areas which shall not adversely affect Lessee's right to use the Premises.

8. **Restricted Use**

A. The Lessor shall not lease or sell the adjacent units in the Building to the Leased Premises to the following users:

a. Bars, taverns, billiard halls;
b. Pawn shops;
c. Dance studios or Karate studios;
d. Beer or wine-making stores;
e. Adult video/Adult entertainment stores;
f. Off-track betting establishments;
g. Abortion/drug rehabilitation offices/facilities;
h. Alcohol/drug rehabilitation offices/facilities;
i. Unemployment or Social Security offices;
j. Liquor stores;
k. Nail Salons

B. Additionally, the Lessor shall not lease or sell any unit in the Building or Development, or Property of which the Premises are a part thereof, to a tenant/entity/person who sells, barters, trades, buys, or dispenses marijuana, for medical use or otherwise.

C. Each party acknowledges that Lessee may suffer irreparable damage in the event of a breach or threatened breach of any paragraph of this Article. Accordingly, in such event, Lessee shall be entitled to seek preliminary and final injunctive relief, as well as any and all other applicable remedies at law or equity, including the recovery of damages for a breach of the paragraphs of this Section. Additionally, Lessee shall have the right, but not the obligation, to cancel/terminate the Lease, without further liability to Lessor, if Lessor breaches the paragraphs of this Section.

9. **Utilities**

a. Lessor shall provide to the Premises and Building, and its Common Areas, the following utilities: common area lighting and trash removal. Such utilities shall be paid for by Lessor and will be included as part of CAM fees. Additionally, Lessor shall provide any metering devices necessary for such utilities.

b. Tenant shall be responsible electric, water, and for any telecommunications and security.

10. **Real Estate Taxes, Insurance, and Common Area Maintenance**

Lessee shall pay its pro-rata share of all reasonable Common Area Maintenance ("CAM"), property insurance and real estate taxes for the duration of the lease, deemed for calendar year 2020 to be $5.55 per square foot per year payable as additional rent at the time base rent is due with the amount being reconciled and adjusted in accordance with the paragraph above (immediately under the "Whereas clauses") entitled "Reconciliation and Adjustment of Additional Rent". Any under or overpayments by the Lessee are to be paid to or reimbursed by Lessor respectively.

11. **Hours of Operation**

Lessee's standard hours of operation shall be 8:00 a.m. to 5:00 p.m., Monday through Friday ("Standard Business Hours"), provided that, Lessee may operate evenings and weekends. Lessee and its employees shall have 24-hour access to the Premises and the Common Areas. Lessee and its employees may conduct business on the premises during days and times outside of the Standard Business Hours. Lessee's employees are not required by this Lease to continuously occupy the Premises during Standard Business Hours due to the nature of Lessee's business operation. Lessee shall not be obligated to light the Premises or its signage beyond the Standard Business Hours. The Lessor is responsible to light and maintain the Common Areas, including the sidewalks and parking area, if applicable

12. **Signage**

a. Lessee shall have the exclusive right to erect and maintain in, or about the exterior and interior of the Premises, at its own expense, all signs necessary or appropriate to the conduct of the business of Lessee. Lessor hereby approves of Lessee installing its standard signage; provide such signage is in compliance with city code. Upon full execution of this Lease, Lessee shall be allowed to install a temporary banner at the Premises until such time that Lessee's permanent signs are installed. Lessee's signage shall conform to all applicable local, city and county requirements.

b. Lessee shall be entitled to have its business name listed on the Development's lighted monument sign with reasonable signage, which may include Lessee's logo, designating Lessee as an occupant of Building One. Such signage shall be on panels on both sides of this monument sign and of a size amounting to no less than one third (1/3rd) of total available signage space on these panels. Lessee's signage shall be in keeping with the overall characteristics of the monument sign and must be installed by Lessor's signage provider.

c. Additionally, Lessee shall have the right to have signage installed at or near the entrance to the Premises, which clearly identifies Lessee. Such signage may be on entry door to Premises and/or in the archway leading thereto, but shall not be attached to the exterior fascia of the building outside the archway or any other exterior portion of the building.

d. Lessor shall also allow Lessee to place regulatory agency mandated signage (stickers) on or near the front entrance of the Premises. At any time during the term of this Lease, or any extension hereof, Lessee reserves the right to change its name. In the event Lessee does change its name, Lessee may, at its expense, change the signage to reflect the new name.

e. Any signs erected or placed in or on the Premises by Lessee may be removed by Lessee at any time during the term or on the expiration or sooner termination of this Lease. Any damage caused by the erection, maintenance or removal of any and all such signs shall be fully repaired at the expense of the Lessee.

f. All signage shall be in keeping with the quality and décor of the building and Development and shall be subject to Lessor's approval, which shall not be unreasonably denied or restricted.

g. Lessor shall not place a "For Rent", "For Lease" or similar signage on the Premises prior to fifteen (15) days before the expiration of this Lease.

