TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING

CAMBRIA HOTEL RICHARDSON
3605 SHIRE BLVD.
RICHARDSON, TEXAS

THURSDAY, December 9, 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 December 9, 2021 Committee meeting.

2. Consent Agenda Items:

   A. Consider approval of meeting minutes of the September 9, 2021 and October 28, 2021 Board of Directors meetings.

3. Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of December 8, 2021.

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

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

6. FY21 Year-end Budget Status Report.

7. Resolution No. 2021-12-8, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2021; and resolving matters incidental and related thereto.

8. Resolution No. 2021-12-1, authorizing a refund of transmission revenues to the Member Cities; and resolving matters incidental and related thereto.

9. Resolution No. 2021-12-2, authorizing a refund of certain excess funds to the Member Cities; and resolving matters incidental and related thereto.

10. Resolution No. 2021-12-3, declaring that the purposes of the Decommissioning Reserve Account have been accomplished and therefore approving a reduction of the required balance of the Decommissioning Reserve Account; and resolving matters incidental and related thereto.

11. Resolution No. 2021-12-6, approving the annual proportional share calculation of Member City ownership interests in Agency assets; and resolving matters incidental and related thereto.

12. Resolution No. 2021-12-4, Relating to the authorization and issuance of Texas Municipal Power Agency Mine Reclamation Notes, Taxable Series; providing the terms, conditions, and specifications for such notes; providing for the notes to be issued in one or more series; authorizing the execution of one or more note purchase agreements for the notes; declaring such notes to constitute mine reclamation bonds of the agency; providing for the notes to evidence the payment obligations of the agency with respect to one or more letters of credit to be delivered to the Texas Railroad Commission on behalf of the agency by Wells Fargo Bank, National Association, pledging certain revenues of the agency in payment of such obligations and interest thereon; approving the form, and authorizing the execution and delivery, of a paying agent/registrar agreement and other documents and agreements as required by and associated with such notes; approving and authorizing certain authorized officers and employees to act on behalf of the agency in delivering such notes within the limitations and procedures specified herein, and resolving other matters incident and related thereto.

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

14. Resolution No. 2021-12-7, amending the FY2022 Annual Transmission System Capital Budget by increasing the amount that is authorized to be expended on the Denton West to Jim Christal Pole Erosion Project; and resolving matters incidental and related thereto.

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

    A. Status report relating to the sale of the Gibbons Creek Lignite 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.

16. Resolution No. 2021-12-5, authorizing an amendment to the agreement for general counsel services; and resolving matters incidental and related thereto.

17. Future Meeting Dates.

18. Adjourn.

December 9, 2021

AGENDA ITEM NO. 1

SUBJECT: Committee Reports

- Audit and Budget Committee report relating to the results of the December 9, 2021 Committee meeting.

BACKUP MATERIAL: - Audit and Budget Committee meeting package can be viewed on the Board's secure website in the December 9, 2021 Board Meeting folder.

December 9, 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 September 9, 2021 and October 28, 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

Hilton Garden Inn
3081 University Drive East
Bryan, Texas

THURSDAY, September 9, 2021
9:30 AM

Mr. Jefferies called the meeting to order at 9:32 AM.

The following people were present at the meeting.

Board Members:

Kean Register and Buppy Simank – City of Bryan
James Ratliff and Tom Jefferies – City of Garland
Jesse Davis – City of Denton
Bill Cheek, Sue Ann Harting and Summer Spurlock – Absent

Staff:

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

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller – BTU
Antonio Puente – Denton Municipal Electric
Jeff Janke and Darrell Cline – Garland Power & Light
Alicia Hooks and Erica Contreras – GEUS

Public Comments:

Mr. Jefferies asked for comments, there were none.

1. **Resolution No. 2021-9-1, acknowledging the contributions of Chris Watts to the Agency; expressing the Agency's appreciation for 12 years of dedicated service; and expressing the hopes of the Agency for an enjoyable and fruitful future.**

Mr. Ratliff moved, seconded by Mr. Simank, approval of resolution no. 2021-9-1.

Motion carried; voting as follows:

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

Harting – Absent	Davis – Aye

2. Consent Agenda Items:

A. Consider approval of meeting minutes of the June 10, 2021 and July 15, 2021 Board of Directors meeting.

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

Motion carried; voting as follows:

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

3. Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of September 8, 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. Status report relating to environmental and regulatory compliance matters.

An update was provided by Mr. Meadows.

6. FY21 Third Quarter Budget Status Report.

An update was provided by Mrs. Birkhead.

7. Resolution No. 2021-9-2, declaring that the purposes of the Decommissioning Reserve Account have been accomplished and therefore approving a reduction of the required balance of the Decommissioning Reserve Account; and resolving matters incidental and related thereto.

The Board was not able to vote on this item due to lack of quorum for a Super-Majority Vote.

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

An update was provided by Mr. Cline.

9. Resolution No. 2021-9-3, amending the FY2021 Annual Transmission System Capital Budget by appropriating funds for the Phase Two Gibbons Creek Decommission Transmission Project; and resolving matters incidental and related thereto.

Mr. Ratliff moved, seconded by Mr. Register, approval of resolution no. 2021-9-3.

Motion carried; voting as follows:

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

10. Resolution No. 2021-9-4, amending the FY2022 Annual Transmission System Capital Budget by appropriating funds for the Shelby to Nevada New Line and Station Project; and resolving matters incidental and related thereto.

Mr. Simank moved, seconded by Mr. Register, approval of resolution no. 2021-9-4.

Motion carried; voting as follows:

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

11. Executive Session.

Mr. Jefferies announced that the Board would convene in executive session pursuant to Sections 551.071, 551.072, and 551.0074 of the Government Code.

The open session was recessed, and the executive session was called to order by Mr. Jefferies at 10:00 AM.

The open session resumed at approximately 10:47 AM.

12. General Manager Annual Performance Review

Mr. Register moved, seconded by Mr. Ratliff, to amend the General Manager Agreement within the parameters discussed in executive session.

Motion carried; voting as follows:

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

13. Election of Officers (President, Vice President, and Secretary) and approval of appointments to standing committees (Audit & Budget Committee and Personnel Committee) in accordance with Agency Rules & Regulations.

Mr. Ratliff moved to nominate Mr. Register for the office of President, Mr. Cheek for the office of Vice President, and Mr. Jefferies for the office of Secretary-Treasurer. It was seconded by Mr. Simank. Voting as follows:

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

Mr. Register named the committees as follows:

Personnel – Register - Chair, Davis, Jefferies, Harting
Audit and Budget – Cheek – Chair, Ratliff, Simank, Spurlock

Seconded by Mr. Ratliff, for approval of the committees. Voting as follows:

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

17. <u>Future meeting dates and subjects.</u>

By general consensus of the Board, the next Board meeting is tentatively set for December 9, 2021 in Garland.

18. <u>Adjourn.</u>

By general consensus of the Board, the meeting adjourned at approximately 10:50 AM.

Tracy Stracener
Assistant Secretary
TMPA Board of Directors

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING MINUTES

VIA VIDEO CONFERENCE CALL

THE PRESIDING OFFICER WILL BE IN ATTENDANCE AT, AND MEMBERS OF THE PUBLIC MAY ATTEND, THE FOLLOWING LOCATION:

BTU
205 E 28th STREET
BRYAN, TX 77803

Thursday, October 28, 2021
9:30 AM

President Register called the meeting to order at 9:33 AM.

The following people were present at the meeting.

Board Members:

Kean Register and 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 Jesse Davis – City of Denton

Staff:

Bob Kahn and Tracy Stracener

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller – BTU
Antonio Puente – Denton Municipal Electric
Darrell Cline and Steve Martin – Garland Power & Light
Alicia Hooks – GEUS
Jerry Fielder

Public Comments:

Mr. Register asked for comments from the public. There were none.

1. **Resolution No. 2021-10-1, amending the FY2022 Annual Transmission System Capital Budget by appropriating funds for the Spencer Interchange to Industrial Substation Transmission Line Reconstruction Project; and resolving matters incidental and related thereto.**

Mr. Jefferies moved, seconded by Mr. Simank, approval of resolution no. 2021-10-1.

Motion carried; voting as follows:

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

2. <u>Adjourn.</u>

By general consensus of the Board, the meeting adjourned at approximately 9:35 AM.

Tracy Stracener
Assistant Secretary
TMPA Board of Directors

December 9, 2021

AGENDA ITEM NO. 3

SUBJECT: Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of December 8, 2021.

DISCUSSION: The P&O Committee Chair will present major discussion topics and action items taken at the December 8, 2021 P&O Committee meeting.

BACKUP MATERIAL: None.

ACTION REQUESTED: Discussion.

December 9, 2021

AGENDA ITEM NO. 4

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

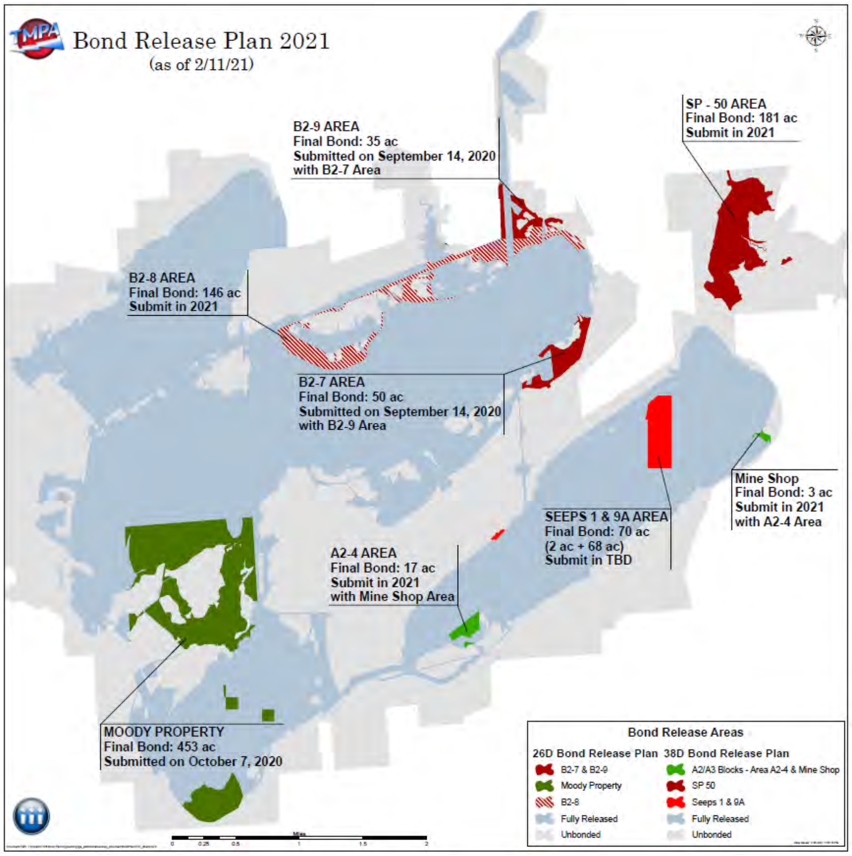
DISCUSSION:

The status of bond release is summarized in Table 1 and depicted in Figure 1. Items shown in green font in the table have been completed: items in blue were submitted in 2020/2021 and are in review at the Railroad Commission; items in red remain to be submitted.

Table 1 – Plan and Status of Final Bond Release on all mine properties, whether owned by TMPA or third parties (as of 11/15/21)

Packet(s)	TMPA property (acres)	Leased property (acres)	Total (acres)	Status
26D – Mine shop facilities	0	71	71	Released 2000
26D – Gas well pads and roads	74	24	98	Released 2001-2006
26D – A1 Block	343	561	904	Released 01/15/13
38D – Rev. 14 (map adjustments)	257	38	295	Released 07/31/13
26D – Rev. 21 (map adjustments)	212	42	254	Released 12/8/14
26D – Falco + Ciesielski property	0	111	111	Released 08/25/15
38D – Rail spur (Permit 38D part)	55	0	55	Released 10/20/15
38D – Rev. 35 (map adjustments)	82	29	111	Released 02/7/17
26D – Rev. 40 (map adjustments)	3	0	3	Released 02/23/18
26D – Kolbachinski property	0	7	7	Released 02/27/18
26D – Rail spur (Permit 26D part)	131	0	131	Released 06/5/18
38D – A2/A3 core area	957	14	971	Released 06/18/19
26D – "Big" application	4,045	248	4,293	Released 01/14/20
38D – A2/A3 peripheral area	544	10	554	Released 01/26/21
26D – Area B2-7 + B2-9	85	0	85	Released 10/12/21
Total Released	**6,788 ac (94% of TMPA property)**	**1,155 ac (72% of leased property)**	**7,943 ac (90% of total)**	
26D – Moody property	**0**	**453**	**453**	**Submitted 10/7/20**
26D – Area B2-8	**146**	**0**	**146**	**Submitted 09/23/21**
38D – A2/A3 Blocks (198 ac) – Pond SP-50 (181 ac) + Area A2-4 (17 ac)	**198**	**0**	**198**	**Submitted 10/12/21**
38D – Seep buffer areas (48 ac) + Mine Shop (3 ac)	51	0	51	Submit Spring 2022
38D – Seeps 1 and 9A	22	0	22	Submit – TBD
Sub-Total (to be released)	**417**	**453**	**870**	
TOTAL (both permits)	**7,205 (TMPA property)**	**1,608 (Leased property)**	**8,813 (Total bonded)**	

Figure 1 – Status of Bond Release (as of 10/11/21)



Status of full bond release on TMPA mine property proposed for sale (approx. 11,000 acres)

As of 10/12/21, the remaining bonded acreage on the approximately 11,000-acre TMPA property proposed for sale (i.e., the original 10,611-acre mine area plus the area owned by TMPA between State Highway 30 up to the boundary with the power plant property now owned by GCERG, but not including the Pond SP-50 area) is down to 236 acres (2%) (Table 2). Thus, 98% of the proposed mine sale area is unencumbered by reclamation requirements.

Table 2 – Remaining bonded areas within the "Lakes of Gibbons Creek" Sale Area

Bond release packets	Acres	Bond release status
26D – Area B2-8	146	Submitted September 23, 2021
38D – A2/A3 Blocks – Area A2-4 (17 ac)	17	Submitted October 12, 2021
38D – Seep buffer areas + Mine Shop (3 ac)	51	Submit Spring 2022
38D – Seeps 1 and 9A core areas	22	Date of submittal to be determined with Railroad Commission
Total	**236**	**Still bonded as of 11/18/21**

Navasota Ladies'-Tresses Orchid Conservation Areas

On August 7, 1992, TMPA entered into a Conservation Agreement with the United States Fish and Wildlife Service (USFWS) for the protection of the Navasota Ladies Tresses orchid, an endangered species. TMPA was able to obtain a termination of this Agreement from USFWS in August 2021. This removes the conservation areas as encumbrances on the mine property proposed for sale.

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

On 09/14/20, TMPA filed a bond release application for land that it owns in Areas B2-7 and B2-9 (85.1 acres) in Permit 26D. The area was inspected by the Railroad Commission on 10/14/20. Staff declared the application Administratively Complete on 07/20/21 and issued its Technical Analysis recommending approval on 07/23/21. The Administrative Law Judge prepared a draft Order on 09/15/21 and the Commissioners signed the Order releasing the bond on 10/12/21.

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 declared the application Administratively Complete on 07/20/21 and issued its Technical Analysis recommending approval on 10/25/21. The Administrative Law Judge is preparing a draft Order.

An issue that was holding up bond release was a minor leak at the principal spillway of Pond 14 on the Moody Property. TMPA followed the following plan for resolving this issue:

- Phase I (started on 05/4/21) involved the lowering of the water level in Pond 14 to enable the repairs to be done in dry conditions.
- Phase 2 (completed on 08/27/21) consisted of pouring concrete to seal the leak at the gate valve in the concrete riser. This was originally planned to be completed in June 2021, but frequent rains which continually raised the water level until a dry spell in August.
- Phase 3 (completed on 09/14/21) consisted of submitting an engineer's certification of completion of repairs to the Commission. The Staff acknowledged this certification in its Technical Analysis of 10/25/21.

Cancelation of Permit 26D

After bonding has been released for the Moody Property and Area B2-8 (projected to occur in mid-2022), there will be no bonded land left in the Permit 26D area (i.e., the mine area north of Gibbons Creek). At that time, TMPA will apply to the Railroad Commission for the cancelation of Permit 26D (originally issued in 1981 as Permit 6).

Permit 38D, Pond SP-50 and Area A2-4 (198 acres) Bond Release Application

On 10/12/21, TMPA filed a bond release application for Pond SP-50 (181 acres) and the A2-4 Area (17 acres) in Permit 38D. This area was inspected by the Railroad Commission on 11/4/21. TMPA started publishing the Public Notice for this area on 11/10/21.

Mine Acid Seep Buffer Area (48 acres) and Mine Reclamation Shop Area (3 acres)

Seep 9A has a rectangular buffer area of approximately 48 acres. TMPA proposes to apply for bond release in Spring 2022 for this area and the Mine Reclamation Shop area (3 acres).

Seep Areas 1A and 9A (22 acres)

The very last areas that will remain bonded are the seeps themselves (22 acres). The regulatory authorities – the Railroad Commission (state) and the Office of Surface Mining (federal) do not currently have an established process for bond release on such areas.

TMPA is working on a plan to try to resolve this:

> One measure has been to reduce the flow rate of Seep 9A (the larger of the two) by reducing the hydrostatic pressure driving it. In December 2020, TMPA permanently lowered the operating levels of End Lakes A3P-1 and A3P-2 by four feet by modifying the discharge structures at the spillways and thereby reduced the "head" from 17 to 13 feet.
>
> The other measure has been to apply lime to the drainage area surrounding the Seep 9A area. Since December 2020, approximately 2,700 tons of "Superfine" lime, a very active form of lime, have been spread and disked into the soil. The strategy is to build up a "reservoir" of this acid neutralizer in the soils of the side-slopes surrounding Seep 9A.

The data from this project are being compiled into a technical report for discussion with the Railroad Commission in a field meeting that is scheduled for late November 2021. The ultimate purpose of the meeting will be to develop a final plan for bond release on the acid seeps.

Agricultural Land Use Tax Valuation

TMPA received an agricultural land use valuation for the mine property on 01/1/17 and since that time has been assessed the following taxes:

2017 – $14,487
2018 – $15,388
2019 – $15,427
2020 – $15,281 (estimated)

Geological boring data

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

Cash Funding of the Mine Bonding Requirements.

The Agency currently satisfies the Railroad Commission's (RCT) mine bonding requirements with letters of credit (LOCs) with Wells Fargo. The Agency will continue with this structure for the upcoming renewal (June 2022-June 2023), during which time the bonding requirement will be $5.5M.

TMPA staff recently had a meeting with RCT staff regarding the option to cash fund beginning with the period June 2023-June 2024. The Agency could deposit the bonding requirement directly with the RCT, i.e., Texas Comptroller of Public Accounts. The bonding requirement would continue to be evaluated each year for reductions – funds released back to TMPA annually if applicable/approved by the RCT.

TMPA is currently estimating future bonding requirements as follows:

June 2023-June 2024	$1.4M
June 2024-June 2025	$1.0M
Until acid seeps released	$1.0M

Below is a breakdown of the estimated costs that would be incurred annually as part of the LOC renewal process for a $1.4M bonding requirement:

LOC Fees (estimate for $1.4M requirement)	$15,400
TMPA Legal	30,320
Fitch Rating	20,000
Wells Fargo Legal	17,500
AG Filing Fees	9,910
Wells Fargo Admin Fees	7,050
TOTAL	**$100,180**

If cash funding is utilized, all of the line items above would reduce to zero with the exception of TMPA legal which would be estimated at $1,500.

It is the recommendation of TMPA staff to utilize cash funding of the mine bonding requirements beginning with the period June 2023-June 2024. This is estimated to require a $1.4M cash deposit to the RCT in early 2023. TMPA would include this amount in the FY23 Mine budget. This one budget line item would be collected in one-time invoices to the Member Cities just prior to the date the RCT requires the deposit to be made (estimated as early 2023). The $1.4M collected from the Cities would be returned to them as annual reductions to bonding requirements are approved by the RCT.

This recommendation was presented to the Financial Working Group in November and was unanimously agreed upon. It will also be presented to the Audit & Budget Committee at their next meeting which is scheduled for just before the Board meeting.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Jan K. Horbaczewski
11/18/2021

Jan K. Horbaczewski

December 9, 2021

AGENDA ITEM NO. 5

SUBJECT: Status report relating to 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. Several discussion items related to TMPA's environmental compliance program, such as Title V, TPDES permit, CCR Rule, leachate treatment, etc., are no longer valid due to the sale of Gibbons Creek to GCERG and have been removed from this agenda item.

Compliance Staffing:

There is one remaining staff position to manage the variety of compliance and environmental remediation oversight matters. Daniel's position as a Technical Manager oversees GCERG's remediation progress, general compliance, land matters related to the mine and transmission, and will assume remaining mine reclamation activities with the retirement of the Mine Manager in 2022.

Generation Compliance:

Environmental and regulatory compliance responsibilities for Gibbons Creek Steam Electric Station have been transferred to the new owner. TMPA's role, related to the plant, has fully shifted to oversight of the remediation and demolition.

Remediation and Demolition of Gibbons Creek

The demolition and removal of the boiler and related structures is about 50% complete and all structures and debris are scheduled to be removed by late March 2022. The implosion of the boiler, scrubber, and stack was successfully conducted on October 15, 2021. The photos below show the changes to the boiler and related structures from the beginning of the demolition in May 2021 to November 2021.

Gibbons Creek Steam Electric Station – May 2021

Gibbons Creek Steam Electric Station – November 2021

The excavation and hauling of the coal combustion residual (CCR) material from the scrubber sludge pond and ash ponds to Site F Landfill is about 50% complete and is projected to conclude in March/April 2022.

The total demolition and remediation project, including the closure of Site A and F landfills, is currently projected by GCERG to be complete in October 2023.

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 five business days prior to the schedule Escrow Payment date on the 10th of the month. The monthly Escrow payment amount is $839,588.
- 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. TMPA performs an independent calculation of the value of work complete as compared to the remaining estimate of work to be completed (Remaining Closure Costs).
- 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 Closure Costs. Refer to the table below for a summary of the monthly calculation. 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.