13. Zoning

Lessor hereby warrants that the Property/land/Premises are zoned for the use intended in this Lease.

14. Peaceable and Private Enjoyment

Lessor agrees to permit the Lessee to peaceably and quietly have and enjoy the use of the Premises and Common Areas for the purpose and for the term aforesaid. In addition, Lessor agrees to provide Lessee with access and ability to conduct business during normal business hours with the same peaceable and private enjoyment during any repairs, maintenance, and improvements.

15. Subordination and Attornment

a. This Lease shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation of security now or hereafter placed upon the Premises and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination and the provisions of paragraph (b) of this Section 15, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground Lessor shall elect to have this Lease prior to the Lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease is dated prior to or subsequent to the date of said mortgage, deed of trust or ground lease or the date of the recording thereof.

b. Lessee agrees to execute any documents required to effectuate an attornment, subordination, or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. In the event of any foreclosure, sale, or transfer in lieu of foreclosure, Lessee shall attorn to the purchaser, transferee or Lessor as the case may be, and recognize that party as Lessor under this Lease, provided such party acquires and accepts the Premises subject to this Lease.

16. Lease Modification and Assignment

This Lease may be modified only upon the written and signed Agreement of Lessor and Lessee. Lessee expressly covenants that it shall not assign or sublet the Premises, except to one or more of the cities of

Bryan, Denton, Garland, and Greenville, Texas (the "Member Cities"), without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Consent by Lessor to one assignment, subletting, occupation or use by another person shall not be deemed to be consent to any subsequent assignment, subletting, occupation or use by the same or another person. Consent to an assignment or sublease shall not release Lessee from liability for the continued performance of the terms and provisions to be kept and performed by Lessee hereunder, unless Lessor specifically and in writing releases Lessee from said liability. In addition, an amendment, modification, or extension of the Lease after the assignment or sublease shall not release Lessee from liability for the continued performance of the terms and conditions to be performed by Lessee hereunder. Any assignment or subletting by operation of law or otherwise, (including without limitation, a transfer of controlling interest in Lessee to any other person, firm or entity) without the prior written consent of Lessor, shall be void and shall, at the option of Lessor, terminate this Lease.

17. Tenant Improvements

Lessor shall provide Lessee with an allowance of up to $5,000.00 for any modifications or repairs to the Premises desired by Lessee, including for cleaning. Such allowance shall be paid to Lessee by Lessor upon receipt of paid invoices for repairs, modifications, and/or cleaning.

18. Repair and Maintenance

a. Lessor shall be responsible, at its expense, for all repair, maintenance or replacement of the following
Building and Common Area (if any) elements: roof, foundation, outside walls, sidewalks, parking lot, windows, drainage system, plumbing, electrical wiring, snow/ice removal, landscaping.

b. Notwithstanding anything to the contrary herein, Lessee shall only be responsible, at its expense, for all repair and maintenance of the following in its leasehold: interior walls and construction, drainage system, heating and air conditioning, plumbing, and electrical wiring and fixtures, except to the extent any such repair is the result of an overall casualty to the building in which the Premises are located resulting from causes beyond the reasonable control of Lessee.. Additionally, Lessor shall assign to Lessee or allow and participate with Lessee with regard to any warranty applicable to such items in the Building. Lessee is responsible for changing air filters every two months.

c. In the event Lessor should fail to address the repairs and maintenance issues as required within sixty (60) days of receiving notice of need of such repairs and/or maintenance, Lessee shall have the right to terminate this Lease upon thirty (30) days written notice with no further liability to Lessee.

d. Lessor warrants that all fixtures and equipment are in good working order at the commencement of this Lease and Lessor warrants that all fixtures and equipment shall be under warranty for ninety (90) days after commencement of this Lease. Additionally, Lessor shall assign to Lessee or allow and participate with Lessee regarding any warranty applicable to such fixtures or equipment in the building.

19. Contractor Lien

In the event a lien is filed on the Premises by a contractor under the control of the Lessee, Lessee shall have the option to bond off the lien.

20. Condemnation

In the event of the condemnation or purchase in lieu of condemnation of all or any substantial part of the Premises by any public or private corporation with the power of condemnation, this Lease shall terminate as to the part so taken on the date Lessee is required to yield possession thereof to the condemning authority. Lessor shall make such repairs and alterations as may be necessary in order to restore the part not taken to a useful condition, and the monthly rent shall be reduced proportionately to the portion of the Premises so taken. If the amount of the Premises so taken substantially impairs the usefulness of the Premises for the purposes set forth in Section 7 of this Agreement, either party may terminate this Lease within 30 days after Lessee is dispossessed, effective as of the date when Lessee is required to yield possession. All compensation awarded for any taking shall belong to and be the property of Lessor. This Lease shall not be affected by the condemnation of any portion of the Office Building other than the Premises or Lessee's leasehold interest in the Premises, as provided in this Section.

21. Damage or Destruction to the Premises

In the event of damage or destruction to all or a portion of the Premises, the Lessor or the Lessee shall be allowed to cancel the Lease if the Lessor cannot restore the Premises within One Hundred and Twenty (120) days, provided that such damage or destruction is not the result of the action or neglect of Lessee, its agents, employees, invitees, licensees or visitors. If the Lessor can restore the Premises within said 120 days, the Lessor shall commence to do so diligently. Lessor shall notify Lessee in writing within 15 days of said damage or destruction of its ability to restore the Premises within One Hundred and Twenty (120) days or not. If restoration is not completely restored within One Hundred and Twenty (120) days, or cannot be restored within One Hundred and Twenty (120) days, Lessee shall have the right to terminate this lease by providing written notice to Lessor within fifteen (15) business days after receiving of Lessor's written notice or within fifteen (15) days after the expiration of such one Hundred and Twenty (120) days. In such a case that Lessor cannot restore promises within 120 days, then all rent and other sums owed hereunder up to the time of such destruction or damage shall be paid by Lessee, and thenceforth, this Lease shall cease and come to an end. If Lessee does not elect to terminate within the periods described in this section, Lessee shall be considered to have waived the option to terminate with respect to this Section. In the event that such damage renders a portion of the Premises untenantable, the rent payable hereunder for the period during which such damage, repairs or restoration continues shall be reduced proportionately to the portion of the Premises rendered untenantable. If portion of untenantable Premises prevents Lessee from operating its business entirely, then the rent shall be abated for the Premises in its entirety until such portion is made tenantable.

22. Compliance With Laws and Ordinances

Lessor shall be responsible for making the Premises, Building and its Common Areas comply with all laws, ordinances or regulations.

23. Hazardous Materials

To the best of Lessor's knowledge, the Building, its Common Areas, and Premises contain no Hazardous Materials (as defined by the US Environmental Protection Agency), and/or harmful mold, and/or harmful contaminants, and is in compliance with all applicable local, state and federal material rules, regulations, laws and ordinances. In the event that Hazardous Materials, and/or harmful mold, and/or harmful contaminants are identified as present in the Premises, Building, it's Common Areas, and/or Property during the term of this Lease, Lessor shall be responsible for the removal of said Hazardous Materials, and/or harmful mold, and/or harmful contaminants. Lessor shall hold harmless and indemnify Lessee for any hazardous waste, mold, and/or contaminant costs, clean-up, fine, damage, or judgment caused by Lessor or its agents. Lessee shall be responsible for removal of any Hazardous Materials, and/or harmful mold, and/or harmful contaminants Lessee introduces into the Premises. Lessor shall be responsible for the removal of any Hazardous Materials, and/or harmful mold, and/or harmful contaminants introduced to the Building, its Common Areas, or Premises by third parties not controlled by Lessee. Additionally, Lessor shall continue to comply with all applicable local, state and federal material rules, regulations, laws, and ordinances.

24. Insurance

a. Lessee shall carry and maintain, during the entire term hereof, at Lessee's sole cost and expense, a broad form of comprehensive commercial general liability insurance with limits of not less than

$1,000,000.00 per occurrence, insuring against any and all liability of Lessee with respect to the demised Premises or arising out of the use or occupancy thereof. Lessee shall furnish Lessor, if requested, evidence that the insurance is in full force and effect from the Company issuing such insurance.

b. Lessor shall insure the Building and its Common Areas under a fire and extended coverage policy with limits of not less than $1,000,000.00 or to 100% of the replacement costs.