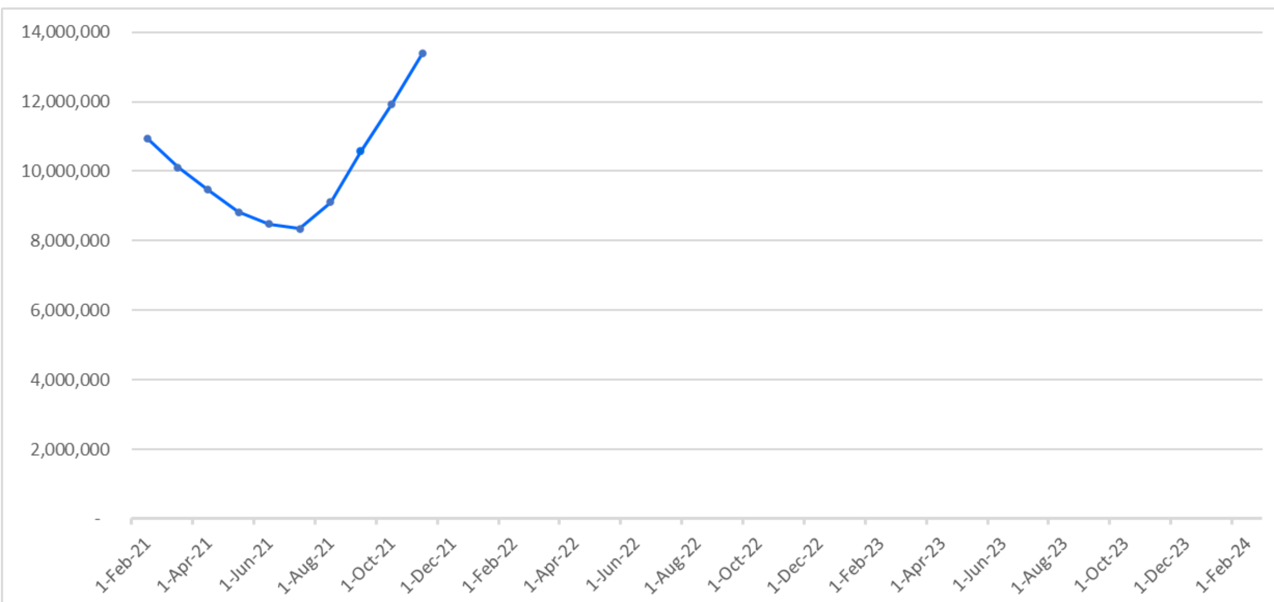
A key point of analysis will come when GCERG is due to submit a revised annual estimate of the Remaining Closure Costs (deadline to submit is December 12, 2021 per the Asset Purchase Agreement). At the time of the revised estimate, it is expected that GCERG will request a reduction in the Regulatory Closure Bond amount associated with the completion of a major part of remediation. TMPA has the authority to approve any reduction in the Regulatory Closure Bond amount.

The current determination is that the Total Security Available is **$13.4 million** greater than the Remaining Closure Costs. As shown on the table and graph below, this Difference (last column) began increasing in August 2021 related to the increase in plant demolition and CCR remediation field activities.

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**	**53,900,000**	9,464,209
3	10-May-21	26,024,845	36,500,000	**62,524,845**	**53,700,000**	8,824,845
4	10-Jun-21	25,185,479	36,500,000	**61,685,479**	**53,200,000**	8,485,479
5	10-Jul-21	24,346,100	36,500,000	**60,846,100**	**52,500,000**	8,346,100
6	10-Aug-21	23,506,721	36,500,000	**60,006,721**	**50,900,000**	9,106,721
7	10-Sep-21	22,667,335	36,500,000	**59,167,335**	**48,600,000**	10,567,335
8	10-Oct-21	21,827,935	36,500,000	**58,327,935**	**46,400,000**	11,927,935
9	10-Nov-21	20,988,347	36,500,000	**57,488,347**	**44,100,000**	13,388,347

Difference (Total Security minus Remaining Closure Costs)



BACKUP MATERIAL:

- None

ACTION REQUESTED:

- Review, discuss, and provide guidance, as necessary.

Daniel Meadows

11/18/2021

December 9, 2021

AGENDA ITEM NO. 6

SUBJECT: FY21 Year-end 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 as of FY21 year-end. The year-end results are summarized as follows:

GENERATION – Year-end Results				
Cost Type	**Budget**	**Actual**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$2,899	$1,880	($1,018)	(35.1%)
Sale of Plant Fund	$28,146	$28,146	$0	0.0%
Other Revenues Excluding City Billings	($98)	($47)	$50	51.5%
Total Budget Variance			**($968)**	**(3.1%)**

MINE – Year-end Results				
Cost Type	**Budget**	**Actual**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$2,869	$2,555	($314)	(11.0%)
Other Revenues Excluding City Billings	($121)	($165)	($44)	(36.4%)
Total Budget Variance			**($358)**	**(13.0%)**

TRANSMISSION – Year-end Results				
Cost Type	**Budget**	**Actual**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$5,726	$5,785	$60	1.0%
Fixed Costs - Debt	$17,860	$17,034	($826)	(4.6%)
Other Revenues	($47,520)	($34,553)	$12,967	27.3%
Total Budget Variance			**$12,201**	**51.0%**
Debt Service Coverage	1.25X	2.25X		Exceeds requirement

A&G costs are lower ($1.2M) primarily due to property insurance that was budgeted in A&G but is being directly billed to the Generation and Transmission divisions.

Generation Division - Total Costs were under budget by $968K in FY21.

1. Property Insurance was $197K higher as it was included in A&G in the budget, but the actual premiums were directly charged to the division. This offset is reflected in reduced A&G costs allocated to Generation. This year-end actual of $197K includes the prorated refund received in March for the unused portion of the property coverage following the sale of the plant.
2. Contractor Maintenance was $182K 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. Legal Services were $230K 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.
4. Interest Income was $57K lower due to plunging interest rates.

Mine Division - Total Costs were under budget by $358K in FY21.

1. Labor & Benefits were $99K lower as a portion of Jan and Murphy's time was coded to other divisions.
2. Severance Packages were $50K lower as Jan will be retained until sometime in FY22 (currently estimated as the end of June 2022).
3. Bank Charges were $40K lower due to the banking fees for the Mine letters of credit being lower than budgeted.
4. Contractor Maintenance was $101K higher for the survey of the mine property in preparation for selling the property.
5. Consulting Services were $249K lower as there was less work due to the decreasing acreage of land still bonded. Also, more of the work is now being done by staff as opposed to by consultants.
6. Legal Services were $170K higher due to resolution of land matters in connection to selling the mine property.
7. Interest Income was $72K lower due to plunging interest rates.
8. Other Revenue was $116K higher due primarily to the surface waiver agreement with Blue Jay Solar.

Transmission Division - Total Costs were over budget by $12.2M in FY21.

1. Property Insurance was $293K higher as it was included in A&G in the budget, but the actual premiums were directly charged to the division. This offset is reflected in reduced A&G costs allocated to Transmission.
2. Legal Services were $105K higher for the fees related to the amendment to the Revolving Note Program and the Brazos Electric bankruptcy.
3. Other Fixed Costs (Non-Debt) were $127K lower for various reasons including reduced professional development costs, lower than budgeted building rent, and reduced costs for direct materials, minor tools, and equipment.
4. Debt Service - Bonds was $450K lower due to savings resulting from the Transmission System Refunding Bonds, Series 2021 that closed on 7/29/21.
5. Revolving Notes Interest was $376K lower due to plunging interest rates.

6. Transmission System Revenue was $12.7M lower as a result of TMPA's interim filing approved by the PUCT on 12/22/20.
7. Interest Income was $353K lower due to plunging interest rates.

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

There will be two outflows of funds to the Member Cities as of the end of FY21: (a) the distribution of transmission revenues and (b) the refund of excess TMPA funds. Both were discussed at the September 9, 2021 Board meeting and will be reviewed in further detail in Agenda Items No. 8 and 9.

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

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

Lyndi Birkhead
12/1/21

ATTACHMENT A

Generation

FY21 Year-end Key Budget Driver Rate Sheet
FY21 AMENDED Budget Compared to Year-end Actuals

	FY21 AMENDED Budget Approved 12-10-20	FY21 Actuals	(Under) Over Budget	Percentage Change
Fixed Costs				
L01 Labor & Benefits	434,055	401,286	(32,769)	-7.5%
L01 Retention Bonuses	43,000	53,528	10,528	24.5%
L01 Severance Packages	135,000	122,382	(12,618)	-9.3%
R41 Property Insurance	-	197,436	197,436	100.0%
R51 Contractor Maintenance	244,858	62,513	(182,346)	-74.5%
S02 Consulting Services	169,625	185,897	16,272	9.6%
S04 Legal Services	632,269	402,646	(229,623)	-36.3%
Other Fixed Costs - Non-Debt	51,576	61,003	9,428	18.3%
Allocation of A&G	1,188,408	393,780	(794,628)	-66.9%
Subtotal Fixed Costs	**$ 2,898,791**	**$ 1,880,471**	**$ (1,018,320)**	**-35.1%**
C02 Sale of Plant Fund	28,146,238	28,146,238	-	0.0%
Subtotal Sale of Plant Fund	**$ 28,146,238**	**$ 28,146,238**	**$ -**	**0.0%**
TOTAL FIXED COSTS	**$ 31,045,029**	**$ 30,026,709**	**$ (1,018,320)**	**-3.3%**
Other Revenues				
I73 Interest Income	(59,068)	(2,565)	56,503	95.7%
Other Revenue	(38,642)	(44,800)	(6,158)	-15.9%
TOTAL OTHER REVENUES	**$ (97,710)**	**$ (47,365)**	**$ 50,345**	**51.5%**
TOTAL COSTS	**$ 30,947,319**	**$ 29,979,344**	**$ (967,975)**	**-3.1%**

ATTACHMENT B

Mine

FY21 Year-end Key Budget Driver Rate Sheet
FY21 AMENDED Budget Compared to Year-end Actuals

	FY21 AMENDED Budget Approved 12-10-20	FY21 Actuals	(Under) Over Budget	Percentage Change
Fixed Costs				
L01 Labor & Benefits	436,759	338,158	(98,601)	-22.6%
L01 Retention Bonuses	66,773	64,010	(2,763)	-4.1%
L01 Severance Packages	85,632	35,357	(50,276)	-58.7%
M44 Mine Maintenance	320,000	343,998	23,998	7.5%
R06 Bank Charges	221,000	180,888	(40,112)	-18.2%
R51 Contractor Maintenance	110,000	211,434	101,434	92.2%
S02 Consulting Services	555,000	306,466	(248,534)	-44.8%
S04 Legal Services	200,000	370,054	170,054	85.0%
Other Fixed Costs - Non-Debt	102,150	92,336	(9,814)	-9.6%
Allocation of A&G	771,791	611,950	(159,841)	-20.7%
TOTAL FIXED COSTS	**$ 2,869,106**	**$ 2,554,649**	**$ (314,456)**	**-11.0%**
Other Revenues				
I76 Interest Income	(74,939)	(3,386)	71,552	95.5%
Other Revenue	(46,000)	(161,549)	(115,549)	-251.2%
TOTAL OTHER REVENUES	**$ (120,939)**	**$ (164,936)**	**$ (43,997)**	**-36.4%**
TOTAL COSTS	**$ 2,748,167**	**$ 2,389,714**	**$ (358,453)**	**-13.0%**

	Project Balance as of 9/30/20	Actual Spent as of 9/30/21	Project Balance as of 9/30/21
Acid Seep Project*	634,077	421,151	212,926

**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 Year-end Key Budget Driver Rate Sheet
FY21 AMENDED Budget Compared to Year-end Actuals

	FY21 AMENDED Budget Approved 12-10-20	FY21 Actuals	(Under) Over Budget	Percentage Change
Fixed Costs				
L01 Labor & Benefits	615,738	652,511	36,773	6.0%
R06 Bank Charges	298,050	267,616	(30,434)	-10.2%
R41 Property Insurance	-	292,929	292,929	100.0%
R51 Contractor Maintenance	1,587,500	1,606,485	18,985	1.2%
S02 Consulting Services	-	8,928	8,928	-100.0%
S04 Legal Services	88,000	193,047	105,047	119.4%
Other Fixed Costs - Non-Debt	1,301,296	1,174,320	(126,976)	-9.8%
Allocation of A&G	1,835,172	1,589,432	(245,740)	-13.4%
Subtotal Fixed Costs - Non-Debt	**$ 5,725,756**	**$ 5,785,268**	**$ 59,512**	**1.0%**
R57-R58 Debt Service - Bonds	13,622,808	13,172,603	(450,205)	-3.3%
R55 Revolving Notes Interest	695,383	319,570	(375,813)	-54.0%
R62 Debt Coverage Payment	3,541,930	3,541,930	-	0.0%
Subtotal Fixed Costs - Debt	**$ 17,860,121**	**$ 17,034,103**	**$ (826,018)**	**-4.6%**
TOTAL FIXED COSTS	**$ 23,585,877**	**$ 22,819,372**	**$ (766,506)**	**-3.2%**
Other Revenues				
I50 Transmission System Revenue	(47,079,270)	(34,428,165)	12,651,105	26.9%
I70-I75 Interest Income	(368,453)	(15,081)	353,372	95.9%
Other Revenue	(72,300)	(109,474)	(37,174)	-51.4%
TOTAL OTHER REVENUES	**$ (47,520,024)**	**$ (34,552,721)**	**$ 12,967,303**	**27.3%**
TOTAL COSTS / (REVENUES)	**$ (23,934,146)**	**$ (11,733,349)**	**$ 12,200,797**	**51.0%**

December 9, 2021

AGENDA ITEM NO. 7

SUBJECT: Resolution No. 2021-12-8, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2021; and resolving matters incidental and related thereto.

DISCUSSION: The Joint Operating Agreement requires that an audit of the Agency's financial statements be performed within 120 days of the close of each fiscal year. The audit for fiscal year 2021 has been completed, and the results will be presented to the Audit & Budget Committee in the meeting scheduled prior to the Board meeting on December 9, 2021. The attached resolution receives the audited financial statements of the Agency for fiscal year 2021 and directs that a copy of the audited financial statements be sent to each Member City.

BACKUP MATERIAL: Texas Municipal Power Agency Financial Statements for the Years Ended September 30, 2021 and 2020 (available on Board's secure website).

ACTION REQUESTED: Consideration and action on Resolution No. 2021-12-8.

Lyndi Birkhead
12/1/21

RESOLUTION NO. 2021-12-8

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") RECEIVING THE AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Agency is required by the Joint Operating Agreement with the cities of Bryan, Denton, Garland, and Greenville, to cause the records and accounts and all transactions of the Agency relating to each business category to be subject to an annual audit by an independent certified public accountant within 120 days of the close of each Fiscal Year;

WHEREAS, the firm of BKD, LLP has completed the audit as required for the fiscal year ended September 30, 2021;

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 audited financial statements of the Agency for the fiscal year ended September 30, 2021 are received;

3. That a copy of the audited financial statements shall be sent to each Member City;

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 9TH DAY OF DECEMBER 2021.

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Kean Register, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

December 9, 2021

AGENDA ITEM NO. 8

SUBJECT: Resolution No. 2021-12-1, authorizing a refund of transmission revenues to the Member Cities; and resolving matters incidental and related thereto.

DISCUSSION: Section 4.2 of the JOA provides in pertinent part:

> Effective September 2, 2018, all net proceeds from the annual operations of the Transmission Business category (after payment of the annual costs of the Transmission System and debt service on Transmission Debt) shall be used: (i) first, to fund the Decommissioning Reserve Account up to the cap for that account as stated in Section 5.5, and (ii) then, to the Indemnity Reserve Account up to the cap for that account as stated in Section 6.5. Any net proceeds remaining after the obligations described in (i)-(ii) shall be apportioned to each Participating Public Entity based on the following percentages: Bryan - 21.7%; Denton - 21.3%; Garland - 47%; Greenville - 10%.

Since (at this meeting) the cap of the Decommissioning Reserve is being reduced to $0.00, and since the Indemnity Reserve has already been funded (escrow account established at UMB), there are available for refund to the Member Cities (after deduction of a 120-day cash reserve for FY22 operating expenses) net transmission revenues in the amount of $13,233,165. The Resolution authorizes the refund of these transmission revenues to the Cities.

Approved FY21 Transmission Budget - Net Revenue	23,934,146
FY21 Debt Service Coverage	3,541,930
FY21 Year-end Under Budget Variance	(12,200,797)
Subtotal	15,275,279
TXDOT Reimbursement T18003 (not rec'd by 9/30/21)	(3,542,114)
Release of Previous Years' Cash Reserves	3,700,000
Cash Reserve (120 days FY22 operating expenses)	(2,200,000)
FY21 Distribution of Transmission Revenues	13,233,165

BACKUP MATERIAL: None

ACTION REQUESTED: Consideration and action on Resolution No. 2021-12-1.

RESOLUTION NO. 2021-12-1

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING A REFUND OF TRANSMISSION REVENUES TO THE MEMBER CITIES; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, as of the end of Fiscal Year 2021, $13,233,165 in net transmission revenues are available for refund to the Member Cities as contemplated by Section 4.2 of the Joint Operating Agreement (the "Transmission Net Proceeds");

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

1. That the above recitals are true and correct;

2. That the General Manager, or a person acting at his direction, is authorized to refund to the Member Cities the Transmission Net Proceeds;

3. That the Transmission Net Proceeds shall be allocated to the Cities as follows:

Bryan	21.7%	$ 2,871,597
Denton	21.3%	$ 2,818,664
Garland	47.0%	$ 6,219,587
Greenville	10.0%	$ 1,323,317

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 9TH DAY OF DECEMBER 2021.

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Kean Register, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ____________________________
Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

December 9, 2021

AGENDA ITEM NO. 9

SUBJECT: Resolution No. 2021-12-2, authorizing a refund of certain excess funds to the Member Cities; and resolving matters incidental and related thereto.

DISCUSSION: As you will recall, there was no refund of excess TMPA funds last year as the Cities opted to have TMPA retain excess funds for the ensuing sale of the plant. This refund is available due to the release of previous years' cash reserves (non-Transmission), as well as the Generation and Mine divisions coming in under budget the last two years.

After reserving $213K of previously approved capital funds for the acid seeps project and $1.0M for a 120-day cash reserve for FY22 operating expenses (non-transmission related), $9,579,424 is available for refund to the Member Cities. This Resolution would authorize these funds to be refunded to the Cities.

BACKUP MATERIAL: None

ACTION REQUESTED: Consideration and action on Resolution No. 2021-12-2.

RESOLUTION NO. 2021-12-2

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING A REFUND OF CERTAIN EXCESS FUNDS TO THE MEMBER CITIES; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, as of the end of Fiscal Year 2021 $9,579,424 in excess funds (unrelated to transmission revenues) are available for refund to the Member Cities (the "Excess Funds");

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

1. That the above recitals are true and correct;

2. That the General Manager, or a person acting at his direction, is authorized to refund to the Member Cities the Excess Funds;

3. That the Excess Funds shall be allocated to the Cities as follows:

Bryan	21.24%	$2,034,670
Denton	21.45%	$2,054,786
Garland	47.30%	$4,531,068
Greenville	10.01%	$ 958,900

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 9TH DAY OF DECEMBER 2021.

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Kean Register, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ____________________________
Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

December 9, 2021

AGENDA ITEM NO. 10

SUBJECT: Resolution No. 2021-12-3, declaring that the purposes of the Decommissioning Reserve Account have been accomplished and therefore approving a reduction of the required account balance of the Decommissioning Reserve Account; and resolving matters incidental and related thereto.

DISCUSSION: Section 5.5 of the Joint Operating Agreement ("JOA") between the Member Cities and TMPA requires that the Decommissioning Reserve Account have a maximum account balance of $30 million "or such other amount as determined by a Super-Majority Vote of the TMPA Board".

Section 3.2.2(3) of the JOA requires that proceeds from the sale of the mine be used to fund the Decommissioning Reserve Account as necessary to establish an account balance of $30 million "or such other amount as determined by the unanimous Approval of all Participating Public Entities".

The purpose of this Resolution is to establish a maximum account balance for the Decommissioning Reserve Account of $0.00. As indicated above, to accomplish this reduction of the account balance will also require the approval of all Member Cities.

The primary reason for this action is that the purposes of the Decommissioning Reserve Account have been accomplished. Under Section 5.5.3 of the JOA, the purposes of the Decommissioning Reserve Account are to fund the costs of decommissioning the Generation Assets of TMPA, fund the costs of environmental remediation, and fund the costs of environmental insurance. However, as a result of the sale of the Gibbons Creek Steam Electric Station ("Gibbons Creek") to Gibbons Creek Environmental Redevelopment Group, LLC ("GCERG"), GCERG's assumption under the Asset Purchase Agreement ("APA") of all responsibilities relating to the decommissioning and environmental remediation of Gibbons Creek, and the provision by GCERG of a $25,000,000 environmental insurance policy naming the Agency and the Member Cities as additional insureds, the purposes of the Decommissioning Reserve Account have been accomplished. Further, GCERG's assumption of decommissioning responsibilities is supported by the establishment of an environmental escrow fund in the amount of $28,546,000 at closing of the sale, and a performance bond in the amount of $36,500,000.

If the maximum account balance of the Decommissioning Reserve Account is reduced to $0.00, TMPA will be able to distribute all of the net proceeds from the sale of the Mine to the Member Cities after the proceeds are received.

BACKUP MATERIAL: None

ACTION REQUESTED: Consideration and action on Resolution No. 2021-12-3.

RESOLUTION NO. 2021-12-3

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") DECLARING THE THAT THE PURPOSES OF THE DECOMMISSIONING RESERVE ACCOUNT HAVE BEEN ACCOMPLISHED AND THEREFORE APPROVING A REDUCTION OF THE REQUIRED ACCOUNT BALANCE OF THE DECOMMISSIONING RESERVE ACCOUNT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Joint Operating Agreement ("JOA") between the Agency and the Member Cities requires that proceeds from the sale of the Gibbons Creek Lignite Mine be used for, among other things, the establishment of an Indemnity Reserve Account having an account balance of $5 million and a Decommissioning Reserve Account having an account balance of $30 million;

WHEREAS, an Indemnity Reserve Account having an account balance of $5 million has already been established;

WHEREAS, the purposes of the Decommissioning Reserve Account are to fund the costs of decommissioning the Gibbons Creek Steam Electric Station ("Gibbons Creek"), fund the costs of environmental remediation, and fund the costs of environmental insurance;

WHEREAS, the purposes of the Decommissioning Reserve Account have been accomplished through:

> (i) the sale of Gibbons Creek to the Gibbons Creek Environmental Redevelopment Group, LLC ("GCERG"), which has assumed all responsibilities relating to the decommissioning and environmental remediation of Gibbons Creek,
>
> (ii) in connection with such sale, the establishment of an escrow fund with UMB Bank, n.a., as escrow agent, funded in the initial amount of $28,546,000, to provide for GCERG's decommissioning costs, and
>
> (iii) also in connection with such sale, the posting of a performance bond by GCERG, to provide additional security for the decommissioning operations, in the amount of $36,500,000, and the provision by GCERG of a $25,000,000 environmental insurance policy, naming the Agency and the Member Cities as insureds;

WHEREAS, because the purposes of the Decommissioning Reserve Account have been accomplished as aforesaid, the Board has determined that the required account balance of the Decommissioning Reserve Account should be reduced to $0.00 to avoid overfunding for the costs of decommissioning;

WHEREAS, pursuant to Sections 3.2.3(3) and 5.5 of the JOA, the Board, with the concurrence of all Member Cities, may adjust the required account balance of the Decommissioning Reserve Account;

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 required account balance of the Decommissioning Reserve Account is reduced to $0.00;

3. That this Resolution shall be effective on the later of (i) the date when all Member Cities shall have approved the reduction of the required account balance of the Decommissioning Reserve Account to $0.00 or (ii) the date of this Resolution;

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 9TH DAY OF DECEMBER 2021.

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Kean Register, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

December 9, 2021

AGENDA ITEM NO. 11

SUBJECT: Resolution No. 2021-12-6, approving the annual proportional share calculation of Member City ownership interests in Agency assets; and resolving matters incidental and related thereto.

DISCUSSION: Section 2.5 of the Joint Operating Agreement requires the Staff to prepare, and the Board to approve, on an annual basis, the Member City ownership shares in Agency assets by business category. Staff has prepared the recalculation as of September 30, 2021. The recalculation did not result in any changes to the ownership shares. The Resolution approves the recalculation, which is attached as an exhibit to the Resolution.

ACTION REQUESTED: Consideration and action on Resolution No. 2021-12-6.

RESOLUTION NO. 2021-12-6

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") APPROVING THE ANNUAL PROPORTIONAL SHARE CALCULATION OF MEMBER CITY OWNERSHIP INTERESTS IN AGENCY ASSETS; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, Agency Staff has prepared its annual calculation of Member City ownership interests in Agency assets by business category, as required by Section 2.5 of the Joint Operating Agreement;

WHEREAS, the Board has reviewed the calculation and desires to approve the calculation as required by the Joint Operating Agreement;

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

1. That the above recitals are true and correct;

2. That the Board approves the annual calculation of Member City ownership interests in Agency assets by business category, as shown in Exhibit "A";

3. That, as required by Section 2.5 of the Joint Operating Agreement, the Board directs the Agency Staff, following the end of Fiscal Year 2022, to prepare the annual calculation of Member City ownership interests in Agency assets by business category, and to bring the calculation to the Board for approval;

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 9TH DAY OF DECEMBER 2021.

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Kean Register, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ____________________________
Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

Texas Municipal Power Agency Schedule E
Amount Paid to the Agency by Member Cities

Fiscal Year	Power Sales	Amounts Paid to Agency by Member Cities: Bryan	Denton	Garland	Greenville
1984	85,191,000	17,191,554	17,924,151	41,794,703	8,280,592
1985	187,737,000	37,885,348	39,499,787	92,103,769	18,248,096
1986	191,180,000	38,580,146	40,224,193	93,792,904	18,582,757
1987	188,454,000	36,842,848	40,743,630	92,530,880	18,336,642
1988	190,654,000	36,586,438	41,486,357	93,096,337	19,484,868
1989	175,652,000	34,392,712	38,327,234	84,488,553	18,443,500
1990	168,889,000	33,456,809	37,155,622	79,901,366	18,375,202
1991	168,096,000	33,102,531	36,632,258	79,753,773	18,607,437
1992	167,464,000	33,241,574	36,138,761	79,511,963	18,571,702
1993	171,910,000	35,568,069	36,049,571	81,313,510	18,978,850
1994	174,147,000	38,312,365	38,312,365	81,849,115	15,673,155
1995	171,898,000	37,817,507	37,817,507	80,792,055	15,470,931
1996	163,661,000	35,899,681	35,758,679	76,920,733	15,081,907
1997	158,202,000	34,329,834	33,697,026	74,354,940	15,820,200
1998	168,103,000	36,478,351	35,805,939	79,008,410	16,810,300
1999	168,886,000	36,648,262	35,972,718	79,376,420	16,888,600
2000	165,097,000	35,826,049	35,165,661	77,595,590	16,509,700
2001	179,943,000	39,047,631	38,327,859	84,573,210	17,994,300
2002	185,758,000	40,230,765	39,651,078	87,302,902	18,573,255
2003	194,790,000	42,404,888	41,689,440	91,286,470	19,409,203
2004	200,208,000	43,420,423	42,845,792	93,962,319	19,979,465
2005	209,439,000	45,453,431	44,733,031	98,344,467	20,908,072
2006	217,762,000	47,334,078	46,472,327	102,223,519	21,732,076
2007	221,824,000	48,155,447	47,417,590	104,068,163	22,182,800
2008	236,311,000	51,245,680	50,565,371	110,901,555	23,598,394
2009	197,392,000	42,591,301	42,859,565	92,115,984	19,825,150
2010	211,684,000	45,721,786	45,649,213	99,040,992	21,272,009
2011	138,069,000	29,974,786	29,580,070	64,673,450	13,840,694
2012	112,265,000	24,371,669	23,942,382	52,722,458	11,228,491
2013	219,311,000	47,665,306	46,871,131	103,107,975	21,666,588
2014	225,769,032	49,120,056	48,184,087	106,285,320	22,179,569
2015	230,094,555	50,001,738	49,075,365	108,084,122	22,933,330
2016	228,896,963	49,553,715	48,639,634	107,912,078	22,791,536
2017	230,754,586	50,342,790	49,402,413	107,888,879	23,120,505
2018 *(bundled*)*	125,977,894	27,346,953	26,836,017	59,228,237	12,566,687
	6,431,470,030	1,366,142,522	1,379,453,824	3,041,907,122	643,966,563
2018 *(unbundled*)* :					
Sept-18 Energy		730,874	718,743	1,583,054	-
Sept-18 Gen (Prod)		210,125	206,637	455,124	-
Total Sept-18 Generation	3,904,557	940,998	925,380	2,038,179	-
Sept-18 Transmission	18,843	4,089	4,014	8,856	1,884
Sept-18 Mine	170,762	37,055	36,372	80,258	17,076
2019 Generation**	4,042,164	858,556	867,044	1,911,944	404,621
2019 Mine	3,203,604	695,182	682,368	1,505,694	320,360
2020 Generation**	12,895,992	2,739,109	2,766,190	6,099,804	1,290,889
2020 Mine	3,090,456	670,629	658,267	1,452,514	309,046
2021 Generation**	2,801,076	594,949	600,831	1,324,909	280,388
2021 Sale of the Plant	28,146,238	5,978,261	6,037,368	13,313,171	2,817,438
2021 Mine	2,748,168	596,352	585,360	1,291,639	274,817

** Prior to 9/1/18, all charges to the Cities were bundled for the Agency as a whole. Beginning 9/1/18, the JOA required that the Agency bill the Cities by business category (Generation, Transmission, & Mine).*
***These are non-production costs as the plant did not operate after FY18 and was sold in February 2021.*

Generation

Total:	Sales	PPE Interest
Bryan	1,377,254,394	21.24%
Denton	1,390,650,637	21.45%
Garland	3,066,595,128	47.30%
Greenville	648,759,898	10.01%
Total	6,483,260,057	100.00%
	(0)	

Transmission

Total:	Sales	PPE Interest
Bryan	1,366,146,611	21.24%
Denton	1,379,457,837	21.45%
Garland	3,041,915,978	47.30%
Greenville	643,968,447	10.01%
Total	6,431,488,873	100.00%
	(0)	

Mine

Total:	Sales	PPE Interest
Bryan	1,368,141,741	21.24%
Denton	1,381,416,190	21.45%
Garland	3,046,237,227	47.30%
Greenville	644,887,862	10.01%
Total	6,440,683,020	100.00%
	-	

December 9, 2021

AGENDA ITEM NO. 12

SUBJECT: Resolution No. 2021-12-4, relating to the authorization and issuance of Texas Municipal Power Agency Mine Reclamation Notes, taxable series; providing the terms, conditions, and specifications for such notes; for the notes to be issued in one or more series; authorizing the execution of one or more note purchase agreements for the notes; declaring such notes to constitute mine reclamation bonds of the agency; providing for the notes to evidence the payment obligations of the agency with respect to one or more letters of credit to be delivered to the Texas Railroad Commission on behalf of the providing agency by Wells Fargo Bank, National Association, pledging certain revenues of the agency in payment of such obligations and interest thereon; approving the form, and authorizing the execution and delivery, of a paying agent/registrar agreement and other documents and agreements as required by and associated with such notes; approving and authorizing certain authorized officers and employees to act on behalf of the agency in delivering such notes within the limitations and procedures specified herein, and resolving other matters incident and related thereto.

DISCUSSION: Each year, TMPA must adjust the amount of and renew its mine reclamation bonding with the Railroad Commission of Texas. For the 2022 renewal, bond renewal documents must be filed by no later than February 17, 2022.

The current bonding and proposed bonding are as follows:

	Current Bonding	Proposed Bonding
Permit 26D	$3.4 million collateral bond	$3.5 million collateral bond
Permit 38D	$6.5 million collateral bond	$2.0 million collateral bond

The Resolution would enable TMPA to renew the reclamation bonds by authorizing the issuance of mine reclamation notes. The notes secure the letters of credit which serve as collateral for the bonds.

BACKUP MATERIAL: Note Purchase Agreements

ACTION REQUESTED: Consideration and action on Resolution No. 2021-12-4.

RESOLUTION NO. 2021-12-4

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

DECEMBER 9, 2021

AUTHORIZING THE ISSUANCE OF

TEXAS MUNICIPAL POWER AGENCY
MINE RECLAMATION NOTES
TAXABLE SERIES

TABLE OF CONTENTS

RESOLUTION 2021-12-4

RELATING TO THE AUTHORIZATION AND ISSUANCE OF TEXAS MUNICIPAL POWER AGENCY MINE RECLAMATION NOTES, TAXABLE SERIES; PROVIDING THE TERMS, CONDITIONS, AND SPECIFICATIONS FOR SUCH NOTES; PROVIDING FOR THE NOTES TO BE ISSUED IN ONE OR MORE SERIES; AUTHORIZING THE EXECUTION OF ONE OR MORE NOTE PURCHASE AGREEMENTS FOR THE NOTES; DECLARING SUCH NOTES TO CONSTITUTE MINE RECLAMATION BONDS OF THE AGENCY; PROVIDING FOR THE NOTES TO EVIDENCE THE PAYMENT OBLIGATIONS OF THE AGENCY WITH RESPECT TO ONE OR MORE LETTERS OF CREDIT TO BE DELIVERED TO THE TEXAS RAILROAD COMMISSION ON BEHALF OF THE AGENCY BY WELLS FARGO BANK, NATIONAL ASSOCIATION, PLEDGING CERTAIN REVENUES OF THE AGENCY IN PAYMENT OF SUCH OBLIGATIONS AND INTEREST THEREON; APPROVING THE FORM, AND AUTHORIZING THE EXECUTION AND DELIVERY, OF A PAYING AGENT/REGISTRAR AGREEMENT AND OTHER DOCUMENTS AND AGREEMENTS AS REQUIRED BY AND ASSOCIATED WITH SUCH NOTES; APPROVING AND AUTHORIZING CERTAIN AUTHORIZED OFFICERS AND EMPLOYEES TO ACT ON BEHALF OF THE AGENCY IN DELIVERING SUCH NOTES WITHIN THE LIMITATIONS AND PROCEDURES SPECIFIED HEREIN, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED THERETO.

WHEREAS, the Texas Municipal Power Agency ("TMPA"), a municipal corporation and political subdivision of the State of Texas established pursuant to the provisions of Chapter 163 of the Texas Utilities Code, and 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 (herein collectively "Cities" or individually "City"); and

WHEREAS, in 1975, in recognition that each City desired an economical, reliable source of power and energy to meet the growing demands of its customers, the Cities enacted concurrent ordinances, as defined by Section 163.051, Texas Utilities Code, and its predecessors, creating TMPA for the purpose of generation, transmission and sale or exchange of electric energy to the Cities; and

WHEREAS, pursuant to S.B. 776, enacted by the 84th Texas Legislature, the Cities, being all of the existing "Participating Public Entities" in TMPA, have elected to adopt the powers and governance provisions for TMPA as provided under Subchapter C-1 of Chapter 163,Texas Utilities Code (the "TMPA Act"), by adoption of concurrent ordinances; and

WHEREAS, until on or about September 30, 2018 each City purchased power and energy from TMPA in accordance with a power sales contract between the Cities and TMPA (as amended from time to time to the date thereof, the "PSC"); and

WHEREAS, the Agency Debt Discharge Date occurred on September 1, 2018, and term of the PSC has now terminated in accordance with the terms thereof; and

WHEREAS, in anticipation of the termination of the PSC, TMPA and each City determined that further contractual agreements between and among TMPA and each City to address operations of TMPA in matters other than the purchase of power and energy and to provide for the mutual rights and responsibilities of TMPA and the Cities as to the operations of TMPA, including asset management, decommissioning, environmental remediation, indemnities, and the winding up of affairs of TMPA upon dissolution, are necessary and appropriate and consistent with the TMPA Act; and

WHEREAS, such contractual agreements have been included in a Joint Operating Agreement between TMPA and each City, which is effective as of September 1, 2016, as amended by (i) Amendment No. 1 to the Joint Operating Agreement, which amendment has now become ineffective, (ii) Amendment No. 2 to the Joint Operating Agreement, effective as of September 22, 2017, (iii) Amendment No. 3 to the Joint Operating Agreement, effective as of September 17, 2019 and Amendment No. 4 to the Joint Operating Agreement, effective as of June 28, 2021 (as amended, such agreement is hereinafter the "JOA"); and

WHEREAS, the TMPA Act, Chapter 1371, Texas Government Code, as amended ("Chapter 1371") and other laws of the State of Texas authorize TMPA to issue bonds and other indebtedness secured from all or part of its revenues after first providing for the payment of its operating and maintenance costs; and

WHEREAS, on December 10, 2020, the Board of Directors of TMPA (the "Board") adopted Resolution Number 2020-12-1 (the "Series 2021 MRB Resolution") authorizing the issuance of up to $11,000,000 of Texas Municipal Power Agency Mine Reclamation Notes Taxable Series; and

WHEREAS, the General Manager of TMPA, acting in accordance with delegations made to him as the "Pricing Officer" of TMPA pursuant to the Series 2021 MRB Resolution approved the issuance of the (i) Texas Municipal Power Agency Mine Reclamation Notes, Taxable Series I, in the principal amount of $3,405,000 (the "2021 Taxable Series I Notes"), securing a letter of credit provided by Wells Fargo Bank, National Association, delivered to the Railroad Commission of Texas for Surface Mining and Reclamation Permit No. 26D and (ii) Texas Municipal Power Agency Mine Reclamation Notes, Taxable Series J in the aggregate principal amount of $6,505,000 (the "2021 Taxable Series J Notes"), securing a letter of credit provided by Wells Fargo Bank, National Association, delivered to the Railroad Commission of Texas for Surface Mining and Reclamation Permit No. 38D; and

WHEREAS, none of the 2021 Taxable Series I Notes or the 2021 Taxable Series J Notes are currently outstanding; and

WHEREAS, the notes authorized by this Resolution (the "Notes") are being authorized for the same purpose as, and to replace, the 2021 Taxable Series I Notes and the 2021 Taxable Series J Notes, to ensure continued compliance by TMPA with its mine remediation plan, as required by the Texas Surface Coal Mining and Reclamation Act, Chapter 134, Natural Resources Code (the "Mining Act"), all as further described herein; and

WHEREAS, TMPA is authorized by the TMPA Act, Chapter 1371 and other applicable laws to issue obligations such as the Notes authorized hereby, in one or more series, to fund costs of "eligible projects" (as such term is defined in Government Code Section 1371.001(2)(A)(i), as amended), which include capital costs associated with the environmental remediation of the TMPA lignite mine as set forth in the TMPA mine remediation plan, as required by the Mining Act; and

WHEREAS, for good and valuable consideration, the Cities have agreed in the JOA to make payments under certain circumstances to TMPA to pay debt service coming due on TMPA "Mine Reclamation Bonds;" and

WHEREAS, the Notes constitute Mine Reclamation Bonds within the meaning of the JOA and this Resolution constitutes an "obligation authorization," as defined in Chapter 1371; and

WHEREAS, the Board has determined to secure the Notes from a first lien on and pledge of the JOA Payments, as provided in this Resolution; and

WHEREAS, the Board finds that it is necessary for TMPA to provide the Texas Railroad Commission (the "RRC") one or more letters of credit (collectively, the "Letter of Credit") for the benefit of the RRC to serve as collateral to secure TMPA's collateral bond to the RRC for TMPA's Surface Mining and Reclamation Permit Nos. 26D and 38D, which Letter of Credit shall be issued by Wells Fargo Bank, National Association (the "Issuing Bank") in an aggregate amount not to exceed $6,000,000 and;

WHEREAS, to facilitate the delivery of the Letter of Credit to the RRC, the Board finds it necessary and beneficial to enter into one or more note purchase agreements (collectively, the "Note Purchase Agreement") with the Note Purchaser (as such term is hereinafter defined) to secure the payment and performance of all obligations of TMPA to the Issuing Bank in connection with the delivery of the Letter of Credit, and in furtherance thereof, the Board hereby authorizes the Notes and their installment deliveries to the Note Purchaser to induce the Issuing Bank to enter into the Note Purchase Agreement and deliver the Letter of Credit to the RRC, all as is required of TMPA by Subchapter F of the Mining Act and applicable regulations relating thereto; and

WHEREAS, the Board finds and determines that it should issue the Notes, in a principal amount not to exceed $6,000,000, pursuant to this Resolution to finance Project Costs (as hereinafter defined) of Eligible Projects (as hereinafter defined), all in accordance with and subject to Chapter 1371 and the terms, conditions and limitations contained herein; and

WHEREAS, the Board finds, determines and represents that (i) the proceeds of any draw upon the Letter of Credit by the RRC are for the payment, on behalf or for the benefit of TMPA, of Project Costs of Eligible Projects, (ii) such proceeds and the drawing upon the Letter of Credit shall constitute and shall be the payment of the purchase price of the corresponding Authorized Installment (as hereinafter defined) pursuant to the provisions of this Resolution and (iii) the Issuing Bank's delivery of the Letter of Credit to the RRC is additional and sufficient consideration for the transactions and agreements contemplated in this Resolution; and

WHEREAS, the Board intends to refinance the Notes with refunding bonds issued under Chapter 1207, Texas Government Code, as amended, and, therefore (in accordance with Section 1371.057(c) of Chapter 1371), TMPA will treat the Notes as having the intended term and payment schedule of such refunding bonds, as determined by the Authorized Representative (as hereinafter defined).

WHEREAS, the Notes authorized to be issued by this Resolution are to be issued and delivered pursuant to the TMPA Act, Chapter 1371 and other applicable laws; now therefore

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

ARTICLE I

FINDINGS AND RECITALS; DEFINITIONS

Section 1.01. INCORPORATION OF FINDINGS AND RECITALS. (a) The findings and recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

Section 1.02. DEFINED TERMS USED IN THIS RESOLUTION. Unless the context shall indicate a contrary meaning or intent, and in addition to the terms defined elsewhere in this Resolution or by reference to other resolutions and agreements, the terms defined below, 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:

"Acts" - The TMPA Act and Chapter 1371 and other applicable laws pertaining to the issuance of obligations such as the Notes.

"Agency Debt Discharge Date" - September 1, 2018, the date of final payment of all TMPA Debt other than the Transmission Debt and the Mine Reclamation Bonds that were then outstanding.

"Authorized Installment" - On the Original Issue Date, a principal portion of the Notes determined with respect to each series of Notes in the Pricing Certificate and on each Issue Date thereafter, a principal portion of the Notes equal to the amount of any draw upon the Letter of Credit by the RRC, reflecting payment by the Note Purchaser of the purchase price of such Authorized Installment of the Notes to the RRC on behalf of TMPA.

"Authorized Installment Draw Period" - The period commencing on the Original Issue Date of each Series and ending immediately following the effective date of the end of the term of the Letter of Credit issued with respect to such Series, whether by termination, non-renewal or otherwise.

"Authorized Representative" - One or more of the following officers or employees of TMPA, acting in concert or individually, to wit: the General Manager or any officer or employee of TMPA appointed as such by resolution of the Board of Directors.

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

"Chapter 1207" - Chapter 1207, Texas Government Code, as amended.

"Chapter 1371" - Chapter 1371, Texas Government Code, as amended.

"City" or "Cities" - Each of the following: the City of Bryan, Texas, the City of Denton, Texas, the City of Garland, Texas, or the City of Greenville, Texas, being the public entities that originally created TMPA; and "Cities" shall mean all four Cities, collectively.

"City Electric System" - The enterprise fund of each City that has been established in accordance with Chapter 1502, Texas Government Code, as amended (or predecessor statutes), which fund includes the financial operations of a City's electric generation and transmission facilities.

"Debt" - Any form of debt of TMPA whether bonds, notes, commercial paper or obligations of any kind for borrowed money, or any other obligation considered to be debt under generally accepted accounting principles, and irrespective of when issued.

"Defeasance Securities" - Any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Notes.

"Depository" - Such banks or trust companies, or any one of them at any time, selected by TMPA for the custody of the special funds to be maintained by TMPA.

"Eligible Projects" - As permitted by the Acts, including Chapter 1371, the acquisition, purchase, sale of any property, including any contractual obligations related thereto, for which, except with respect to the initial Authorized Installment, the RRC may draw upon the Letter of Credit for the payment thereof, on behalf or for the benefit of TMPA.

"Event of Default":

(i) the failure to make payment of the principal of or interest on any of the Notes when the same becomes due and payable; or

(ii) an Event of Default under the Note Purchase Agreement; or

(iii) default in the performance or observance of any other covenant, agreement or obligation of TMPA, the failure to perform which materially, adversely affects the rights of the Note Purchaser, including, but not limited to, their prospect or ability to be repaid in accordance with this Resolution, and the continuation thereof for a period of 60 days after notice of such default is given by the Note Purchaser to TMPA.

"Fiscal Year" - The 12 month period ending September 30 of each calendar year, or such other 12 consecutive month period as may be established as a Fiscal Year by the Board for TMPA.

"General Manager" - The person appointed by the Board to act as the General Manager of TMPA.

"Initial Note" - Collectively, the non-interest bearing Note, numbered T-1, delivered to and held by the Paying Agent/Registrar for each Series of Notes issued hereunder in accordance with Section 2.02 hereof.

"Issue Date" - The date of delivery of an Authorized Installment of the Notes.

"JOA" - The Joint Operating Agreement by and between TMPA and the Cities, effective September 1, 2016, as amended by Amendment No. 2 thereto, Amendment No. 3 and Amendment No. 4 thereto and any other amendments thereto approved by TMPA and the Cities from time to time.

"JOA Payments" - The payments unconditionally required to be made to TMPA by the Cities pursuant to Sections 2.6.2.6, 2.7, 2.11.3 and 3.2.1 of the JOA to enable TMPA to recover the cost of the services undertaken pursuant to the JOA, including to make payments due on Mine Reclamation Bonds (as defined in the JOA), which payments are required to be made without offset or counterclaim and without regard to whether power and/or energy is delivered by TMPA to the respective Cities. In the JOA, each City has covenanted to establish, maintain and collect rates and charges for the electric service of its City Electric System which shall produce revenues at least sufficient, together with other revenues available to such City Electric System and available electric system reserves, to enable it to pay to TMPA, when due, all amounts payable by each City under the JOA. The Cities' obligations to make the JOA Payments shall constitute an operating expense of their respective City Electric System, and are payable exclusively from such revenues.

"Letter of Credit" - Individually and collectively, as the context requires, the letters of credit or a specific letter of credit issued by the Issuing Bank pertaining to a Series of the Notes, as provided for in the Note Purchase Agreement (and any extension of such letters of credit or any substitute or replacement letter of credit of the Note Purchaser), which are provided to the RRC for the benefit of TMPA pursuant to Subchapter F of the Mining Act with respect to TMPA's Surface Mining and Reclamation Permit Nos. 26D and 38D.

"Maximum Available Amount" - The maximum amount that is available to be drawn on a Letter of Credit on any particular day.

"Maximum Maturity Date" - The 91st day after the earlier of (i) the stated termination date of the applicable Letter of Credit, as set forth in Section 2.01 of the respective Note Purchase Agreement and (ii) the last available draw on the applicable Letter of Credit.

"Maximum Rate" - A net effective interest rate (as defined in and calculated in accordance with the provisions of Chapter 1204, Texas Government Code) not to exceed fifteen percent (15%).