25. <u>Release and of Claims: Waiver of Subrogation.</u>

a. Anything in this Lease to the contrary notwithstanding, Lessor and Lessee each waive any and all right of recovery, claim, action or cause of action against the other and its partners (if any), and the agents, officers, and employees of the other party or its partners, for any loss or damage:

(i) to the Premises, the Building, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements or any other cause which is or could have been insured against under a Texas standard special form extended coverage insurance policy or a policy provided under section 24(b), or

b. Arising out of any business interruption, including but not limited to loss of profits, by reason of fire, the elements or any other cause, regardless of cause or origin, including the sole or concurrent negligence of the other party or its partners, or the agents, officers, or employees of the other party or its partners. Lessor and Lessee covenant that no insurer shall hold any right of subrogation against the other party for losses which must be insured against by the terms of this Lease.

c. This Section shall survive the termination of this Lease.

26. <u>Indemnification</u>

a. Lessee agrees to indemnify and hold harmless Lessor and its partners, and the agents, officers and employees of Lessor, from and against any and all causes of action for injury, death or property damages arising from the negligence of Lessee. In the event the cause of action arises from the negligence of Lessee and the negligence of any other party or parties, Lessee's obligation of defense and indemnity shall be limited to Lessee's percentage of fault.

b. Lessor agrees to indemnify and hold harmless Lessee and its Member Cities, and the agents officers and employees of Lessee and its Member Cities, from and against any and all causes of action for, injury, death or property damages arising from the negligence of Lessor. In the event the cause of action arises from the negligence of Lessor and the negligence of any other party or parties, Lessor's obligation of defense and indemnity shall be limited to Lessor's percentage of fault.

c. This Section shall survive the termination of this Lease.

27. <u>Default</u>

a) In the event of any non-monetary default by either party, the defaulting party shall cure or commence to cure and diligently conclude said cure, within thirty (30) days of non-defaulting party's written notice of said default. In the event that the default cannot reasonably be cured within said thirty (30) day timeframe, as long as the defaulting party has diligently commenced and continues to cure said default within thirty (30) days from receipt of notice of default from the other party, then in such case, the defaulting party shall not be considered in default by reason of non-compliance of the thirty (30) day timeframe requirement.

b) In the event of a monetary default, Lessee or Lessor, as the case may be, shall cure said default within ten (10) days of receipt of written notice from the other party.

28. Late Fees

Rent shall be paid by the tenth day of each month. If rent is not paid by such day, a late fee shall be owing to Lessor in an amount equivalent to 10% of the monthly rent due.

29. Holdover

Provided Lessee has not vacated the Premises, and provided Lessee has not exercised any option to renew, or has not entered into a new Lease regarding the Premises, then if Lessee holds over after the Lease term, this Lease shall revert to a month-to-month agreement upon expiration of the lease term and a ninety (90) day notice by either party shall be required to terminate this said month-to-month tenancy. All other terms and conditions of the original Lease would remain in effect during this month-to-month tenancy, including the rental amount paid during the last month of the Lease term.

30. Lessor's Default

In the event Lessor breaks a clause in this Lease, omits to undertake what is stated he will undertake, or acts in a manner in which the Lease states he shall not act, Lessee has the right of setoff in a subsequent month's rent for the fair value of said act, omission, repair or maintenance that hinders Lessee's leasehold interests. In addition, Lessee shall have the option to cure a default/breach of Lease by Lessor, at Lessor's expense, if (a) Lessee has sent written notice to Lessor of Lessee's intent to cure, and (b) Lessor fails to cure said default/breach within thirty (30) days following Lessor's receipt of such notice from Lessee.