"Mine Reclamation Bonds" - Debt of TMPA issued in accordance with the JOA to pay Eligible Costs of TMPA's mine remediation work and related financing costs, which Debt is defined in the JOA as "Mine Reclamation Bonds."

"Mine Reclamation Note Payment Fund" - The fund by that name authorized to be established by Section 4.02 hereof.

"Mining Act" - The Texas Surface Coal Mining and Reclamation Act, Chapter 134, Natural Resources Code, as amended.

"Note Purchase Agreement" - Individually and collectively, as the context requires, each Note Purchase Agreement between TMPA and the Note Purchaser, including any amendment, supplement or extension of such Note Purchase Agreement pursuant to the terms thereof.

"Note Purchaser" or "owner" - Wells Fargo Bank, National Association and its successors and assignees.

"Notes" - The notes of all Series, including any Authorized Installments, governed by this Resolution, as described in Article II hereof.

"Original Issue Date" - The date of delivery of the initial Authorized Installment, the Note Purchase Agreement and the Letter of Credit.

"Outstanding" - Shall mean as of the date of calculation, all Notes theretofore executed, issued and delivered by TMPA, except –

(a) Notes theretofore canceled by the Paying Agent/Registrar or surrendered to the Paying Agent/Registrar for cancellation;

(b) Notes in lieu of, or in substitution for, which other Notes shall have been executed, issued and delivered by TMPA pursuant to the terms of this Resolution;

(c) Notes for the payment or redemption of which moneys, equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption, shall be held under this Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Notes are to be redeemed, notice of such redemption shall have been given as provided in this Resolution; and

(d) Notes deemed to have been paid as provided in Section 6.01 of this Resolution.

"Paying Agent/Registrar" - Collectively, the Issuing Agent and Paying Agent designated in Section 2.03 of this Resolution or any successor to such agent.

"Pricing Certificate" - The Pricing Certificate of the Authorized Representative to be executed and delivered pursuant to Section 2.02(b) hereof in connection with the Notes.

"Project Costs" - All costs and expenses defined as "project costs" under the Chapter 1371 incurred in relation to Eligible Projects and permitted by law to be paid with the proceeds of the Notes.

"Resolution" - This Resolution No. 2021-12-4, providing for the issuance of the Notes, as such resolution may be amended from time to time in accordance with its terms.

"RRC" - The Railroad Commission of Texas and any successor thereto.

"Section" - Unless the context clearly requires otherwise, refers to a Section of this Resolution.

"Security Register" - The books and records kept and maintained by the Paying Agent/Registrar relating to the registration and payment of the Notes and the interest thereon.

"Series" – All of the notes designated as being of the same series, which shall be designated by an alphabetical identifier, e.g., the "Taxable Series K Notes" and the "Taxable Series L Notes," and any notes delivered in lieu thereof or in substitution thereof. If the Notes are issued in multiple series as authorized by Section 2.02 of this Resolution, "Series" shall refer to each such series issued hereunder.

"State" - The State of Texas.

"TMPA" - The Texas Municipal Power Agency, a municipal corporation and political subdivision of the State, as created and established (pursuant to the TMPA Act) and concurrent ordinances adopted by the governing bodies of the Cities, or its successor, as the issuer of the Notes.

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

"Transmission Debt" - Bonds, debt or other obligations issued TMPA, which bonds, debt or other obligations are secured by a pledge of all or any part of the TMPA's net transmission revenues.

ARTICLE II

NOTE AUTHORIZATION AND SPECIFICATIONS

Section 2.01. AMOUNT, PURPOSE AND DESIGNATION OF THE NOTES. Under and pursuant to the authority granted by Chapter 1371 and this Resolution, and subject to the limitations contained herein, the Board hereby authorizes the issuance of one or more Series of notes designated "TEXAS MUNICIPAL POWER AGENCY MINE RECLAMATION NOTES, TAXABLE SERIES __" (the "Notes") in a maximum aggregate principal amount for all Series issued of not to exceed SIX MILLION DOLLARS ($6,000,000). The Notes are authorized for the purpose of financing Project Costs of Eligible Projects, all in accordance with the Acts and the terms, conditions, and limitations contained in this Resolution. The authority to issue Notes from time to time under the provisions of this Resolution and the Note Purchase Agreement shall exist until the end of the Authorized Installment Draw Period regardless of whether at any time prior to the end of the Authorized Installment Draw Period there are any Notes outstanding.

Section 2.02. DATE, DENOMINATIONS, NUMBERS, MATURITIES, AND TERMS OF THE NOTES. (a) Terms of Notes. There initially shall be issued, sold and delivered fully registered notes reflecting Authorized Installments (except for the Initial Note of each Series), without interest coupons, numbered consecutively from R-1 upward (except the Initial Note provided to the Attorney General of the State of Texas which shall be numbered T-1), payable to the Note Purchaser, maturing not later than the Maximum Maturity Date, in the manner, on the dates, in the years and in the principal amounts, respectively, and dated, all as set forth in this Resolution, the Pricing Certificate to be executed and delivered by the Authorized Representative pursuant to subsection (b) of this Section and the Note Purchase Agreement. The Pricing Certificate is hereby incorporated in and made a part of this Resolution.

With respect to each Series issued hereunder, an Initial Note bearing interest at zero percent (0%) in the aggregate principal amount determined in the Pricing Certificate will be issued on the Original Issue Date and will be dated as set forth in the Pricing Certificate. The Initial Note shall, after approval by the Attorney General of the State of Texas and registration by the Comptroller of Public Account of the State of Texas, be held by the Paying Agent/Registrar, and concurrently with the delivery of the Initial Note, the initial Authorized Installment of the Notes, in the aggregate principal amount determined in the Pricing Certificate, will be issued, in accordance with the terms of the Note Purchase Agreement executed by TMPA and Wells Fargo Bank, National Association, as the Note Purchaser. The Initial Note shall not be authenticated by the Paying Agent/Registrar.

The initial Authorized Installment of the Notes of each Series delivered on the Original Issue Date shall be dated as determined in the Pricing Certificate. With respect to each Series, an Authorized Installment of the Notes delivered after the Original Issue Date shall be dated as of its Issue Date. The Authorized Installments of the Notes shall bear interest as determined in the Pricing Certificate and the Note Purchase Agreement from the Issue Date of an Authorized Installment of the Notes until payment of the principal amount thereof at maturity or prior redemption or prepayment.

Subject to applicable terms, limitations, and procedures contained herein, after the delivery of the initial Authorized Installment of each Series, Authorized Installments of the Notes may be sold and delivered pursuant to the terms of the Note Purchase Agreement in consideration of and in the amount of, any draw upon the respective Letter of Credit by the RRC, reflecting payment by the Note Purchaser of the purchase price of such Notes concurrently upon payment to the RRC, on behalf of TMPA, pursuant to such draw upon the Letter of Credit. Other than the initial Authorized Installments of $5,000 for each Series, no Authorized Installments of the Notes may be issued prior to the expiration date (June 7, 2022) of the letters of credit issued to the RRC by the Issuing Bank on February 16, 2021. No Authorized Installments may be issued and delivered after the end of the Authorized Installment Draw Period, and no Authorized Installment may be issued and delivered in an amount that exceeds the Maximum Available Amount in effect as of the date of the applicable draw on the Letter of Credit; provided that the aggregate principal amount of all Authorized Installments issued and delivered under this Resolution may at times exceed the then applicable Maximum Available Amount due to a reduction in such amount subsequent to the issuance of Authorized Installments pursuant to the terms of the Letter of Credit but in no case may the aggregate principal amount of all Authorized Installments issued and delivered under this Resolution exceed the amount of Notes authorized by the Pricing Certificate. TMPA shall promptly notify the Paying Agent/Registrar of any changes to the Maximum Available Amount made pursuant to the Note Purchase Agreement and of the end of the Authorized Installment Draw Period, provided that the Paying Agent/Registrar may alternatively receive actual notice of such events from the Note Purchaser.

The Note Purchaser shall give notice to TMPA and the Paying Agent/Registrar of any draw upon the Letter of Credit by the RRC, provided such notice is not required for the delivery of an Authorized Installment. The Paying Agent/Registrar shall issue and deliver an Authorized Installment in the principal amount of any draw on the Letter of Credit to the Note Purchaser pursuant to the terms of this Resolution and the Note Purchase Agreement; provided, however, in consideration of the delivery of the Letter of Credit and the unconditional obligation of the Note Purchaser thereunder, any particular Authorized Installment corresponding to the related draw on the Letter of Credit is deemed issued and delivered to the Note Purchaser on the date of any such drawing.

In the event the Pricing Certificate and the Note Purchase Agreement as provided in Section 2.05 shall not be executed on or before 5:00 p.m. on June 9, 2022, the delegation to the Authorized Representatives pursuant to this Resolution shall cease to be effective unless the Board shall act to extend such delegation.

(b) Selling and Delivering Notes. As authorized by Chapter 1371, Texas Government Code, as amended and this Resolution, an Authorized Representative is hereby authorized to act on behalf of TMPA in selling and delivering the Notes of all Series authorized hereunder, including the Authorized Installments, and carrying out the other procedures specified in this Resolution, including determining and fixing (i) the Original Issue Date of the Notes, (ii) the principal amount of the initial Authorized Installment, (iii) the price at which the Notes and the Authorized Installments will be sold, (iv) the date or dates in which the Notes and the Authorized Installments will mature, (v) the aggregate principal amount to mature on any such date or dates, (vi) the aggregate principal amount of Notes, (vii) the fixed or variable rate of interest to be borne by the Notes and the Authorized Installments, (viii) the interest payment periods, (ix) the dates, price, and terms, if any, upon and at which the Notes shall be subject to redemption or prepayment prior to maturity at the option of TMPA, (x) the dated dates of the Initial Note and the initial Authorized Installment of the Notes delivered on the Original Issue Date and (xi) all other matters relating to the issuance, sale, and delivery of the Notes and the delivery of the Note Purchase Agreement (as provided in Section 2.05 hereof), all of which shall be specified in the Pricing Certificate; provided that (A) the price to be paid for the Notes shall not be less than 100% of the aggregate original principal amount thereof plus accrued interest thereon from their date to their delivery and (B) none of the Notes shall bear interest at a rate greater than the Maximum Rate. It is further provided, however, that, notwithstanding the foregoing provisions, the Initial Note shall not be delivered unless prior to delivery, the Notes have been rated by a nationally recognized rating agency for municipal securities (I) in one of the four highest rating categories for long-term obligations or (II) in one of the three highest rating categories for short-term obligations, as required by Chapter 1371.

(c) General. The Notes (i) may be redeemed or prepaid prior to the respective scheduled maturity dates, (ii) shall have the characteristics set forth in this Resolution, (iii) shall be signed and sealed and (iv) the principal of and interest on the Notes shall be payable, all as provided, and in the manner required or indicated, in this Resolution, including the FORM OF NOTES set forth in Exhibit A to this Resolution and in the Note Purchase Agreement.

(d) Payments on Holidays. In the event that any date for payment of the principal of or interest on the Notes is a Saturday, Sunday, legal holiday, or day on which 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 will be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close. Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due.

Section 2.03. PAYMENT OF NOTES; PAYING AGENT/REGISTRAR. The principal of, premium, if any, and the interest on the Notes shall be payable in immediately available funds, without exchange or collection charges to the Note Purchaser, in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts; provided that so long as Wells Fargo Bank, National Association is the owner of the Notes, any payment of the principal of, premium, if any, and interest on the Notes shall be made in accordance with the wire instructions provided to the Paying Agent/Registrar.

The appointment of U.S. Bank National Association as Paying Agent and Registrar for all Series of Notes issued hereunder is hereby approved. In the Note Purchase Agreement, the Note Purchaser, by accepting the appointment as Paying Agent/Registrar, will acknowledge receipt of copies of this Resolution, and is deemed to have agreed to the provisions thereof and hereof, but on and subject to the terms and provisions of the Paying Agent/Registrar Agreement. TMPA agrees and covenants to cause to be kept and maintained at the office of the Paying Agent/Registrar a Security Register, all as provided herein, in accordance with the terms and provisions of the Paying Agent/Registrar Agreement and such reasonable rules and regulations as the Paying Agent/Registrar and TMPA may prescribe. In addition, to the extent required by law, TMPA covenants to cause to be kept and maintained the Security Register or a copy thereof in the State of Texas. TMPA covenants to maintain and provide a Paying Agent/Registrar at all times until the Notes are paid and discharged, and any successor Paying Agent/Registrar shall be a 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 for the Notes. TMPA will not, without the prior written consent of the Note Purchaser (such consent not to be unreasonably withheld), appoint or permit the appointment of a successor Paying Agent/Registrar.

The principal of, premium, if any, and interest on the Notes due and payable by reason of maturity, redemption, or otherwise, shall be payable only to the owner thereof appearing on the Security Register, and, to the extent permitted by law, neither TMPA nor the Paying Agent/Registrar, nor any agent of either, shall be affected by notice to the contrary.

Section 2.04. REDEMPTION. The Notes shall be subject to redemption or prepayment prior to scheduled maturity at such times and with such provisions as provided in the Pricing Certificate and the Note Purchase Agreement.

Section 2.05. NOTE PURCHASE AGREEMENT. The draft of the Note Purchase Agreement relating to the sale of each Series of the Notes, in substantially the form presented to the Board, is hereby approved pursuant to the terms of this Resolution, including the prepayment, redemption, term and interest rates applicable to any Notes purchased thereunder. Subject to the provisions of this Resolution, the Authorized Representative may determine the final terms of each Note Purchase Agreement consistent with Section 1371.056(c) of Chapter 1371. The Note Purchase Agreement shall constitute a "credit agreement" under Chapter 1371. Any Authorized Representative is hereby authorized to complete, amend and modify the Note Purchase Agreement and the President or the Vice President of the Board and any Authorized Representative are each hereby authorized to execute and deliver such Note Purchase Agreement, in the form so amended, completed and modified. Any Authorized Representative may enter into transactions under the Note Purchase Agreement and execute any instruments in connection therewith.

Section 2.06. REGISTRATION AND OWNERSHIP. (a) Registration of Notes. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each owner of any Note issued under and pursuant to the provisions of this Resolution.

(b) Ownership of Notes. The entity in whose name any Note shall be registered in the Security Register at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Note shall be overdue, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Note or Authorized Installment shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Section 2.07. FORM OF NOTES. The Notes and the Authentication Certificate of the Paying Agent/Registrar to appear on each of the Notes, shall be substantially in the form set forth in Exhibit A to this Resolution 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 and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as may be established by TMPA or determined by the officers executing such Notes as evidenced by their execution thereof. Any portion of the text of any Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

The Notes shall be typewritten, photocopied, printed, lithographed, engraved, or produced in any other similar manner, all as determined by the officers executing such Notes as evidenced by their execution thereof.

ARTICLE III

EXECUTION; REPLACEMENT OF NOTES

Section 3.01. EXECUTION AND REGISTRATION. Notes shall be executed on behalf of TMPA by the President or in his absence by the Vice President of the Board under its seal reproduced or impressed thereon and attested by the Secretary or Assistant Secretary of the Board. The signature of said officers on the Notes may be manual or facsimile. Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Board as of their authorization shall be deemed to be duly executed on behalf of TMPA, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Notes to the Note Purchaser, all as authorized and provided in Chapter 1201, Texas Government Code.

Subject to Section 2.02(a) hereof, no Note (except for the Initial Note of each Series, which shall be authenticated and registered by the Comptroller of Public Accounts of the State of Texas) shall be entitled to any right or benefit under this Resolution, or be valid or obligatory for any purpose, unless there appears on such Note the Authentication Certificate of the Paying Agent/Registrar substantially in the form provided in Exhibit A to this Resolution, executed by the manual signature of an authorized officer or employee of the Paying Agent/Registrar, and such certificate duly signed upon any Note shall be conclusive evidence that such Note has been duly certified, registered, and delivered.

Section 3.02. CONTROL AND CUSTODY OF NOTES. The Authorized Representative shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of printed Notes.

Furthermore, any one or more of the President, Vice President, Secretary or Assistant Secretary of the Board and any Authorized Representative are each hereby authorized and directed to furnish and execute such documents relating to TMPA and its financial affairs as may be necessary for the issuance of the Notes, the approval of the Attorney General of the State of Texas and, together with TMPA's bond counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Notes to the Note Purchaser.

Section 3.03. MUTILATED, DESTROYED, LOST, AND STOLEN NOTES. If (1) any mutilated Note is surrendered to the Paying Agent/Registrar, or TMPA and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (2) there is delivered to TMPA 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 TMPA or the Paying Agent/Registrar that such Note has been acquired by a bona fide purchaser, TMPA 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 Note, a new Note of the same maturity date and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Note has become or is about to become due and payable, TMPA in its discretion may, instead of issuing a new Note, pay such Note and the interest due thereon to the date of payment.

Upon the issuance of any new Note under this Section, TMPA may require payment by the Note Purchaser 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 Note issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Note shall constitute a replacement of the prior obligation of TMPA, whether or not the mutilated, destroyed, lost, or stolen Note 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 Notes.

ARTICLE IV

SECURITY FOR THE NOTES; ISSUANCE OF ADDITIONAL DEBT

Section 4.01. PLEDGE. (a) The Notes shall be payable solely from and equally and ratably secured by a first lien on and pledge of the JOA Payments and amounts on deposit in the Mine Reclamation Note Payment Fund created in this Resolution.

(b) Chapters 1208 and 1371, Texas Government Code, apply to the issuance of the Notes and the pledge of the JOA Payments granted by TMPA under Section 4.01(a), and such pledge is therefore valid, effective and perfected on the Original Issue Date. If Texas law is amended at any time while the Notes are Outstanding such that the pledge of JOA Payments granted by TMPA under Section 4.01(a) is or will become subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Note Purchaser the perfection of the security interest in said pledge, TMPA 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. NOTE PAYMENT FUND. (a) An Authorized Representative shall create and establish one or more separate and special funds to be designated according to the Series for which the fund is administered. Such fund or funds shall be designated as the "Texas Municipal Power Agency Mine Reclamation Notes, Taxable Series__ Note Payment Fund" (all such funds are collectively referred to herein as the "Mine Reclamation Note Payment Fund"). All JOA Payments received from the Cities shall be deposited by TMPA upon receipt into the appropriate Mine Reclamation Note Payment Fund. Moneys on deposit in the Mine Reclamation Note Payment Fund shall be used to pay principal of and interest on Notes and Authorized Installments hereafter issued at the respective interest payment, maturity or redemption dates (if any) of each Series of such Notes as provided herein and the payment of any other amounts owing (or required to be deposited as security) under a Note Purchase Agreement.

(b) Pending the expenditure of moneys in the Mine Reclamation Note Payment Fund for authorized purposes, moneys deposited in said fund may be invested by an Authorized Representative in those securities and obligations authorized by Section 5.03 hereof. Funds in the Note Payment Fund shall be held by a Depository.

Section 4.03. ISSUANCE OF ADDITIONAL DEBT. TMPA shall not, without the prior written consent of the Note Purchaser in its sole discretion, issue additional Mine Reclamation Bonds secured by all or a part of the JOA Payments for any purpose permitted by the JOA, including for the refunding of Mine Reclamation Bonds.

ARTICLE V

COVENANTS

Section 5.01. TAX EXEMPTION. TMPA does not intend to issue the Notes in a manner such that the Notes would constitute obligations described in section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable temporary, proposed, and final regulations and procedures promulgated thereunder (the "Regulations"). TMPA covenants that it will not file an Internal Revenue Form 8038 or an Internal Revenue Form 8038-G with respect to the Notes.

Section 5.02. FEDERAL TAX INFORMATION REPORTING. To the extent required by the Code and the Regulations it shall be the duty of the Paying Agent/Registrar to report to the owners of the Notes and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Notes and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Notes required to be included in the gross income of the owners thereof for federal income tax purposes.

Section 5.03. INVESTMENTS. Amounts on deposit in the Mine Reclamation Note Payment Fund shall be secured by the depository institution of TMPA (and, if the depository institution is not the Note Purchaser, subject to account control arrangements satisfactory to the Note Purchaser) in the manner and to the extent required by law to secure other public funds of TMPA and may be invested from time to time in any investment authorized in the Public Funds Investment Act (Chapter 2256, Texas Government Code) and in accordance with TMPA's investment policy; provided, however, that all such deposits and investments shall be made in such manner that the money required to be expended from the Mine Reclamation Note Payment Fund will be available at the proper time or times when expected to be needed. Interest and income derived from such deposits and investments shall be credited to the Mine Reclamation Note Payment Fund. Such investments shall be sold promptly when necessary to prevent any default in connection with the Notes.

Section 5.04. SECURITY FOR FUNDS. All amounts on deposit in the Mine Reclamation Note Payment Fund shall be secured in the manner and to the fullest extent permitted or required by State law, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

Section 5.05. ACCOUNTS AND RECORDS. TMPA shall keep or cause to be kept proper books of records and accounts in which complete and correct entries shall be made of all transactions relating to the JOA Payments and the Mine Reclamation Note Payment Fund, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of the Note Purchaser.

Section 5.06. AUDITS. After the close of each Fiscal Year while any of the Notes are Outstanding, an audit will be made of the books and accounts of TMPA by an independent certified public accountant. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to TMPA, a copy of such audit for the preceding year shall be mailed to the Paying Agent/Registrar and to the Note Purchaser upon request to TMPA in writing. The annual audit reports shall be open to the inspection of the Note Purchaser and their agents and representatives at all reasonable times.

Section 5.07. SPECIAL COVENANTS. TMPA further covenants and agrees that:

(a) Encumbrance of JOA Payments. Other than with respect to the Notes, and except as provided in Section 4.03 with respect to the issuance of additional Mine Reclamation Bonds with the prior written consent of the Note Purchaser, the JOA Payments have not been pledged in any manner to the payment of any Debt of TMPA, or otherwise, and while any of the Notes are Outstanding, TMPA will not incur additional Debt secured by the JOA Payments. For purposes of clarity, the authorization for the issuance of the 2021 Taxable Series I Notes and the 2021 Taxable Series J Notes pursuant to the Series 2021 MRB Resolution will expire concurrently with the activation of the authorization provided by this Resolution for the issuance of the Notes, with such activation to be effected by the occurrence of the effective date of the Letter of Credit, at which time the letters of credit relating to the 2021 Taxable Series I Notes and the 2021 Taxable Series J Notes shall be canceled.

(b) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution or in the Note Purchase Agreement, and in each and every Note and pay from the JOA Payments the debt service on every Note on the dates and in the places and manner prescribed in this Resolution; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the JOA Payments the amounts required to be deposited into the Mine Reclamation Note Payment Fund.

(c) Legal Authority. TMPA is duly authorized under the laws of the State to create and issue the Notes; that all action on its part for the creation and issuance of the Notes has been duly and effectively taken, and that the Notes in the hands of the owners thereof are and will be valid and enforceable special obligations of TMPA in accordance with their terms.

(d) Compliance with the JOA. TMPA will comply with the terms and conditions of the JOA and will cause the Cities, as parties to the JOA, their officials, and employees, to comply with all of their obligations under the JOA by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction; and the JOA will not be rescinded, modified, or amended in any way which would have an adverse effect on the rights of the Note Purchaser, either in its capacity as owner of the Notes or as provider of the Letter of Credit. In connection with any proposed modification or amendment of the JOA, the Board shall make a determination that such modification or amendment will not have an adverse effect on the rights of the Note Purchaser, either in its capacity as owner of the Notes or as provider of the Letter of Credit.

Section 5.08. RESOLUTION A CONTRACT; AMENDMENTS. (a) Resolution a Contract. This Resolution shall constitute a contract with the Note Purchaser, binding on TMPA and its successors and assigns, and shall not be amended or repealed by TMPA as long as any Note remains Outstanding except as permitted in this Section.

(b) Amendments With Notice to and Consent of Note Purchaser. TMPA may, with the written consent of the Note Purchaser, amend, change, modify, or rescind any provisions of this Resolution.

(d) Notice of Amendment. Whenever TMPA shall desire to make any amendment or addition to or rescission of this Resolution, TMPA shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Note Purchaser. Whenever at any time after the date of the giving of such notice, TMPA shall receive an instrument or instruments in writing executed by the Note Purchaser, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, TMPA may adopt such amendment, addition, or rescission in substantially such form, except as herein provided.

(e) Effect of Amendment on Note Purchaser. Upon the amendment or modification of this Resolution in accordance with the provisions of this Section 5.08, the Note Purchaser may not thereafter object to the adoption of any such approved amendment, addition, or rescission which is accomplished pursuant to and in accordance with the provisions of this Section, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

ARTICLE VI

DEFEASANCE OF NOTES

Section 6.01. DEFEASANCE OF NOTES. (a) Defeased Notes. Any Note and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Note") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Note, 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, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by TMPA with the Paying Agent/Registrar for the payment of its services until all Defeased Notes shall have become due and payable. At such time as a Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the sources herein levied and pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter TMPA 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 Notes, 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 Notes that is made in conjunction with the payment arrangements specified in subsection 6.01(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, TMPA expressly reserves the right to call the Defeased Notes for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Notes 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) Investment of Funds in Defeasance Securities. Any moneys so deposited with the Paying Agent/Registrar may at the written direction of TMPA also 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 Notes and interest thereon, with respect to which such money has been so deposited, shall be turned over to TMPA, or deposited as directed in writing by TMPA. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Notes 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 6.01(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Notes, with respect to which such money has been so deposited, shall be remitted to TMPA or deposited as directed in writing by TMPA.

(c) Duties of Paying Agent/Registrar. Until all Defeased Notes shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Notes the same as if they had not been defeased, and TMPA shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) Selection of Notes to be Defeased. In the event that TMPA elects to defease less than all of the principal amount of Notes of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Notes by such random method as it deems fair and appropriate.

ARTICLE VII

MISCELLANEOUS

Section 7.01. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES. The President, Vice President, Secretary and Assistant Secretary of the Board and the General Manager of TMPA, and all other officers, employees, and agents of TMPA, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to approve, execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of TMPA all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Notes, the Note Purchase Agreement and the Paying Agent/Registrar Agreement.

Furthermore, at any time prior to the delivery of the Notes, the President or Vice President of the Board and the General Manager of TMPA each are hereby individually authorized and directed to approve any changes or corrections to this Resolution or to any of the instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transaction contemplated and approved by this Resolution, (ii) obtain a rating from any of the Rating Agencies or (iii) obtain the approval of the Notes by the Texas Attorney General's office.

Section 7.02. REMEDIES FOR DEFAULT. (a) Upon the happening of any Event of Default, then and in every case, the Note Purchasers or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against TMPA for the purpose of protecting and enforcing the rights of the Note Purchaser 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 that may be unlawful or in violation of any right of the Note Purchaser hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Note Purchasers of Notes then outstanding.

Section 7.03. REMEDIES NOT EXCLUSIVE. (a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Notes or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Resolution, the right to accelerate the debt evidenced by the Notes shall not be available as a remedy under this Resolution, unless TMPA has granted such a remedy with respect to any other Debt approved by the Attorney General of the State of Texas.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(c) By accepting the delivery of a Note authorized under this Resolution, the Note Purchaser agrees that the certifications required to effectuate any covenants or representations contained in this Resolution do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of TMPA or the Board.

Section 7.04. NO RULE 15c2-12 UNDERTAKING. (a) The Notes are sold by private placement, and are therefore not subject to SEC Rule 15c2-12.

Section 7.05. EFFECTIVE DATE. This Resolution shall become effective immediately after its adoption.

Section 7.06. GOVERNING LAW. This Resolution shall be governed by and construed in accordance with the laws of the State.

Section 7.07. PARTIAL INVALIDITY. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution on the part of TMPA 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 Notes but the Note Purchaser shall retain all rights and benefits accorded to them under the TMPA Act or any other applicable provisions of law.

Section 7.08. DISPOSITION OF NOTE PROCEEDS. Proceeds from the initial Authorized Installment of the Notes shall, as determined in the Pricing Certificate, promptly upon receipt thereof, be applied by the Authorized Representative to pay a portion of the costs of issuance of the Notes.

Proceeds relating to any other Authorized Installments of the Notes corresponding to a drawing upon the Letter of Credit by The RRC will be for the payment, on behalf or for the benefit of TMPA, of Project Costs of Eligible Projects.

Section 7.09. MAILED NOTICES. Except as otherwise required herein, all notices required or authorized to be given to TMPA, the Paying Agent/Registrar or the Note Purchaser pursuant to this Resolution shall be in writing and shall be sent by registered or certified mail, postage prepaid to such addresses as may from time to time be furnished by the parties, effective upon the receipt of notice thereof given as set forth above.

EXHIBIT A

[FORM OF NOTES]

UNITED STATES OF AMERICA
STATE OF TEXAS
TEXAS MUNICIPAL POWER AGENCY
MINE RECLAMATION NOTE, TAXABLE SERIES __

NO.: ___ Issue Date: ___

Principal Amount: $ Maturity Date:

Dated Date:

Interest Rate or Interest Rate Formula (%):______ [1]

Texas Municipal Power Agency (hereinafter referred to as "TMPA"), a governmental agency, body politic and corporate of the State of Texas, for value received, hereby irrevocably promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of

WELLS FARGO BANK, NATIONAL ASSOCIATION (the "Bank")

on the Maturity Date specified above [or date of prior redemption][2], the Principal Amount set forth above, and to pay interest on said Principal Amount, if any, at said Maturity Date [or date of prior redemption][2], from the above specified Issue Date to said Maturity Date [or date of prior redemption][2] at the rate of interest calculated as shown above (computed on the basis of actual days elapsed and a 360 day year) and as provided for in the Note Purchase Agreement (as defined herein); both principal and interest on this Note being payable in lawful money of the United States of America at the designated corporate office of the Paying Agent/Registrar executing the "Authentication Certificate of Paying Agent/Registrar" endorsed hereon and appearing below; provided that so long as Wells Fargo Bank, National Association is the owner of this Note, any payment of the principal of, premium, if any, and interest on this Note shall be made in accordance with the wire instructions provided to the Paying Agent/Registrar.

This Note is one of a duly authorized issue of notes of TMPA (the "Notes") issued in the aggregate principal amount of $________,000, pursuant to the laws of the State of Texas, including specifically the TMPA Act and Chapter 1371, Texas Government Code, as amended (the "Acts"), and under and pursuant to a resolution of TMPA adopted December 9, 2021 (the "Resolution") for

[1] As provided for in the Pricing Certificate.

[2] If the Notes are subject to redemption as provided in the Pricing Certificate.

the purpose of financing Project Costs of Eligible Projects. The Notes are secured by the Resolution. Terms used herein and not otherwise defined shall have the meanings given in the Resolution and in the Note Purchase Agreement dated _______ between TMPA and the Bank relating to the Notes (the "Note Purchase Agreement").

The initial Authorized Installment of the Notes issued on the Original Issue Date is in the principal amount of $____,000. Thereafter, additional Authorized Installments of the Notes in a principal amount not to exceed $______,000 may be issued on any date so long as the total aggregate principal amount of Notes issued does not exceed $________,000, as reflected in the Schedule of Authorized Installment Deliveries attached to the Initial Note. The foregoing notwithstanding, in no event shall an Authorized Installment of the Notes be issued after the end of the Authorized Installment Draw Period, and in no event shall an Authorized Installment be issued and delivered in an amount that exceeds the Maximum Available Amount in effect as of the date of the applicable draw on the Letter of Credit; provided that the aggregate principal amount of all Authorized Installments issued and delivered under the Resolution may at times exceed the then applicable Maximum Available Amount due to a reduction in such amount subsequent to the issuance of Authorized Installments pursuant to the terms of the Letter of Credit but in no case shall the aggregate principal amount of all Authorized Installments issued and delivered under the Resolution exceed $______,000.

Anything contained herein to the contrary notwithstanding, if the rate of interest payable under any Authorized Installment shall exceed the Maximum Rate (as defined in the Note Purchase Agreement) for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof without regard to the Maximum Rate and (B) the Maximum Rate (the "Excess Interest"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time TMPA shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank, not to exceed the Maturity Date.

The Notes are special obligations of TMPA and are payable solely from and equally and ratably secured by a first lien on and pledge of JOA Payments and all amounts on deposit in the Mine Reclamation Note Payment Fund, subject to the priorities set forth therein, and shall be obligations secured by payments received by TMPA from the Cities under the provisions of the JOA specified in the Resolution. THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS OBLIGATION FROM ANY OTHER REVENUES OR PROPERTIES OF TMPA, OR FROM ANY FUNDS RAISED OR TO BE RAISED FROM TAXATION BY TMPA, THE STATE OF TEXAS, OR ANY SUBDIVISION THEREOF.

TMPA reserves the right to issue additional Mine Reclamation Bonds and other lawful evidences of indebtedness secured by all or a part of the JOA Payments for any lawful purpose, including refunding bonds, but subject to the terms of the JOA, the Resolution and the terms of the Note Purchase Agreement, to which reference is made for more complete details.

[INSERT ADDITIONAL PROVISIONS, IF ANY, PROVIDED FOR IN THE PRICING CERTIFICATE AND THE NOTE PURCHASE AGREEMENT DEEMED NECESSARY BY THE AUTHORIZED REPRESENTATIVE, INCLUDING ANY PREPAYMENT AND/OR REDEMPTION PROVISIONS, ALL PURSUANT TO SECTIONS 2.02 AND 2.04 OF THE RESOLUTION.]

The pledge of the revenues under the Resolution may be discharged at or prior to the maturity of the Notes upon the making of provision for their payment on the terms and conditions set forth in the Resolution.

Reference is hereby made to the Resolution, copies of which may be obtained upon request to TMPA, and to all of the provisions of which any owner of this Note by its acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Notes; the pledged revenues; the nature and extent and manner of enforcement of the pledge; the terms and conditions, if any, for the issuance of additional Debt; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the owners of the Notes; the rights and remedies of the owner hereof with respect hereto and thereto; the rights, duties and obligations of TMPA; 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 Note and this Note thereafter no longer to be secured by the Resolution or be deemed to be outstanding thereunder; and for the other terms and provisions thereof.

It is hereby certified, recited, represented, and declared that TMPA is a duly organized and legally existing governmental agency and body politic and corporate, organized under and by virtue of the Constitution and laws of the State of Texas; that the issuance of this Note and the series of which it is a part are duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of this Note to render the same lawful and valid 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 this series of Notes does not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on this Note and the series of which it is a part as aforestated. In case any provision in this Note shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Note and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

This Note has been issued pursuant to proceedings approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Except as provided in Section 2.02(a) of the Resolution, this Note shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Note shall have been authenticated by the execution by the Paying Agent/Registrar or the Comptroller of Public Accounts, as applicable, of the Authentication Certificate of Paying Agent/Registrar or Registration Certificate of Comptroller of Public Accounts hereon.

IN WITNESS WHEREOF, the Board of Directors of the Texas Municipal Power Agency has authorized and caused this Note to be executed on its behalf by the manual or facsimile signatures of the President and Assistant Secretary of the Board of Directors and its official seal impressed or a facsimile thereof to be printed hereon.

TEXAS MUNICIPAL POWER AGENCY

By: ___________________________________
President, Board of Directors

ATTEST:

____
Assistant Secretary, Board of Directors

(SEAL)

<u>Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Note only.</u>

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	**§**	
OF PUBLIC ACCOUNTS	**§**	
THE STATE OF TEXAS	**§**	**REGISTER NO. _______**

I HEREBY CERTIFY that this Note has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this ________________.

____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

Form of Assignment:

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 Note and all rights thereunder, and hereby irrevocably constitutes and appoints
____,
attorney, to register the transfer of the within Note 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 Note in every particular, without alteration or enlargement or any change whatsoever.

Form of Authentication Certificate of Paying Agent/Registrar for Notes except the Initial Note.

AUTHENTICATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Note has been duly issued and registered under the provisions of the within-mentioned Resolution; the note or notes of the above titled 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.

U.S. BANK NATIONAL ASSOCIATION
as Paying Agent/Registrar

Registered this date: ______________

By: ____________________________
Authorized Signature

Form of Schedule of Authorized Installments Deliveries to appear on Initial Note only.

SCHEDULE OF AUTHORIZED INSTALLMENT DELIVERIES

Issue Date	No.	Principal Amount	Remaining Available Principal Balance	Date Paid	Principal and Interest Paid
____________	___	_________	_________	_________	_________
____________	___	_________	_________	_________	_________
____________	___	_________	_________	_________	_________
____________	___	_________	_________	_________	_________
____________	___	_________	_________	_________	_________
____________	___	_________	_________	_________	_________
____________	___	_________	_________	_________	_________

NOTE PURCHASE AGREEMENT

between

WELLS FARGO BANK, NATIONAL ASSOCIATION

and

TEXAS MUNICIPAL POWER AGENCY

relating to

$3,505,000
Texas Municipal Power Agency
Mine Reclamation Notes
Taxable Series K

and securing the

Letter of Credit to
Railroad Commission of Texas for
Surface Mining and Reclamation Permit No. 26D

dated as of

February 1, 2022

4865-0436-2498.5

ARTICLE I
DEFINITIONS

ARTICLE II
AMOUNT AND TERMS OF THE LETTER OF CREDIT

ARTICLE III
CONDITIONS OF ISSUANCE

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS

ARTICLE V
COVENANTS OF THE AGENCY

ARTICLE VI
EVENTS OF DEFAULT

ARTICLE VII
MISCELLANEOUS

NOTE PURCHASE AGREEMENT

NOTE PURCHASE AGREEMENT (this “Agreement”), dated as of February 1, 2022, between the **Texas Municipal Power Agency**, a municipal corporation and political subdivision of the State of Texas (the “Agency”), and **Wells Fargo Bank, National Association**, a national banking association (the “Bank”).

PRELIMINARY STATEMENTS:

A. The Agency operates pursuant to the provisions of Subchapter C-1 of Chapter 163 of the Texas Utilities Code and its member cities are together with 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 (herein collectively "Cities" or individually "City").

B. As of the Agency Debt Discharge Date (as hereinafter defined), the Cities have no further obligations under the Power Sales Contract to make payment for System Debt, the Power Sales Contract has been terminated and no System Debt is outstanding.

C. The Agency and each City have entered into certain contractual agreements between and among the Agency and each City to provide for the mutual rights and responsibilities of the Agency and the Cities as to the operations of the Agency, including asset management, decommissioning, environmental remediation, indemnities, and the winding up of affairs of the Agency upon dissolution, and such contractual agreements have been included in a Joint Operating Agreement between the Agency and each City, which is effective as of September 1, 2016, as amended by Amendment No. 1 to the Joint Operating Agreement, which amendment subsequently became ineffective, and as amended by Amendment No. 2 to the Joint Operating Agreement, effective as of September 22, 2017, by Amendment No. 3 to the Joint Operating Agreement, effective as of September 17, 2019 and by Amendment No. 4 to the Joint Operating Agreement, effective as of June 28, 2021 (as amended, such agreement is hereinafter referred to as the "JOA").

D. The Cities have certain payment obligations under the JOA, including the obligation to pay and reimburse to the Agency, as an operating expense of each City’s electric system, the costs of the services undertaken by the Agency pursuant to the JOA, which services include the mine remediation work and related financing costs associated with the Agency’s Collateral Bond (the “Collateral Bond”) for Surface Mining and Reclamation Permit No. 26D (the “Permit”).

E. The Agency is authorized by Subchapter C-1 of Chapter 163, Texas Utilities Code, as amended (the “TMPA Act”), Chapter 1371, Texas Government Code, as amended ("Chapter 1371") and other applicable laws of the State of Texas to issue obligations such as the notes authorized under the Resolution (as hereinafter defined), in one or more series, to fund costs of "eligible projects" (as such term is defined in Government Code Section 1371.001(2)(A)(i), as amended), which include capital costs associated with the environmental remediation of the TMPA lignite mine as set forth in the TMPA mine remediation plan, as required by the Texas Surface Coal Mining and Reclamation Act, Chapter 134, Natural Resources Code (the "Mining Act") and to secure such obligations with all or part its revenues after first providing for the payment of its operating and maintenance costs.

F. The Cities have agreed in the JOA to make payments under certain circumstances to the Agency to pay debt service coming due on Agency "Mine Reclamation Bonds" (as hereinafter defined) and the Notes (as hereinafter defined) constitute Mine Reclamation Bonds within the meaning of the JOA.

G. The Agency has requested the Bank to issue its Letter of Credit to the Railroad Commission of Texas (the "Beneficiary"), in substantially the form of Exhibit A (the "Letter of Credit"), in the amount of $3,500,000 (the available amount under the Letter of Credit, as adjusted pursuant to the Letter of Credit, being referred to herein as the "Commitment") to serve as collateral to secure the Collateral Bond to the Beneficiary for the Permit. For purposes of clarity, the Commitment is calculated without reference to the initial Authorized Installment in the amount of $5,000, which is advanced as a loan on the Closing Date.

H. In consideration for the issuance of the Letter of Credit to the Beneficiary, and to induce the Bank to issue and deliver said Letter of Credit, the Agency and the Bank will enter into this Note Purchase Agreement to evidence and secure the payment and performance of all obligations and covenants of the Agency to the Bank in connection with the delivery of the Letter of Credit as provided herein. In furtherance thereof, the Agency has adopted, under and in accordance with Texas Government Code § 1371.056(c) and the TMPA Act, Resolution No. 2021-12-4 (the "Resolution"), on December 9, 2021, Authorizing the Issuance of Texas Municipal Power Agency Mine Reclamation Notes Taxable Series K (the "Notes") and Texas Municipal Power Agency Mine Reclamation Notes Taxable Series L (the "Series L Notes"). The Resolution authorizes the issuance of the Notes and the Series L Notes to finance Project Costs of Eligible Projects (as each such term is defined in the Resolution), in an aggregate principal amount not to exceed $6,000,000 and their installment delivery to the Bank in connection with advances by the Bank under the Letter of Credit.

I. The Resolution constitutes an "obligation authorization," as defined in Chapter 1371 and this Agreement constitutes a "credit agreement" as defined in Chapter 1371.

J. The Agency is authorized under the TMPA Act and Texas Government Code §§ 1371.103 through 1371.105 to pledge the JOA Payments (as hereinafter defined) required to be made by the Cities under the JOA and this pledge of the JOA payments is perfected when made in the form set forth in this Agreement.

K. The payment and other obligations of the Agency under the Notes and this Agreement will be secured by and be payable from the JOA Payments and the Note Payment Fund.

L. The Bank has agreed, subject to the terms of this Agreement, to issue the Letter of Credit.

M. To induce the Bank to issue the Letter of Credit, the parties have entered into this Agreement in order to evidence the covenants and obligations of the respective parties with respect to the Letter of Credit and to provide for the issuance of the Notes including the Authorized Installments (as defined hereinafter) and the terms of repayment of the Notes including the

Authorized Installments and any amounts drawn under the Letter of Credit and to secure the obligations of the Agency under the Notes, including the Authorized Installments and this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and in order to induce the Bank to issue the Letter of Credit, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"*Advance*" means any payment made by the Bank under the Letter of Credit.

"*Affiliate*" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"*Agency Debt Discharge Date*" means September 1, 2018.

"*Agreement*" means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more instruments entered into pursuant to the applicable provisions hereof.

"*Anti-Corruption Laws*" means, to the extent applicable to the Agency: (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which the Agency or any member of the Borrowing Group is located or doing business.

"*Anti-Money Laundering Laws*" means laws or regulations, to the extent applicable to the Agency, in any jurisdiction in which the Agency or any member of the Borrowing Group is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

"*Authorized Installment*" means an Authorized Installment, as defined in the Resolution, which shall be a principal portion of the Notes in an amount equal to (a) in the case of the Initial Authorized Installment, $5,000 and (b) in the case of every Authorized Installment after the Initial Authorized Installment, the principal amount of a particular related Advance under the Letter of Credit, reflecting payment by the Bank at par of the purchase price of such Authorized Installment to the Beneficiary on behalf of the Agency.

"*Authorized Representative*" means, one or more of the following officers and employees of the Agency, acting in concert or individually, to wit: the President, Vice President, Secretary, Assistant Secretary or General Manager, or any other officers or employees of the Agency duly appointed as such by resolution of the Agency.

"*Available Amount*" in effect at any time means the maximum amount available to be drawn at such time under the Letter of Credit.

"*Base Rate*" means, for any date of determination, the per annum rate equal to the highest of (i) the Prime Rate plus one percent (1.00%), (ii) the Fed Funds Rate plus two percent (2.00%) and (iii) seven percent (7.00%).

"*Beneficiary*" has the meaning assigned to that term in the Preliminary Statements.

"*BHC Act Affiliate*" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"*Borrowing Group*" means: (a) the Agency, (b) any Affiliate or subsidiary of the Agency, (c) any guarantor, (d) the owner of any collateral securing any part of the credit, any guaranty, or this Agreement, and (e) any officer, director or agent acting on behalf of any of the parties referred to in items (a) through (c) with respect to the credit, this Agreement or any of the other Related Documents.

"*Business Day*" means any day of the year that the Bank is open for full banking business.

"*Cities*" means the cities of Bryan, Denton, Garland, and Greenville, Texas.

"*Closing Date*" means February 14, 2022.

"*Collateral Bond*" has the meaning assigned to that term in the Preliminary Statements.

"*Commitment*" has the meaning assigned to that term in the Preliminary Statements.

"*Confidential Information*" means any sensitive or confidential information regarding the Agency, the Bank or any Affiliate of the Bank including, without limitation, address and account information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees and signatories.

"*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"*Covered Entity*" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"*Debt*" means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, notes or other similar instruments, (iii) obligations to pay the deferred purchase price of property or services, (iv) obligations as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases, and (v) any other obligation considered to be debt under GAAP.

"*Default Rate*" means, for any date of determination, a fluctuating per annum rate of interest equal to the Base Rate plus three percent (3.00%).

"*Default Right*" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"*Effective Date*" means the date provided in Section 2.01 upon which the Letter of Credit is effective and may be drawn upon, on and subject to its terms, which date shall in any case not precede the expiry date of the Bank's Letter of Credit No. IS000172252U.

"*Electric System*" means, for each of the Cities, in the case of the City of Bryan, its Electric System; in the case of the City of Greenville, its Electric System; in the case of the City of Garland, its Electric Utility System; and in the case of the City of Denton, its Utility System.

"*EMMA*" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System or any service or services established by the Municipal Securities Rulemaking Board (or any of its successors) as a successor to the Electronic Municipal Market Access System.

"*Event of Default*" has the meaning assigned to that term in Section 6.01.

"*Failure to Replace Draw*" means a draw on the Letter of Credit by the Beneficiary under the circumstances described in 16 Texas Administrative Code §12.309(g).