31. Lessee's Default

a. In the event Lessee (1) fails to pay timely any sum to be paid by Lessee under this Lease more than once in any calendar year; (2) Lessee fails to perform any of its other duties or obligations under this Lease and such default continues for 30 days after Lessor delivers written notice to Lessee or deposits written notice in the U.S. Mail addressed to Lessee's address in Section 2; (3) any of the following actions occur and Lessee fails to vigorously contest and cause same to be removed, dismissed, or vacated within 30 days from the date of entry or filing: (I) Lessee's interest under this Lease is levied on under execution or other legal process, or (II) any petition is filed by or against Lessee to declare Lessee a bankrupt or to delay, reduce or modify Lessee's debts or obligations, or (III) any petition under the Bankruptcy Code is filed or other action taken to reorganize or modify Lessee's capital structure, or (IV) Lessee is declared insolvent according to law, or (V) any general assignment of Lessee's property is made for the benefit of creditors, or (VI) a receiver or trustee is appointed for Lessee or its property; (4) Lessee vacates or abandons the Premises and ceases to pay when due any amount which is due under this Lease. (5) if Lessee is a corporation, Lessee ceases to exist as a corporation in good standing in the State of Texas; or (6) if Lessee is a partnership or other entity, Lessee is dissolved or otherwise liquidated, then Lessor may treat the occurrence of any one or more of the foregoing events as a breach of this Lease. Notwithstanding the foregoing, the dissolution of Lessee shall not constitute a breach of this Lease provided that the Lease is assigned to one or more Member Cities. Upon the occurrence of any of the foregoing events constituting a breach of this Lease, at Lessor's option, Lessor shall have any one or more of the following described remedies, in addition to all other rights and remedies provided at law or in equity:

b. Lessor may terminate this Lease and forthwith repossess the Premises and recover as damages a sum of money equal to the total of (1) the reasonable cost of recovering the Premises, including the cost of the removal and storage of any of Lessee's possessions left within the Premises, (2) the unpaid Rent earned at the time of termination, plus interest thereon at the lesser of 18% or the then maximum interest rate permitted to be charged by applicable law ("Interest") from the due date until paid, (3) the balance of the Rent for the remainder of the Term discounted to its present value at the rate of 3% per annum, less the fair market rental value (allowing a reasonable period for reletting) of the Premises for said period provided said sum shall not be less than zero), and (4) any other sum of money and damages owed by Lessee to Lessor. "Rent" as used herein means Base Rent and all other sums required to be paid by Lessee under the Lease.

c. Without terminating this Lease, Lessor may terminate Lessee's right of possession and repossess the Premises by forcible detainer suit or otherwise, without demand or notice of any kind to Lessee. If Lessor pursues this remedy, Lessor shall use reasonable efforts to relet the Premises for Lessee's account, for such rent and upon such terms and conditions as Lessor deems satisfactory. Lessor shall be deemed to have used "reasonable efforts" to relet the Premises if Lessor offers the Premises "for lease" and entertains in good faith, bona fide offers to lease submitted to Lessor. In no event shall Lessor be obligated to lease the Premises in priority of other space in the Building or adjacent buildings owned by Lessor or any affiliate thereof. For the purpose of such reletting, Lessor is authorized to decorate or to make any repairs, changes, alterations or modifications in or to the Premises as it deems reasonable and necessary to prepare the Premises to relet at Lessee's expense. If Lessor fails to relet the Premises, then Lessee shall pay to Lessor as damages a sum equal to the amount of the Base Rent and Additional Rent provided for in this Lease for such period or periods. If Lessor relets the Premises and fails to realize a sufficient sum from such reletting after deducting (1) the due and unpaid Base Rent and Additional Rent, (2) the accrued Interest thereon, (3) the reasonable cost of recovering possession, (4) the reasonable costs and expenses of all decorations, repairs, changes, alteration and modifications, and (5) the reasonable expense of such reletting and the collection of the rent accruing therefrom, then Lessee shall pay to Lessor any such deficiency upon demand from time to time. Lessor may file one or more suits to recover any sums falling due under this Section from time to time. Any reletting shall not be an election by Lessor to terminate this Lease unless Lessor gives a written notice of such intention to Lessee. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous default.

d. Lessor may change the locks on the Premises and not return the new key to the Lessee unless the Lessee cures the default(s). The Lessor will not have to give the Lessee a new key unless the Lessee cures the default(s); and the new key will be provided only during Lessor's regular business hours.

32. Waiver

Failure of Lessor to declare any default within thirty (30) days of occurrence thereof, shall waive such default, and Lessor shall not have the right after thirty (30) day period to declare any such default at any time and take such action as might be lawful or authorized hereunder, either in law or at equity.