"*Fed Funds Rate*" means, for any date of determination, a fluctuating rate of interest per annum equal to the weighted average (rounded to the next higher 1/100 of 1%) of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded to the next higher 1/100 of 1%) of the quotations for such day on such transactions received by Wells Fargo Bank, National Association from three federal funds brokers of recognized standing selected by Wells Fargo Bank, National Association. Each determination of the Fed Funds Rate by Wells Fargo Bank, National Association shall be conclusive and binding on the Agency.

"*Fitch*" means Fitch Ratings, Inc.

"*GAAP*" means, as of any date, the accounting principles, methods and terminology generally accepted in the United States for use by governmental entities owning and operating electric utilities, or such other systems as may be required by any regulatory agency.

"*Governmental Authority*" means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority having jurisdiction or supervisory or regulatory authority over the Agency.

"*Initial Authorized Installment*" has the meaning assigned to such term in Section 2.04(b) hereof.

"*Initial Note*" means the non-interest bearing Note, Number T-1, delivered to and held by the Paying Agent/Registrar.

"*Insolvency Proceeding*" means a receivership, insolvency, liquidation, resolution, or similar proceeding.

"*JOA*" has the meaning assigned to such term in the Preliminary Statements.

"*JOA Payments*" means the payments unconditionally required to be made to the Agency by the Cities pursuant to all of the following sections of the JOA: 2.6.2.6, 2.7, 2.11.3 and 3.2.1, which payments are required to be made under the JOA without set off, recoupment or counterclaim, and without regard to whether a City has exited the Agency's mining (or generation or transmission) business category following the execution and delivery of this Agreement and any Notes.

"*Letter of Credit*" has the meaning assigned to that term in the Preliminary Statements.

"*Mandatory Redemption Date*" means, in the case of any Authorized Installment and Advance, the day that is the 91st day after the date of issuance of such Authorized Installment and the making of such Advance, but in no case later than the Maximum Maturity Date.

"*Maximum Interest Rate*" means the higher of (a) the maximum net effective interest rate permitted by applicable law at the time of issuance of the Letter of Credit, which is fifteen percent (15%) per annum, or (b) the maximum net effective interest rate permitted by law to be paid thereon as provided by Texas Government Code §1204.006, as amended.

"*Maximum Maturity Date*" means the 91st day after the earlier of (i) the Stated Termination Date and (ii) the last available draw on the Letter of Credit.

"*Mine Reclamation Bonds*" has the meaning assigned to that term in the Resolution.

"*Moody's*" means Moody's Investors Service, Inc.

"*Note Payment Fund*" has the meaning assigned to the term "Mine Reclamation Note Payment Fund" in the Resolution.

"*Notes*" has the meaning assigned to such term in the Preliminary Statements.

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56 (signed into law October 26, 2001).

“*Paying Agent/Registrar*” means U.S. Bank National Association, and its successors and assigns.

“*Paying Agent/Registrar Agreement*” means that certain Paying Agent/Registrar Agreement dated as of February 1, 2022, between the Agency and the Paying Agent/Registrar.

“*Person*” means an individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated association or organization or any other judicial entity, or foreign, state or any agency or political subdivision thereof.

“*Potential Default*” means any condition, event or act which, with the giving of notice or the lapse of time, or both, will constitute an Event of Default hereunder.

“*Power Sales Contract*” means the Power Sales Contract, dated September 1, 1976, as amended, between the Agency and the Cities.

“*Preliminary Statements*” means the statements contained in paragraphs A. though M. that begin on page 1 of this Agreement.

“*Pricing Certificate*” has the meaning assigned to such term in the Resolution.

“*Prime Rate*” means, for any date of determination, the rate of interest per annum most recently established by Wells Fargo Bank, National Association in its sole discretion as its “prime rate.” The parties hereto acknowledge that the rate announced by Wells Fargo Bank, National Association as its prime rate is an index or base rate and shall not necessarily be publically announced or be its lowest or best rate charged to its customers or other banks. If at any time (a) Wells Fargo Bank, National Association ceases to exist or (b) Wells Fargo Bank, National Association ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported). Each change in the Prime Rate shall be effective without notice as of the opening of business on the day such change in the prime rate occurs.

“*Pro Rata Share*” as used in Section 5.01(j), Pro-Rata Share means, in the case of each respective City, 21.7% for the City of Bryan; 21.3% for the City of Denton; 47.0% for the City of Garland; and 10.0% for the City of Greenville.

“*Related Documents*” has the meaning assigned to that term in Section 2.11.

“*Resolution*” has the meaning assigned to such term in the Preliminary Statements.

“*Sanction*” or “*Sanctions*” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future statute or Executive Order, (b) the United Nations Security Council, (c) the European Union, (d) the United Kingdom, or (e) any other Governmental Authority with jurisdiction over the Agency or any member of the Borrowing Group.

"*Sanctioned Target*" means any target of Sanctions, including: (a) Persons on any list of targets identified or designated pursuant to any Sanctions, (b) Persons, countries, or territories that are the target of any territorial or country-based Sanctions program, (c) Persons that are a target of Sanctions due to their ownership or control by any Sanctioned Target(s), or (d) otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

"*Security Register*" has the meaning assigned to such term in the Resolution.

"*Series I Mine Reclamation Notes*" means the $3,405,000 Texas Municipal Power Agency Mine Reclamation Notes Taxable Series I, issued by the Agency on February 16, 2021.

"*Series J Mine Reclamation Notes*" means the $6,505,000 Texas Municipal Power Agency Mine Reclamation Notes Taxable Series J, issued by the Agency on February 16, 2021.

"*Series L Notes*" has the meaning assigned to such term in the Preliminary Statements.

"*Standard & Poor's*" means Standard & Poor's Ratings Services, a division of Standard & Poor's Financial Services LLC., its successors and assigns.

"*Stated Termination Date*" means the expiration date of the Letter of Credit provided in Section 2.01.

"*Step-up Rate*" means, for any date of determination, a fluctuating per annum rate of interest equal to the Base Rate plus one percent (1.00%).

"*System Debt*" means all Debt of the Agency other than Transmission Debt and Mine Reclamation Bonds.

"*Term*" means the period of time beginning on and including the Effective Date and ending on and including the Stated Termination Date.

"*Transmission Debt*" has the meaning assigned to such term in the Resolution.

"*U.S. Special Resolution Regime*" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

Section 1.02. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

Section 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistently applied, except as otherwise stated herein.

Section 1.04. Preliminary Statements. The Preliminary Statements are incorporated in the body of this Agreement by this reference and shall constitute a constituent part of the agreement between the parties set forth herein.

ARTICLE II

AMOUNT AND TERMS OF THE LETTER OF CREDIT

Section 2.01. Letter of Credit. The Bank agrees, subject to and on the terms and conditions hereinafter set forth, to issue the Letter of Credit to the Beneficiary in the amount of the Commitment, which Letter of Credit shall be effective on June 7, 2022, as stated therein (the "Effective Date") and shall expire on June 6, 2023, as set forth therein (the "Stated Termination Date" and, as referred to in the Letter of Credit, the "Expiry Date").

Section 2.02. Issuing the Letter of Credit. The Letter of Credit shall be issued on at least two (2) Business Days' notice from the Agency to the Bank specifying the Business Day of issuance thereof. On such Business Day specified by the Agency in such notice and upon fulfillment of the applicable conditions set forth in Article III, the Bank will issue the Letter of Credit to the Beneficiary. Notwithstanding the issuance by the Bank of the Letter of Credit on the Closing Date, it is expressly acknowledged and agreed by the Agency that drawings may be submitted under the Letter of Credit only during its Term.

The Letter of Credit will be subject to, and performance under the Letter of Credit by the Bank and the Beneficiary will be governed by, the "Uniform Customs and Practice for Documentary Credits (2007 revision in force as of July 1, 2007), International Chamber of Commerce, Publication No. 600," or by later Uniform Customs and Practice fixed by later Congresses of the International Chamber of Commerce as in effect on the date the Letter of Credit is issued.

Section 2.03. Commitment Fee. The Agency agrees to pay to the Bank in advance commencing upon the issuance of the Letter of Credit and thereafter on the first Business Day of each September, December, March and June (each, a "Quarterly Payment Date") a non-refundable commitment fee in accordance with the following terms: (i) at all times other than as described under subpart (ii) of this Section 2.03, a commitment fee equal to 110 basis points (1.10%) times the amount of the Commitment and (ii) at all times after and during the continuance of an Event of Default, a commitment fee equal to 410 basis points (4.10%) times the amount of the Commitment. The commitment fee shall be computed on the basis of a three hundred sixty (360) day year and actual days elapsed from and including the Quarterly Payment Date (or, in the case of the initial payment, the Effective Date) and to (but not including) the immediately succeeding Quarterly Payment Date (or the Stated Termination Date, if sooner). If at any time, prior to the Stated Termination Date, the Beneficiary takes action that would enable the Agency to lower the amount of its reclamation bond, then, upon the Agency's request, the Bank agrees to execute and submit an amended and restated letter of credit, a revised collateral bond, and such other certificates and documents as reasonably may be required to obtain the approval of the Beneficiary of the reclamation bonding in such lower amount. In such case, the commitment fee would remain at its applicable level of basis points, but the quarterly installment payment of the commitment fee will be adjusted prospectively to reflect the reduced Commitment.

Section 2.04. Notes.

(a) *Issuance of Initial Note*. On the Closing Date, the Agency shall issue to the Paying Agent/Registrar in accordance with the terms of the Resolution the Initial Note. The Initial Note shall (i) be dated February 1, 2022, (ii) be issued pursuant to the terms of the Resolution such that, among other things, Authorized Installments shall be issued by the Paying Agent/Registrar thereunder upon (A) a $5,000 loan to the Agency in the case of the Initial Authorized Installment and (B) in all other cases, a draw on the Letter of Credit (as set forth more fully below), (iii) bear interest as set forth in the Resolution, (iv) be secured by the JOA Payments, as described in the Preliminary Statements and Section 2.13 hereof, and (v) be payable (only to the extent of Authorized Installments having been issued, purchased and delivered), as to principal, not later than the Mandatory Redemption Date of such Authorized Installment (or such earlier date as provided herein).

(b) *Issuance of Initial Authorized Installment and the Purchase thereof by the Bank.* On the Closing Date, (i) the Paying Agent/Registrar shall issue the initial Authorized Installment in a principal amount equal to $5,000 (the "Initial Authorized Installment"), (ii) the Bank shall purchase such Initial Authorized Installment in an amount equal to $5,000 by making a short-term loan in such amount to the Agency, (iii) the Paying Agent/Registrar shall register the Bank as the owner of such Authorized Installment in the Security Register and (iv) the Paying Agent/Registrar shall record on the Initial Note the principal amount of such Authorized Installment and the payments of the principal of and interest on such Authorized Installment, which shall be payable (only to the extent of such Authorized Installment having been issued, purchased and delivered), as to principal, not later than the Mandatory Redemption Date of such Authorized Installment (or such earlier date as provided herein); *provided, however*, that the failure of the Paying Agent/Registrar to register the Bank as owner of the Authorized Installment or to record any such amount shall not limit or otherwise affect the obligations of the Agency to repay all amounts owed on such Authorized Installment, together with all interest accrued thereon as provided in Section 2.05. The Initial Authorized Installment shall bear no interest for the first 30 days it is outstanding and thereafter accrue interest at the Step-Up Rate for days 31-91 after issuance.

(c) *Further Issuances of the Authorized Installments and the Purchase thereof by the Bank.* On each day on which the Bank shall honor a demand for payment under the Letter of Credit (such payment by the Bank being herein referred to as an "Advance"), the Bank shall give notice to the Paying Agent/Registrar of such Advance and the Paying Agent/Registrar shall, automatically and without any notice to or consent by the Agency or any other Person, issue in the principal amount of such Advance an Authorized Installment. Each Authorized Installment shall (i) have a Mandatory Redemption Date of 91 days after its date of issuance, (ii) be subject to prior redemption as set forth herein and in the Resolution and (iii) bear interest in accordance with the Note and as set forth in this Agreement. On the date of an Advance under the Letter of Credit (each a "*Bank Purchase Date*") and concurrently upon payment of such Advance, (w) the Advance constitutes the purchase by the Bank of an Authorized Installment at par in a principal amount equal to the principal amount of the Advance, (x) the Paying Agent/Registrar shall immediately deliver to the Bank such Authorized Installment, (y) the Paying Agent/Registrar shall register the Bank as the owner of the Authorized Installment in the Security Register and (z) the Paying Agent/Registrar shall record on the Initial Note the principal amount of such Authorized Installment; *provided, however*, in consideration of the delivery of the Letter of Credit, a corresponding Authorized Installment is deemed issued, purchased and delivered to the Bank on the date of any Advance and the failure of the Paying Agent/Registrar to deliver such Authorized Installment or to register the Bank as the Owner of the Authorized Installment or record any such amount will not limit or otherwise affect the unconditional and irrevocable obligation of the Agency to repay all amounts owed on any such Authorized Installment, together with all interest accrued thereon as provided in the Note and this Agreement. If and to the extent that there has been an Advance and the related Authorized Installment has not been issued and delivered to the Bank pursuant to and in accordance with the terms of the Resolution and this Agreement, the Agency shall be unconditionally obligated to reimburse the Bank for such Advance as the corresponding Authorized Installment is deemed to be issued, purchased and delivered, such payment obligation to be payable on the date and to bear interest at the rate applicable to such Authorized Installment, assuming for such purpose that such Authorized Installment had been so issued and delivered as required by the Resolution and this Agreement.

Section 2.05. Payment of Interest on and Principal of Authorized Installments and Advances. Upon the making of any Advance by the Bank under the Letter of Credit, the Bank shall have purchased an Authorized Installment in the principal amount of such Advance which shall bear interest and be repaid as provided herein. Payments by the Agency of principal of and interest on an Authorized Installment shall be applied *pro tanto* to, and shall constitute, the payment of the principal of and interest on the corresponding Advance.

(a) The Agency hereby agrees to pay to the Bank interest on each Authorized Installment commencing with the Bank Purchase Date of each Advance, as follows: interest on the outstanding principal amount of such Authorized Installment until payment in full, at a fluctuating interest rate per annum equal to the Base Rate for the first thirty (30) days such Authorized Installment is outstanding and equal to the Step-up Rate for days 31-91 that such Authorized Installment is outstanding, with said rate to be adjusted to reflect any change in the Base Rate at the time of any such change, provided that after an Event of Default occurs, the outstanding unpaid balance of such Authorized Installment shall bear interest at the Default Rate until paid in full. Interest shall be payable monthly in arrears, on the first Business Day of each month, and on the Mandatory Redemption Date (or other date of payment of principal) of such Authorized Installment. Interest on each Authorized Installment shall be computed on the basis of a three hundred sixty (360) day year and actual days elapsed. All such calculations shall be performed by the Bank and, absent manifest error, shall be conclusive and binding on the parties to this Agreement. For the sake of clarity, the Initial Note has not been delivered to the Bank, but shall be delivered on the Closing Date and thereupon the Paying Agent/Registrar shall record on the Initial Note the principal amount of such Authorized Installment and the payments of the principal of and interest on such Authorized Installment in accordance with Section 2.04(b)(iv). The Initial Note shall bear interest as set forth in the Resolution.

(b) The amount of interest accruing in respect of any Authorized Installment for any interest accrual period calculated in accordance with the provisions of the preceding paragraph shall not exceed the Maximum Interest Rate. If (i) for any interest accrual period the applicable rate of interest (calculated as a net effective interest rate) would exceed the Maximum Interest Rate, then (ii) the applicable rate of interest shall not exceed but shall be capped at such Maximum Interest Rate and (iii) in any interest accrual period thereafter that the applicable rate of interest (calculated as a net effective interest rate) is less than the Maximum Interest Rate, such Authorized Installment shall bear interest at the Maximum Interest Rate until the earlier of (x) payment to the Bank of an amount equal to the amount which would have accrued but for the limitation of the applicable rate of interest set forth under (i) hereinbefore and (y) its respective Mandatory Redemption Date. It is expressly agreed that the provisions of this Section and applicable Texas law (i) permit the Bank to charge interest, in accordance with the terms hereof, up to the Maximum Interest Rate, and such Maximum Interest Rate will not be less than a net effective interest rate of 15% per annum (as defined by Texas Government Code, Section 1204.006), and (ii) permit the recapture of interest by allowing the applicable interest rate to exceed a rate of 15% per annum so long as and provided that such interest rate does not at any time exceed the maximum net effective interest rate (as defined by Texas Government Code, Section 1204.006) permitted by applicable law at the time of issuance of the Notes.

(c) Upon the making of an Advance and the purchase of the related Authorized Installment, the Authorized Installment shall be subject to redemption and payment in full on the following terms:

(i) If (x) the representations and warranties of the Agency contained in Article IV of this Agreement (excluding the rating requirement of Section 4.01(h)(i)) are not true and correct in all material respects on the related Bank Purchase Date or (y) a Potential Default or Event of Default has occurred and is continuing on the related Bank Purchase Date, the principal amount of the related Authorized Installment will be due and payable by the Agency to the Bank and subject to redemption in full on such Bank Purchase Date.

(ii) If (x) the representations and warranties of the Agency contained in Article IV of this Agreement (excluding the rating requirement of Section 4.01(h)(i)) are true and correct in all material respects on the related Bank Purchase Date and (y) no Potential Default or Event of Default has occurred and is continuing on the related Bank Purchase Date, the principal amount of the related Authorized Installment, together with all accrued interest thereon, will be due and payable by the Agency to the Bank and subject to redemption in full on the earlier of: (A) in the case of an Authorized Installment arising from a Failure to Replace Draw on the Letter of Credit, not later than the first to occur of (1) thirty (30) days from the date of the related Advance and (2) the Stated Termination Date and (B) in all cases other than as described under (A), the Mandatory Redemption Date of such Authorized Installment. Each payment shall be applied first to accrued interest and the balance to the outstanding principal owed.

(iii) The Agency may prepay and optionally redeem or cause to be redeemed, without penalty, the amount of any Authorized Installment outstanding in whole or in part with accrued interest to the date of such redemption on the amount redeemed. Any redemption in part shall be applied by the Bank against each such Authorized Installment in the order in which each such Authorized Installment was issued (or deemed issued), with the Authorized Installment that has been outstanding the longest period of time being paid first.

(iv) Unless the Agency shall have otherwise previously advised the Bank in writing, payment by the Bank of an Advance under the Letter of Credit shall be deemed to constitute a representation and warranty by the Agency that as of such Bank Purchase Date (i) the representations and warranties of the Agency contained in Article IV are true and correct in all material respects and (ii) no Potential Default or Event of Default has occurred and is continuing.

(v) The Initial Authorized Installment shall be paid or redeemed in full on or before its Mandatory Redemption Date.

Section 2.06. Increased Costs and Tax Indemnity. Increases in cost to the Bank of issuing and maintaining the Letter of Credit and indemnity for taxes are governed by Exhibit C.

Section 2.07. Payments and Computations. The Agency shall make each payment hereunder not later than 2:00 P.M. (Texas time) on the day when due in lawful money of the United States of America to the Bank at its address referred to in Section 7.02 by wire transfer in same day funds. Any payment received by the Bank after 2:00 P.M. (Texas time) shall be deemed to have been received on the next Business Day and will accrue interest in accordance with Section 2.05. Subject to the subordination provisions of Section 2.12, the Agency hereby authorizes the Bank, if and to the extent payment is not made when due hereunder, to charge from time to time against any or all of the Agency's accounts with the Bank any amount so due.

Section 2.08. Payments on Non-Business Days. Whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest.

Section 2.09. [Reserved.]

Section 2.10. [Reserved.]

Section 2.11. Obligations Absolute. The payment obligations of the Agency under the Notes, including the Authorized Installments and this Agreement and any other agreement or instrument relating to the Letter of Credit shall, to the extent allowed by law, be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of this Agreement, the Letter of Credit, the Collateral Bond, the JOA, the Resolution, the Pricing Certificate, the Notes, the Paying Agent/Registrar Agreement or any other agreement or instrument relating to any of the foregoing (collectively the "Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Agency in respect of the Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the Related Documents;

(iii) the existence of any claim, set-off, defense or other right that the Agency may have at any time against the Beneficiary or any transferee of the Letter of Credit (or any persons or entities for whom such Beneficiary or any such transferee may be acting), the Bank, or any other person or entity, whether in connection with this Agreement, the transactions contemplated hereby or by the Related Documents or any unrelated transaction;

(iv) in the absence of willful malfeasance or negligence of the Bank, any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the Bank under the Letter of Credit against presentation of a draft, certificate, or document which does not comply with the terms of the Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any document, for all or any of the obligations of the Agency in respect of the Letter of Credit;

(vii) any amendment or waiver of or any consent to departure from the terms of this Agreement, the Letter of Credit or any other agreement or instrument related thereto that has not been agreed to in writing by the Bank; or

(viii) the failure of the Bank to provide any notice to the Agency pursuant to the terms of this Agreement.

Section 2.12. [Reserved.]

Section 2.13. Pledge of JOA Payments. The Resolution creates a valid and irrevocable first lien on, pledge of, and security interest in the JOA Payments, together with the Note Payment Fund (and all funds from time to time accruing thereto) (collectively, the "Pledged Revenues"), as security for the Initial Note and all Authorized Installments purchased by the Bank hereunder and all action necessary to perfect the lien on, pledge of, and security interest of the Bank in such Pledged Revenues has been duly and validly taken as of the Closing Date. The Agency hereby irrevocably pledges and grants to the Bank, on an equal and ratable basis with the purchaser of any other Notes issued under the Resolution, as security for the payment by the Agency, when due, of all obligations now or at any time hereafter owing to the Bank under this Agreement including payment of all Authorized Installments, the deposit of all sums and the payment of all fees and the payment and performance of all other obligations of the Agency hereunder, a lien on and security interest in the Pledged Revenues and the right to enforce certain remedies under the Resolution as described therein.

Section 2.14. Application of Chapter 346 of the Finance Code. The Agency and the Bank agree that Chapter 346 of the Finance Code shall not apply to this Agreement or the arrangements between the Agency and the Bank arising under this Agreement or the Letter of Credit.

ARTICLE III

CONDITIONS OF ISSUANCE

Section 3.01. Condition Precedent to Issuance of the Letter of Credit. The obligation of the Bank to issue the Letter of Credit on the Closing Date is subject to the condition precedent that the Bank shall have received on or before the date of the issuance of the Letter of Credit the following, each dated such date, in form and substance satisfactory to the Bank:

(a) Complete and correct copies of (i) the concurrent ordinances establishing the Agency, certified to be true and correct copies by the applicable Governmental Authorities, (ii) the Resolution and the Agency's Rules and Regulations and General Policy, each as amended to date, and each as certified to be in full force and effect as of a recent date by the applicable Governmental Authority and (iii) each of the other documents, certificates and instruments required to be delivered under the Resolution including without limitation the ratings letters delivered as a precondition to the issuance of the Notes.

(b) Originals (or copies certified to be true copies by an appropriate officer of the Agency) of all governmental and regulatory approvals necessary for the Agency with respect to this Agreement and the transactions contemplated hereby, including without limitation, approval by the Beneficiary of the Letter of Credit and Collateral Bond.

(c) A certificate of the Secretary or an Assistant Secretary or other authorized officer of the Agency certifying the names, offices held, and true signatures of the officers of the Agency authorized to sign this Agreement and the other documents to be delivered by it hereunder.

(d) An opinion of the Attorney General of the State of Texas approving the proceedings relating to the Notes and this Agreement.

(e) An opinion of McCall, Parkhurst & Horton L.L.P. as special counsel to the Agency covering the Resolution, the Notes, and the validity and perfection of the pledge of JOA Payments, and certain other matters, in form and substance satisfactory to the Bank.

(f) An opinion of general counsel for the Agency, in substantially the form of Exhibit B hereto and as to such other matters as the Bank may reasonably request.

(g) The original Initial Note delivered to the Paying Agent/Registrar; issuance of the initial Authorized Installment by the Paying Agent/Registrar.

(h) A true copy of the JOA certified by an officer of the Agency as being a true and complete copy of the original document.

(i) An executed copy of this Agreement, the Paying Agent/Registrar Agreement and the Collateral Bond.

(j) Written confirmation (e.g., Bloomberg screenshot) of the individual City Electric System's unenhanced, long-term debt Ratings as of the Closing Date.

(k) Such other evidence with respect to the Agency as the Bank may reasonably request to establish the consummation of the transactions contemplated under this Agreement, including such other approvals, opinions or documents as the Bank may reasonably request.

Section 3.02. Additional Conditions Precedent to Issuance of the Letter of Credit. The obligation of the Bank to issue the Letter of Credit shall be subject to the further conditions precedent that on the date of the issuance of the Letter of Credit the following statements shall be true and the Bank shall have received a certificate signed by a duly authorized officer of the Agency, dated the date of such issuance, stating that:

(i) The representations and warranties contained in Section 4.01 of this Agreement are correct on and as of the date of issuance of the Letter of Credit, before and after giving effect to such issuance, as though made on and as of such date; and

(ii) No petition by or against the Agency has at any time been filed under the United States Bankruptcy Code or under any similar act;

(iii) No default or event which with the passage of time or the giving of notice, or both, would constitute a default has occurred and is continuing under the Resolution or the JOA, respectively, except such as may be disclosed in the opinion given pursuant to Section 3.01(d); and

(iv) No event has occurred and is continuing, or would result from such issuance, which constitutes an Event of Default or a Potential Default.

Section 3.03. Fee. The obligation of the Bank to issue the Letter of Credit shall be subject to the further condition precedent that on the date of issuance of the Letter of Credit the Agency shall have paid to the Bank the commitment fee provided for in Section 2.03.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.01. Representations and Warranties of the Agency. In order to induce the Bank to issue the Letter of Credit, the Agency represents and warrants to the Bank, and covenants with the Bank, as follows:

(a) *Existence*. The Agency is a municipal corporation and political subdivision of the State of Texas which is duly organized and validly existing under the laws of the State of Texas.

(b) *Authorization and Non-Contravention*. The Agency is duly authorized under the laws of the State to create and issue the Notes; all action on its part for the creation and issuance of the Notes has been duly and effectively taken, and the Notes in the hands of the purchasers thereof are and will be valid and enforceable special obligations of the Agency payable in accordance with their terms. The execution, delivery and performance by the Agency of this Agreement, the Initial Note and the other Related Documents to which it is a party are within the Agency's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene or violate (i) the Agency's by-laws, or any resolutions adopted by its Board of Directors or (ii) law (including, without limitation, any order, rule or regulation applicable to the Agency) or any contractual restriction binding on or affecting the Agency or its property (including without limitation any restriction in any documents relating to bonds or commercial paper issued by the Agency or in the JOA), and do not result in or require the creation of any lien, security interest or other charge or encumbrance (except as provided in or contemplated by this Agreement) upon or with respect to any of its properties. The individual signing this Agreement is an Authorized

Representative, entitled and authorized to bind the Agency to each of the provisions herein set forth.

(c) *Approvals and Filings*. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Agency of this Agreement or any other Related Document which has not been duly obtained or made.

(d) *Enforceable Obligations*. This Agreement is, and the other Related Documents to which it is a party when delivered, are or will be, legal, valid and binding obligations of the Agency enforceable against the Agency in accordance with their respective terms, assuming due authorization and delivery by the other parties to such agreements.

(e) *Financial Information*. The balance sheet of the Agency as at September 30, 2021 and the related statements of income and retained earnings of the Agency for the fiscal year then ended, copies of which have been furnished to the Bank, fairly present the financial condition of the Agency as at such date and the results of the operations of the Agency for the period ended on such date, all in accordance with GAAP consistently applied, and since September 30, 2021, there has been no material adverse change in such financial condition or operations.

(f) *Litigation*. There is no pending or threatened action or proceeding affecting the Agency or, to the knowledge of the Agency based solely on the certificates of each of the Cities, any of the Cities before any Governmental Authority which may materially adversely affect the financial condition or operations of the Agency or any of the electric systems of the Cities, or which purports to affect the legality, validity or enforceability of this Agreement or any other Related Document, except any such action or suit described in the opinion of counsel provided pursuant to Section 3.01(d).

(g) *JOA*. The JOA has been duly authorized, executed and delivered by each of the parties thereto and is a valid and enforceable agreement on the date hereof and, subject to the matters described in the opinion of counsel provided pursuant to Section 3.01(d), no default or event which with the passage of time or the giving of notice, or both, would constitute a default exists with respect to any party under said contract and to the knowledge of the Agency all parties are in full compliance with said contract.

(h) *Ratings*. (i) The Agency's Transmission Debt carries a long-term rating of A1 by Moody's. Such rating has been unchanged since June 21, 2021.

(ii) The City Electric System debt long-term ratings are as follows: (A) the City of Bryan: AA- by Fitch and A+ by Standard & Poor's; the City of Denton: A by Fitch and A+ by Standard & Poor's; the City of Garland: senior lien debt: AA by Fitch and A by Standard & Poor's and subordinate lien debt: AA- by Fitch, A by Standard & Poor's and A1 by Moody's; the City of Greenville: senior lien debt: A by Standard & Poor's and subordinate lien debt: A- by Standard & Poor's (collectively, the "City Electric System Ratings").

(i) *JOA Payments Pledge*. Pursuant to the Resolution and this Agreement there shall exist a valid first lien on, pledge of, and security interest in the Pledged Revenues as security for the Initial Note and all Authorized Installments purchased by the Bank hereunder, and as security for the payment by the Agency, when due, of all obligations now or at any time hereafter owing to the Bank under this Agreement including payment of all Authorized Installments, deposit of all sums, payment of all fees and payment and performance of all other obligations of the Agency hereunder.

(j) *Effectiveness of Pledge*. Chapter 1208, Texas Government Code, applies to the issuance of the Notes and the pledge of the JOA Payments by the Agency, and such pledge is therefore valid, effective, and perfected as of the Closing Date.

(k) *Reclamation Obligations*. The Agency is in full compliance with its reclamation obligations with respect to Permit No. 26D, except as may be described in the certificate issued by the Agency pursuant to Section 3.02 of this Agreement.

(l) *Construction Contracts*. All of the construction contracts, for which performance and payment bonds are required by law, entered into by the Agency with respect to its reclamation operations are secured by performance and payment bonds. Such contracts are presently in full force and effect, and there are no existing defaults or events which, with the passage of time or the giving of notice or both, would constitute a default under such contracts.

(m) *Permit*. In relation to Permit 26D, there exists no liability of the Agency under the Texas Coal Mining and Reclamation Act, the regulations promulgated pursuant to said Act, or Permit No. 26D, as originally issued, amended, revised, renewed, or replaced, other than completion of the reclamation plans required under Permit No. 26D. As of the date hereof, the Agency's completion of the reclamation plans is on schedule and all reclamation work is expected to be completed on schedule and within budget.

(n) *No Default*. No Potential Default or Event of Default has occurred and is continuing.

(o) *Sovereign Immunity; Mandamus; Etc,*. (i) The duties and obligations of the Agency under the Notes, this Agreement, the Resolution, and the JOA that are clearly defined and non-discretionary and for which there is no other remedy available at law shall be enforceable by mandamus in any court of competent jurisdiction. Without limiting any other remedies set forth herein or in the other Related Documents, in the case of a breach or default by the Agency under this Agreement or the other Related Documents, the Bank (provided that the Bank has not wrongfully dishonored a draw on the Letter of Credit presented in strict compliance with the terms thereof) shall be entitled to file a mandamus action in any court of competent jurisdiction in Brazos County, Texas, or other court of competent jurisdiction, against the Agency, its officers or employees.

(ii) To the fullest extent permitted by applicable Texas law and pursuant to Section 1371.059(c) of the Texas Government Code, as amended, with respect to its obligations arising under this Agreement, the Agency agrees that it will not claim any immunity on the grounds of sovereignty or other similar grounds from any action, suit or proceeding arising under or relating to this Agreement or any of the other Related Documents, whether to enforce the provisions hereof or thereof or to recover damages for the breach hereof or thereof.

(p) *Agency Payment Obligations*. The payment obligations of the Agency under the Notes, including the Authorized Installments and this Agreement constitute costs properly assessed by the Agency for recovery of the cost of services undertaken by the Agency pursuant to the JOA, as contemplated under Section 2.7 of the JOA.

(q) *Cities' Payment Obligations*. The payment obligations of the Cities under sections 2.6.2.6, 2.7, 2.11.3 and 3.2.1 of the JOA constitute operating expenses of the respective Cities' electric systems as provided in Section 2.7 of the JOA and, in accordance with Texas Government Code § 1502.056(c), the pledge of the JOA Payments constitutes a first lien on the revenues of the respective Cities' electric systems.

(r) *Rate Covenant*. In the JOA, each City has irrevocably covenanted to establish, maintain and collect rates and charges for the electric service of its electric system which shall produce revenues at least sufficient, together with other revenues available to such electric system and available electric system reserves, to enable it to pay to the Agency, when due, all amounts payable by each City under the JOA.

(s) *Anti-Money Laundering and Anti-Corruption Laws; Sanctions*.

(i) Each member of the Borrowing Group has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Anti-Money Laundering Laws and Anti-Corruption Laws. To the best of the Agency's knowledge, after due care and inquiry, no member of the Borrowing Group is under investigation for an alleged violation of Anti-Money Laundering Laws or Anti-Corruption Laws by a Governmental Authority that enforces such laws.

(ii) No member of the Borrowing Group is a Sanctioned Target. No member of the Borrowing Group is owned or controlled by, or is acting or purporting to act for or on behalf of, directly or indirectly, a Sanctioned Target. Each member of the Borrowing Group has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Sanctions. To the best of the Agency's knowledge, after due care and inquiry, no member of the Borrowing Group is under investigation for an alleged violation of Sanction(s) by a Governmental Authority that enforces Sanctions. The Agency will notify the Bank in writing not more than one Business Day after first becoming aware of any breach of this Section.

ARTICLE V

COVENANTS OF THE AGENCY

Section 5.01. <u>Affirmative Covenants</u>. So long as a drawing is available under the Letter of Credit or the Bank shall have any Commitment hereunder or the Agency shall have any obligation to pay any Authorized Installment or other amount to the Bank under the Notes or hereunder, the Agency will, unless the Bank shall otherwise consent in writing:

(a) *Maintenance of Insurance*. Maintain insurance with responsible and reputable insurance companies or associations, or shall self-insure, in such amounts and covering such risks as is usually carried by governmental entities engaged in similar businesses and owning similar properties in the same general areas in which the Agency operates.

(b) *Preservation of Corporate Existence, Etc*. Preserve and maintain its existence as a municipal corporation and political subdivision of the State of Texas, and all of its statutory rights.

(c) *Compliance with Laws, Etc*. Comply in all material respects with the requirements of all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith. Notwithstanding the foregoing, the Agency shall, and the Agency shall ensure that each member of the Borrowing Group shall, comply with Sanctions, Anti-Money Laundering Laws and Anti-Corruption Laws.

(d) *Visitation Rights*. At any reasonable time and from time to time, permit the Bank or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Agency, and to discuss the affairs, finances and accounts of the Agency with any of their respective officers or directors and with their independent certified public accountants.

(e) *Keeping of Books*. Keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Agency in accordance with GAAP consistently applied.

(f) *Maintenance of Properties, Rates and Charges, Etc*. Maintain and preserve all of its properties which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted and to at all times maintain rates and charges for all services furnished, provided and supplied by the Agency, to enable the Agency to timely pay all obligations to the Bank hereunder.

(g) *Pledges*. The Agency shall promptly take all actions and measures necessary to ensure the continuing validity, perfection and priority of the pledge described in the Preliminary Statements and Section 2.13 of this Agreement, and in Section 4.01 of the Resolution including, without limitation, all actions and measures described in Section 4.01(b) of the Resolution.

(h) *Covenants Relating to Annual Budget and Collections*. the Agency covenants and agrees with the Bank as follows:

(i) The JOA Payments are available to pay the Agency's services, including the Agency's mining business category, in accordance with the JOA.

(ii) Annually, in accordance with Section 3.2.1 of the JOA, the Board of the Agency shall adopt annual budgets by business category, and, specifically, the Board shall adopt the mining business category Annual Budget, and in connection therewith, the Board shall adopt charges to be invoiced monthly to the Cities for the recovery of the amounts due and owing under the Resolution and the Notes to the note purchaser or under this Agreement to the Bank, including all fees and other amounts scheduled hereunder.

(iii) Upon each occurrence of an Advance and the purchase of a related Authorized Installment, the Agency will within ten (10) Business Days acting in accordance with Section 2.6.2.3 of the JOA, submit an amendment to the Annual Budget adding an amount sufficient to raise and produce the money required to pay all principal of and interest on the Authorized Installments as such amounts come due in each Fiscal Year ("Debt Service Payments") and to pay any other fees or amounts in relation thereto. Such an amendment to the Annual Budget shall include a payment schedule for each City setting forth the monthly Debt Service Payments required to be made by each City to the Agency for the respective Fiscal Year covered by the Annual Budget in accordance with the contract percentages for each City, as set forth in the JOA. In the case of any required deposit under Section 5.01(j) hereof, the Agency will proceed, *mutatis mutandis*, to submit an amendment to the Annual Budget, including a requisite payment schedule for the relevant City or Cities.

(iv) The Agency will timely invoice the Cities each month for their respective portions of the Debt Service Payments (and any other required deposits or fees under the Resolution or this Agreement including, without limitation, in the case of any deposit required under Section 5.01(j) hereof, the percentage of the Pro-Rata Share of a City of the Available Amount of the Letter of Credit required to be deposited with the Bank) as set forth in the amended Annual Budget and will use all available means (including taking action in accordance with Section 5.07(d) of the Resolution) to collect the Debt Service Payments (and such other amounts and deposits) for deposit into the Note Payment Fund (or special account, in the case of deposits under Section 5.01(j)) according to the requirements of this Agreement and the Resolution.

(i) *Performance and Compliance with Other Covenants*. Perform and comply with each of the covenants and agreements set forth in the Resolution and the JOA, respectively, without giving effect to any subsequent amendment, modification or termination thereof. In particular and not in limitation of the foregoing, the Agency will comply with the terms and conditions of the JOA and will cause the Cities, as parties to such agreement, their officials, and employees, to comply with all of their obligations under the JOA, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction and the employment of any other remedy available at law or in equity to enforce the Cities' obligations.

(j) *Deposits Upon Decline of Ratings*. In the event that the long-term senior debt ratings of any City's Electric System by Standard & Poor's, Fitch or Moody's, respectively, shall fall to BBB/BBB/Baa2 or BBB-/BBB-/Baa3, respectively, the Agency shall establish an interest bearing account with the Bank which will be dedicated to reimburse the Bank for the repayment of any drawing made under the Letter of Credit, such account to be funded not later than 15 calendar days after the reduction in ratings in an amount equal to 50% of that City's Pro-Rata Share of the Available Amount of the Letter of Credit and if any such rating shall fall below BBB-/BBB-/Baa3, respectively, or be withdrawn or suspended, the Agency shall deposit in such account (not later than 15 calendar days after such reduction in ratings) an amount which (together with all prior deposits therein) is equal to 100% of that City's Pro-Rata Share of the Available Amount of the Letter of Credit.

Any balance in such an account remaining after the Stated Termination Date and after payment of the principal of and interest on all Authorized Installments and payment of all other amounts payable to the Bank under this Agreement shall be paid to the Agency upon expiration of the Letter of Credit, as the Agency may direct.

(k) *Reporting Requirements*. Furnish to the Bank the following:

(i) as soon as possible, and in any event within five days after the occurrence of each Event of Default or each Potential Default, continuing on the date of such statement, a statement of the general manager of the Agency setting forth details of such Event of Default or Potential Default and the action which the Agency has taken and proposes to take with respect thereto;

(ii) a copy of each quarterly financial report (unaudited) that it supplies to its Board of Directors and annual audited financial statements (with a consolidation statement) within 90 and 120 days, respectively, from the close of the period; copies of the annual audited financial statements for each of the Cities at the earlier of (A) promptly after the date first available and (B) 210 days after the end of the fiscal year of such City;

(iii) as soon as possible, and in any event within five days after receipt, of any inspection report from the Beneficiary or any other state or federal agency relating to the reclamation operations of the Agency under Permit No. 26D or any correspondence or other notice from any such agency which relates to any sanction against or notice of non-compliance by the Agency with respect to its reclamation obligations;

(iv) promptly, (A) copies of any reports prepared by or for the manager of the reclamation operations which show that the operations are not on schedule or within budget in any material adverse respect and (B) written notice of any change in, or any announced or published withdrawal or suspension of one or more of the City Electric System Ratings;

(v) at least thirty (30) days prior written notice before the finalization and funding of any debt incurred by the Agency, whether subordinate or senior to the Agency's obligations hereunder, which exceeds ten percent (10%) of the net worth of the Agency;

(vi) at least thirty (30) days prior written notice of any sale of assets by the Agency for an aggregate price in excess of $10,000,000;

(vii) on the date of issuance of the Letter of Credit, but no later than March 1, 2022, an updated bond reduction schedule, dated no earlier than December 31, 2021, to be further updated in August during the term of this Agreement, containing the estimated amounts by which the Collateral Bond is anticipated to be reduced and the estimated schedules for such reductions; and

(viii) such other information respecting the business, properties, operations, or condition, financial or otherwise, of the Agency as the Bank may from time to time reasonably request.

(l) *Further Assurances*. Execute and deliver, or cause to be executed and delivered from time to time, such further instruments, supplements, amendments, modifications, consents, certifications, assignments, financing statements and other such documents and instruments as the Bank may, in its reasonable discretion, deem necessary or advisable in order to preserve and protect the rights of the Bank under this Agreement or to facilitate the performance of the covenants and obligations created pursuant to this Agreement.

Section 5.02. Negative Covenants. So long as a drawing is available under the Letter of Credit or the Bank shall have any Commitment hereunder or the Agency shall have any obligation to pay any Authorized Installment or other amount to the Bank under the Notes or hereunder, the Agency will not, without the written consent of the Bank, do or suffer to occur any of the following:

(a) *Modification of JOA.* The Agency will not consent to the modification, amendment or waiver of any covenant or provision of the JOA, which in the reasonable judgment of the Bank could reasonably be expected to adversely affect the ability of the Agency to perform its obligations under the Resolution or hereunder or the ability of the Bank to receive payment for all amounts due under the Notes including each Authorized Installment and this Agreement. The Agency will provide the Bank notice as promptly as practicable of any proposed amendments to or modifications or waivers of any provisions of the JOA, and of the meeting of the Board of Directors of the Agency when such proposed amendments, modifications or waivers are to be considered. In connection with any proposed modification, amendment or waiver of any such agreement, the Board shall make a determination that such modification, amendment or waiver, as the case may be, will not have an adverse effect as described in the preceding sentence and submit such determination to the Bank for its review, but the Bank shall make such determination acting in its sole reasonable discretion; provided, however, that an amendment to the JOA solely for the purpose of (and only including amendments directly related to) allowing the sale of power or energy to a City under the generation business segment shall not be subject to the approval right of the Bank as set forth in the first sentence of this Section 5.02(a).

(b) *Resolution a Contract*. The Resolution shall constitute a contract with the Bank and its successors and assigns, binding on the Agency and its successors and assigns, and shall not be amended, modified or repealed, nor shall any provision thereof be waived, by the Agency.

(c) *No Issuance of Additional Mine Reclamation Bonds, etc.*.

(i) Except as provided in subpart (ii)(C) of this Section 5.02(c), the Agency shall not issue or incur or suffer to exist any Mine Reclamation Bonds, other than the Notes and the Series L Notes authorized in connection with the Bank's letter of credit issued for the Agency's Surface Mining and Reclamation Permit No. 38D, nor shall the Agency issue or incur or have outstanding any other Debt or obligations relating to the Agency's Mining Business assets (as described in the JOA), which are secured by or payable from the JOA Payments.

(ii) The Agency shall not issue, incur or have outstanding any Debt other than (A) Mine Reclamation Bonds, if such Debt is secured in whole or in part by revenues derived from payments received by the Agency from the Cities pursuant to the JOA, other than payments securing Mine Reclamation Bonds, (B) Transmission Debt and (C) Series I Mine Reclamation Notes and Series J Mine Reclamation Notes (collectively, the "2021 Series Notes"), provided that the authority to issue 2021 Series Notes shall cease and terminate on the Effective Date.

(d) *2021 Series Notes*. The Agency will not permit any 2021 Series Notes to be outstanding at any time on or after the Effective Date and, prior to the Effective Date, shall pay or redeem or cause the payment or redemption of all 2021 Series Notes and the payment of all principal and interest due thereunder and all other amounts owing to the Bank in connection therewith.

(e) *Paying Agent/Registrar*. The Agency will not, without the prior written consent of the Bank (such consent not to be unreasonably withheld), appoint or permit the appointment of a successor Paying Agent/Registrar.

(f) *Use of Proceeds*.

(i) The Agency will not, and will ensure that each member of the Borrowing Group will not, directly or indirectly use any of the credit to fund, finance or facilitate any activities, business or transactions that would be prohibited by Anti-Money Laundering Laws or Anti-Corruption Laws.

(ii) The Agency will not, and will ensure that each member of the Borrowing Group will not, directly or indirectly use any of the credit to fund, finance or facilitate any activities, business or transactions: (A) that are prohibited by Sanctions, (B) that would be prohibited by U.S. Sanctions if conducted by a U.S. Person, or (C) that would be prohibited by Sanctions if conducted by the Bank, or any other party to this Agreement. The Agency will notify the Bank in writing not more than one Business Day after first becoming aware of any breach of this Section.