33. Interruption of Lease

If any required service to be provided by Lessor is interrupted or otherwise ceases to be provided and a substantial part of the Premises are deemed unfit for Lessee's normal use for more than three (3) days, all rent payable by Lessee shall abate until such interruption ceases. Said three (3) day period shall not begin until Lessor receives written notice from Lessee of said interruption. In the event said interruption continues for more than 15 days, Lessee shall have the option to terminate this Lease without further liability to Lessor.

34. Remedies

Lessor and Lessee shall have all remedies available at law or equity to enforce this Lease, and to proceed against the other party for any default of this Lease.

35. Attorney's Fees

If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

36. Brokerage Fees

Lessor and Lessee represent to each other that, to its knowledge, no broker or other party is entitled to any commission, fee, or other compensation in connection with this Lease, other than Jason Bienski and Clark Isenhour Real Estate Services, LLC (the "Brokers"). Neither party shall be liable for any real estate commission incurred by or through the other party. Each party shall defend, indemnify, and hold the other harmless against any breach of the representation in the first sentence of this section. Lessor shall pay the Brokers pursuant to a separate written agreement.

37. Agency Disclosure

Intentionally deleted.

38. Force Majeure

In the event that either party shall be delayed or hindered in or prevented from doing or performing any act required in this Lease by reason of strikes, lock-outs, casualties, Acts of God, labor troubles, inability to procure materials, failure of power, governmental laws or regulations, riots, insurrection, war or other causes beyond the reasonable control of such party, then such party shall not be liable or responsible for any such delays and the doing or performing of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Provided, however, that except as expressly provided in this Agreement, nothing in the Section shall excuse Lessee or Lessor from the prompt payment of any rental, refund, or other charge required of Lessee or Lessor hereunder.

39. Consent or Approval

In each and every instance where the consent or approval of either party is required by the other party, said consent or approval shall be given in a prompt manner, and shall not be unreasonably withheld.

40. Heirs and Assigns

All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon Lessor and Lessee and their respective heirs, executors, administrators, successors and assigns.

41. Entire Agreement

This Lease sets forth all the covenants, promises, agreements, conditions and understandings between Lessor and Lessee concerning the Premises and there are no covenants, promises, agreements, conditions or understandings either oral or written, between them other than as are herein set forth.

42. Continuous Occupancy

Notwithstanding anything to the contrary in the Lease, if during the term of this Lease and any extensions hereof, so long as Lessee shall continue to pay rent as outlined herein, Lessee shall not be considered in default of this Lease by reason of abandonment or non-use in the event the Lessee's employee(s) vacates or fails to initially occupy the Premises, and will not remove the furniture and equipment during any non-use period. Lessee will use its best efforts to locate other employees to occupy the Premises. Lessee shall maintain the interior appearance of the Premises in a clean and orderly fashion at all times.

43. Severability

If any of the provisions of this Lease shall contravene or be invalid under the laws of the particular state, county, jurisdiction where applied, such contravention or invalidity shall not invalidate the Lease or any other portions thereof and the remainder of this Lease or the application thereof to other persons or circumstances shall not be affected thereby.

44. **General**

Time is of the essence of this Lease. All rights and remedies of Lessor and Lessee under this Lease shall be cumulative and none shall exclude any other rights or remedies allowed by law. This Lease shall be declared to be a Texas lease, and all of the terms hereof shall be construed according to the laws of the State of Texas. Said Lease shall be performable only in Brazos County, Texas, and venue for any action hereunder shall lie exclusively in Brazos County, Texas, as appropriate. Lessee warrants that this Lease has been duly authorized and executed on behalf of Lessee, and that same is valid and binding upon Lessee. The section headings and numbers herein and the grouping of the provisions of this Lease into separate articles, sections and paragraphs, are for the purpose of convenience only and shall not be considered in construing the meaning of any provision in this Lease.

This Lease is not in effect until duly signed by Lessor and Lessee.

Lessor:
B&E Land, LLC

By: [signature]
(Authorized Signature)

Its: Manager

Printed Name: CHAD ENGLAND

Date: 11/25/19

Federal ID #: 26 0882439

Lessee:
Texas Municipal Power Agency

CBS By: [signature]

By: Bob Kahn

Its: ~~President~~ General Manager

Date: 11/21/19

June 10, 2021

AGENDA ITEM NO. 16

SUBJECT: Future meeting dates and subjects

DISCUSSION: The date for the next scheduled Board meeting is **September 9, 2021 in Bryan**.

TENTATIVE MEETING DATES FOR 2021 and 2022:

December 9, 2021 – Garland

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