(g) *Source of Repayment and Collateral*. The Agency will not fund any repayment of the credit with proceeds, or provide as collateral any property, that is directly or indirectly derived from any transaction or activity that is prohibited by Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws, or that could otherwise cause the Bank or any other party to this Agreement to be in violation of Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01. Events of Default. The occurrence of any of the following events shall be an "Event of Default" hereunder:

(a) The Agency shall fail to pay any amount payable hereunder when the same becomes due and payable; or

(b) Any representation or warranty made, or deemed made, by the Agency herein or by the Agency (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made or deemed made; or

(c) (i) The Agency shall fail to perform or observe any term, covenant or agreement set forth in Sections 5.01(b), 5.01(g), 5.01(h), 5.01(i), 5.01(j) or 5.01(k)(i) or in Section 5.02 hereof; or (ii) the Agency shall fail to perform or observe any term, covenant or agreement contained in this Agreement or in any Related Document on its part to be performed or observed other than those specified in clause (i) immediately preceding (and other than those described in any other subsection of this Section 6.01), and any such failure shall remain unremedied for 10 days after written notice thereof shall have been given to the Agency by the Bank; or

(d) The Agency shall fail to pay (i) any Series I Mine Reclamation Notes or any Series J Mine Reclamation Notes in accordance with the terms thereof or (ii) any Debt which is outstanding in a principal amount of at least $50,000 in the aggregate (excluding Debt under this Agreement) of the Agency when the same becomes due and payable (whether by scheduled maturity, required prepayment, redemption, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or

(e) Any event shall occur or condition shall exist under any agreement or instrument relating to any Debt of the Agency and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) The Agency shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Agency seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Agency shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) A judgment or order for the payment of money in excess of $250,000 shall be rendered against the Agency by a Governmental Authority and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) Any provision of the Resolution or this Agreement shall at any time for any reason cease to be valid and binding on the Agency, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Agency, or a proceeding shall be commenced by any Governmental Authority seeking to establish the invalidity or unenforceability thereof, or the Agency shall deny that it has any or further liability or obligation under the Resolution or this Agreement; or

(i) Any "Event of Default" under and as defined in the Resolution shall have occurred and be continuing; or any breach of a provision of the JOA shall have occurred and be continuing; or

(j) (i) any pledge or lien created by the Resolution or this Agreement in favor of the note purchaser or the Bank, at any time and for any reason (except as expressly permitted to be released by the terms of such governing document) shall not constitute a valid and perfected pledge and lien or shall fail to have the priority required by the Resolution and this Agreement or, except as permitted under the Resolution, the Agency shall so assert in writing, (ii) any legislation is enacted, repealed, reenacted, amended or otherwise modified, and such repeal, enactment, reenactment, amendment or modification, in the opinion of the Bank, has or could reasonably be expected to have a material adverse effect on the validity, enforceability or priority of the pledge and lien on the JOA Payments, in favor of the note purchaser or the Bank or (iii) any rescission of or amendment to or any other action under or in connection with any legislation, law or regulation relating to the JOA Payments, which would (A) materially reduce the amount of the JOA Payments or the allocation of the JOA Payments to the payment of the Notes, including the Authorized Installments or any other amounts due under this Agreement or (B) impair or adversely affect (x) the rights of the Agency to any or all of the JOA Payments, or (y) the rights or security of the note purchaser or the Bank under the Resolution or this Agreement; or

(k) An Event of Default occurs under the Note Purchase Agreement of even date herewith between the parties relating to the letter of credit to be issued by the Bank for the Agency's Surface Mining and Reclamation Permit No. 38D.

Section 6.02. Upon an Event of Default. (a) If any Event of Default shall have occurred and be continuing, all Advances not yet reimbursed hereunder, all interest thereon and all other amounts payable and all Authorized Installments under the Notes and this Agreement shall accrue interest at the Default Rate and the Bank shall be entitled to enforce its claims and causes of action against the Agency for all amounts that are due and payable and for payment and performance of each of the Agency's other obligations hereunder and under the other Related Documents. If any other Debt of the Agency is accelerated or required to be prepaid, purchased or redeemed prior to its stated maturity, the Bank may declare the principal amount of all outstanding Authorized Installments, all interest thereon and all other amounts payable hereunder to be immediately due and payable, whereupon the principal amount of all outstanding Authorized Installments, all such interest and all such other amounts shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by the Agency.

(b) If at the time that any such Event of Default occurs, any portion of the Letter of Credit is still undisbursed (that is, if the Letter of Credit is still in effect and has not been completely drawn against), the Agency will, after at least ten (10) days advance written notice, pay the Bank for application to drawings under the Letter of Credit an amount equal to the Available Amount of the Letter of Credit. Such funds shall be used to fund any future drawings thereafter on the Letter of Credit. Any amount so paid to the Bank that has not been drawn on or before the Stated Termination Date (as the same may have been extended pursuant to Section 2.09) of the Letter of Credit will be repaid to the Agency without interest upon expiration of the Letter of Credit.

(c) To the maximum extent allowed by Texas law, the Agency hereby (i) waives any immunity from suit that it may have in connection with this Agreement, and (ii) agrees that in the event of litigation between the Bank and the Agency relating to this Agreement, the Agency will not raise immunity from suit as a defense.

(d) Without limiting any other remedy available hereunder or at law or in equity, to the maximum extent permitted by law, the Bank may by mandamus (as described in Section 4.01(o) hereof) or other appropriate action or proceeding at law or in equity in any court of competent jurisdiction, enforce and compel performance of the Notes, the Resolution, this Agreement, and the JOA and every provision and covenant thereof, including without limiting the generality of the foregoing, the enforcement of the performance of all obligations and duties required to be done or performed by the Agency by the Resolution and the applicable laws of the State.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Agency therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Wire Transfer Instructions. All notices under this Agreement shall be in writing and either (x) hand delivered by messenger against receipt therefore, (y) mailed by registered or certified mail, postage prepaid and return receipt requested or sent prepaid by nationally recognized overnight courier service, or (z) sent by telecopier (facsimile) with a printed record of transmission, in each case addressed as follows:

(a) If to the Agency by mail, to:

Texas Municipal Power Agency
P.O. Box 7000
Bryan, Texas 77805
Attention: General Manager

If to the Agency by other means:

Texas Municipal Power Agency
2751 Nash Street, Suite 130
Bryan, Texas 77802
Attention: General Manager
Telephone No. 936.873.2013
Telecopy No. 936.873.1183

(b) If to the Bank, to:

Wells Fargo Bank, National Association
360 Interstate N. Pkwy SE, 5^{th} Floor
Atlanta, GA 30339-2204
Attention: Patrick Hennessey
Telephone No. (678) 589-4341
Telecopy No. (678) 589-4315

(c) If to the Paying Agent/Registrar, to:

U.S. Bank National Association
13737 Noel Road, Suite 800
Dallas, Texas 75240
Attention: Brian Jensen
Telephone No. (972) 581-1623
Email: brian.jensen@usbank.com

and if money is to be transmitted to the Bank the wire transfer instruction are:

ABA:	121000248
Name:	Wells Fargo Bank, N.A.
Account No.	00698314050720
Account Name:	Texas Municipal Power Authority
Address:	Roanoke, VA
Customer Name:	Texas Municipal Power Agency
OBGR:	8862819507
OBLN:	**NEW – assigned at booking
REF:	Short Term NOTE payoff's

or to such other address as a party may designate. Notices shall be deemed to have been given when delivered (or, if mailed, on the second Business Day).

Section 7.03. No Waiver; Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity.

Section 7.04. Right of Set-Off. Upon the occurrence and during the continuance of any Event of Default, the Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Agency against any and all of the obligations of the Agency now or hereafter existing under this Agreement, whether or not the Bank shall have made any demand hereunder and although such obligations may be contingent or unmatured.

Section 7.05. Indemnification. To the maximum extent allowed by Texas law, the Agency hereby covenants to defend, indemnify and hold the Bank, its Affiliates and each of the officers, directors, employees and agents of the Bank or any Affiliate (each, an "Indemnified Party") harmless from and against any and all claims, causes of action, damages, losses, liabilities, obligations, costs or expenses (including without limitation reasonable attorneys' fees whether incurred by an Indemnified Party in a dispute or litigation involving the Agency or involving a third party) that an Indemnified Party may incur or which may be claimed or asserted against such Indemnified Party by any person or entity:

(a) by reason of or in connection with the execution, delivery or performance of the Resolution or the JOA, respectively, or any transaction contemplated by the Resolution or the JOA, respectively;

(b) by reason of or in connection with the execution and delivery of the Notes by the Agency, or the purchase and holding of the Notes by the Bank as note purchaser under the Resolution;

(c) in the form of any demand, lawsuit, proceeding, claim or cause of action filed or alleged against the Bank by any Person and relating to this Agreement or the Notes;

(d) by reason of or in connection with the execution and delivery or transfer of, or payment or failure to make payment under, the Letter of Credit; provided, however, that the Agency shall not be required to indemnify the Bank pursuant to this Section 7.05 for any claims, damages, losses, liabilities, costs or expenses to the extent caused by the Bank's willful failure to make lawful payment under the Letter of Credit after the presentation to it by the Beneficiary of documents strictly complying with the terms and conditions of the Letter of Credit; and

(e) relative to and/or as a consequence of (a) any failure by the Agency to perform any of its agreements or obligations hereunder or under any of the other Related Documents, (b) the Letter of Credit and any Advances and acceptances being made under or purported to be made thereunder, or (c) any action taken or admitted by the Bank and/or its branches, affiliates and/or correspondents at the request of the Agency or in the administration or enforcement of this Agreement;

provided, in each case, that the Agency shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, directly caused by (1) the willful misconduct or negligence of the Bank or (2) the Bank's willful failure to pay under the Letter of Credit after the presentation to it by the Beneficiary of a draft and certificate strictly complying with the terms and conditions of the Letter of Credit, to the extent that there has been a final and nonappealable judgment of a court of competent jurisdiction that such claims, damages, losses, liabilities, costs and expenses were directly caused by the willful misconduct or negligence of the Bank. If any proceeding shall be brought or threatened against an Indemnified Party by reason of or in connection with the events described in this Section, such Indemnified Party shall promptly notify the Agency in writing and the Agency shall assume the defense thereof, including the employment of counsel and the payment of all costs of litigation. The Agency will not settle or compromise any such action or claim without the prior written consent of the relevant Indemnified Party if the settlement or compromise would require any act or admission by such Indemnified Party or any of its Affiliates, or impose any cost or expense on the Indemnified Party or its Affiliates or impose any limitation on the business or future actions of the Indemnified Party or its Affiliates. Notwithstanding the preceding sentence, an Indemnified Party shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of an Indemnified Party unless (x) the employment of such counsel has been authorized in writing by the Agency or (y) the Agency, after due notice of the action, shall not have promptly employed counsel to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such Indemnified Party shall be borne by the Agency. The Agency shall not be liable for any settlement of any such action effected without its consent.

Nothing in this Section 7.05 is intended to limit or impair the Agency's obligations contained or described in Article II. Without prejudice to the survival of any other obligation of the Agency hereunder, to the maximum extent permitted by law, the indemnities and obligations of the Agency contained in this Section 7.05 shall survive the payment in full of amounts payable pursuant to Article II and the termination of the Letter of Credit.

Section 7.06. No Liability of the Bank. The Agency assumes all risks of the acts or omissions of the Beneficiary of the Letter of Credit with respect to its use of the Letter of Credit. To the maximum extent permitted by law, neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit, or the proceeds of any Advance or of any Note or Authorized Installment, or any acts or omissions of the Beneficiary in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by the Bank against presentation of documents that do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit or any action or omission of the Bank or its Affiliates with respect to the purchase and holding by the Bank of the Notes or any Authorized Installment, except that the Agency shall have a claim against the Bank, and the Bank shall be liable to the Agency, to the extent, but only to the extent, of any direct, actual damages, as opposed to any lost profits, consequential, special, indirect or punitive (or exemplary) damages (the right to receive or recover lost profits, consequential, special, indirect or punitive (or exemplary) damages being hereby irrevocably waived by the Agency), suffered or incurred by the Agency, and not required to be mitigated by the Agency which are determined by a final and nonappealable judgment of a court of competent jurisdiction or a duly constituted arbitration panel pursuant to Section 7.22, as the case may be, to be directly caused by the Bank's willful failure to make lawful payment under the Letter of Credit after the presentation to it by the Beneficiary pursuant to documents delivered to the Bank strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, to the maximum extent permitted by law, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 7.07. Costs, Expenses and Taxes. The Agency agrees to pay on demand all costs and expenses (including reasonable counsel fees and expenses) in connection with (i) the breach by the Agency of any covenant herein or in any other Related Document, (ii) the Bank's protection of its lien and security interest created hereunder, (iii) any consent, waiver or approval requested by the Agency hereunder, (iv) the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and such other documents which may be delivered in connection with this Agreement, including, without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 7.07, (v) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from paying any amount under the Letter of Credit or (vi) the termination or amendment of this Agreement or the Letter of Credit. In addition, the Agency shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement or the Letter of Credit or any such other documents, and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

Section 7.08. Payment Under the Letter of Credit. The Agency authorizes the Bank to pay any Advance upon presentation to the Bank of documentation substantially complying with the terms of the Letter of Credit. The Agency hereby authorizes the Bank to receive, accept and/or pay as complying with the terms of the Letter of Credit any Advances and/or other documents under the

Letter of Credit that are otherwise in order but are signed by, or issued to, any administrator, executor, assignee for the benefit of creditors, trustee in bankruptcy or receiver for any property of the Beneficiary or any other party in whose name it is provided in the Letter of Credit that any Advances, acceptances and/or other documents thereunder should be drawn. The Bank and its branches, affiliates and/or correspondents shall not be responsible for costs (including reasonable attorneys' fees) arising from the events described in Section 7.05(c) hereof. Any and all of the following provisions may be waived by the Bank in its sole discretion, and the Bank and its branches, affiliates and/or correspondents shall not be liable or responsible in any respect for any noncompliance therewith or waiver thereof: (a) any requirement that Advances or acceptances under or purported to be under the Letter of Credit bearing reference to or otherwise identify the Letter of Credit, (b) any requirement that the amount of any Advances or acceptances under or purported to be under the Letter of Credit be noted thereon, and/or (c) any requirement that any party send or forward documents physically apart from any Advances or acceptance.

Section 7.09. Binding Effect; Successors and Assigns; Certain Pledges. (a) This Agreement shall become effective when it shall have been executed by the Agency and the Bank and thereafter shall be binding upon and inure to the benefit of the Agency and the Bank and their respective successors and assigns, except that the Agency shall not sell, assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bank (and any attempted assignment or transfer without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby), any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Bank may at any time and without the consent of or notice to the Agency sell, transfer, and assign to one or more Persons as purchasers, transferees and assignees its entire right, title and interest in and to the Notes, including the Authorized Installments and this Agreement, or any lesser portion thereof, in accordance with the following terms; provided that if the Bank makes a Full Assignment (as defined below), the Bank shall deliver written notice to the Agency identifying the assignee, who shall thereupon replace the Bank for all purposes as a party to this Agreement:

(i) The Bank may sell, transfer and assign its interests in the Notes, including the Authorized Installments and this Agreement, or any portion thereof, to (A) any Affiliate or other related Person or (B) a tax-exempt trust or special purpose entity which issues certificates representing beneficial interests therein to any Person that is a Qualified Institutional Buyer as defined under Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), or (C) any other Person in a transaction that is exempt from registration under the Securities Act and applicable state law (any such Person under (A), (B) or (C) being referred to as an "Assignee");

(ii) The right, title and interest of the Bank in the Notes, including the Authorized Installments and this Agreement shall be referred as its "Loan Portion"; any sale, transfer and assignment of the entire Loan Portion is referred to as a "Full Assignment";

(iii) To the extent that there is at any time more than one owner of Notes, the Agency shall prepare and execute and the Paying Agent/Registrar shall authenticate and deliver multiple Notes payable to each owner in an amount equal to the principal amount of such owner's Loan Portion and in an aggregate amount equal to the sum of the Commitment plus the principal amount, if any, drawn on the Letter of Credit. Upon delivery by the Bank to the Paying Agent/Registrar of the Note being transferred in whole or in part, together with the assignment attached thereto duly completed, the Agency shall prepare and execute and the Paying Agent/Registrar shall authenticate and deliver to the Assignee (or Assignees) a Note payable to the order of Assignee in an amount equal to its Loan Portion and to the retaining owner, if any, a Note payable to the order of such owner in an amount equal to its retained Loan Portion. Each such Note shall be further transferable and assignable along with such Loan Portion as provided in this Section.

(c) The Bank may, without the consent of or notice to the Agency sell participations to one or more Participants in all or a portion of the Bank's rights and obligations under the Notes, including the Authorized Installments and this Agreement; provided that (i) the Bank's obligations under this Agreement shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Agency and the Paying Agent/Registrar shall continue to deal with the Bank in connection with the Notes, including the Authorized Installments and this Agreement. Each Participant shall be entitled to the benefits of Article II, and Sections 7.05 and 7.06 hereof to the same extent as if it were the Bank and had acquired its interest by assignment pursuant to paragraph (b) of this Section. The Agency agrees to provide to the Bank, promptly upon request, a copy of the most recent financial information concerning the Agency and to assist the Bank in the preparation of any offering or disclosure document reasonably necessary or required in connection with any such assignment or participation or prospective assignment or participation.

(d) The Bank may at any time pledge or grant a security interest in all or any portion of its rights under the Notes, including the Authorized Installments and this Agreement (including, without limitation, rights to payment under the Notes, including the Authorized Installments and this Agreement) to secure obligations of the Bank, including any pledge or grant of a security interest to secure obligations to a Federal Reserve Bank; provided that no such pledge or grant of a security interest shall release the Bank from any of its obligations hereunder or thereunder or substitute any such pledgee or holder of a security interest for the Bank as a party hereto.

(e) Notwithstanding anything in this Agreement to the contrary, a Participant shall not be entitled to receive any greater payment under Section 2.06 than the Bank would have been entitled to receive with respect to the participation sold to such Participant.

Section 7.10. Usury Laws. It is the intent of the parties in the execution and performance of this Agreement to contract in strict compliance with the usury laws of the State of Texas from time to time in effect. In furtherance thereof, the Bank and the Agency stipulate and agree that none of the terms and provisions contained in this Agreement shall ever be construed to create a contract to pay for the use, forbearance or detention of the money loaned with interest at a rate in excess of the Maximum Interest Rate and that for purposes hereof, interest shall include the aggregate of all charges which constitute interest under such laws that are contracted for, charged or received under this Agreement. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the Maximum Interest Rate, the Agency and the Bank shall, to the maximum extent permitted under applicable law, (a) characterize any non-principal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayment or redemption and the effects thereof, (c) apply such amounts to the reduction of the principal amount owing hereunder and not to the payment of interest, and (d) allocate, prorate and spread the total amount of interest throughout the entire contemplated term of the loan. If, notwithstanding the provisions of Section 2.05 hereof pertaining to the calculation and payment of interest and the preceding provisions of this Section, the Bank shall collect moneys which are deemed to constitute interest at a rate in excess of the highest lawful rate, all such sums deemed to constitute interest in excess of the highest lawful rate shall be immediately returned to the payor thereof. The provisions of this Section shall control over all other provisions of this Agreement.

Section 7.11. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.13. Notice of Certain Events. The Agency agrees to provide immediate notice to the Bank by telephone, promptly confirmed in writing, of the occurrence of any Potential Default.

Section 7.14. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, and shall be performable in whole or in part in Brazos County, Texas.

(b) Jurisdiction. In the event that a dispute is not submitted to arbitration as provided in Section 7.22 for any reason, but becomes the subject of a judicial action, the parties agree that any state or federal court in Brazos County, Texas shall have (subject, however, to the right of either party to require arbitration of the matter as set forth in Section 7.22) exclusive jurisdiction and venue for any suit brought under or arising out of this Agreement.

(c) Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN THE EVENT THAT A DISPUTE IS NOT SUBMITTED TO ARBITRATION AS PROVIDED FOR IN SECTION 7.22 FOR ANY REASON, BUT BECOMES THE SUBJECT OF A JUDICIAL ACTION, EACH PARTY HERETO WAIVES ITS RIGHT TO A JURY TRIAL OF ANY AND ALL CLAIMS OR CAUSES OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATED DOCUMENTS. IT IS HEREBY ACKNOWLEDGED THAT THE WAIVER OF A JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE BANK TO ISSUE THE LETTER OF CREDIT AND THAT THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE AGENCY AND THE BANK IS MADE IN RELIANCE UPON SUCH WAIVER. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT SUCH WAIVER HAS BEEN KNOWINGLY AND VOLUNTARILY MADE FOLLOWING CONSULTATION WITH ITS RESPECTIVE LEGAL COUNSEL.

Section 7.15. No Israel Boycott. Pursuant to Section 2271.002, Texas Government Code, to the extent this Agreement is a contract for goods or services, the Bank hereby represents that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any (collectively, the “Bank Entities”), do not Boycott Israel and, subject to or as otherwise required by applicable

Federal law, including, without limitation, 50 U.S.C. Section 4607, the Bank Entities agree not to Boycott Israel during the term of this Agreement. For purposes of this Section, "Boycott Israel" shall have the meaning given such term in Section 808.001, Texas Government Code. The Bank understands "affiliate" for this Section and Section 7.16 hereof to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 7.16. Chapter 2252. The person or persons executing this Agreement on behalf of the Bank, or representing themselves as executing this Agreement on behalf of the Bank, hereby acknowledge that (a) the Bank Entities do not engage in business with Iran, Sudan or any foreign terrorist organization and (b) the Bank Entities are not named on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf,
https://comptroller.texas.gov/purchasing/docs/iran-list.pdf or
https://comptroller.texas.gov/purchasing/docs/fto-list.pdf

Section 7.17. Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Bank hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the Agency to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Bank understands the term "affiliate" as used in this Section to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 7.18. Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session, "SB 19"), Texas Government Code, as amended, the Bank verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

The foregoing verification is made solely to enable the Agency to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law.

As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" (A) means, with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. The Bank understands the term "affiliate" as used in this Section to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 7.19. US QFC Stay Rules.

(a) Recognition of U.S. Resolution Regimes. In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Agreement (and any interest and obligation in or under this Agreement and any property securing this Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Agreement are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings. Notwithstanding anything to the contrary in this Agreement or any Related Documents, but subject to the requirements of paragraph (a), no party to this Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to this Agreement that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Agreement shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

Section 7.20. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.21. No Other Agreements. THIS AGREEMENT AND RELATED WRITTEN AGREEMENTS EXECUTED IN CONNECTION HEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 7.22. Arbitration.

(a) Arbitration. To the maximum extent permitted by law, the parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise in any way arising out of or relating to (i) any credit subject hereto, or any of the Related Documents, and their negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit.

(b) Governing Rules. Any arbitration proceeding will (i) proceed in a location in Texas selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least $1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) No Waiver of Provisional Remedies, Self-Help and Foreclosure. The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is $5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than $5,000,000.00. Any dispute in which the amount in controversy exceeds $5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the State of Texas with a minimum of ten years' experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of Texas and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed any Loan Document, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment Of Arbitration Costs And Fees**.** The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the Related Documents or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the Related Documents or any relationship between the parties.

Section 7.23. Patriot Act. The Bank hereby notifies the Agency that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Agency, which information includes the name and address of the Agency and other information that will allow the Bank to identify the Agency in accordance with the Patriot Act. The Agency hereby agrees that it shall promptly provide such information upon request by the Bank.

Section 7.24. No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated by this Agreement and the Related Documents (including in connection with any amendment, waiver or other modification of this Agreement or of any Related Document), the Agency acknowledges and agrees that: (a)(i) any arranging, structuring and other services regarding this Agreement and the Related Documents provided by the Bank or any Affiliate of the Bank are arm's length commercial transactions between the Agency on the one hand, and the Bank and any Affiliate of the Bank on the other hand, (ii) the Agency has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Agency is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and the Related Documents; (b)(i) the Bank and each Affiliate of the Bank is and has been acting solely as a principal and has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Agency or any other Person and (ii) neither the Bank nor any Affiliate of the Bank has any obligation to the Agency with respect to the transactions contemplated by this Agreement and the Related Documents, except those obligations expressly set forth herein; and (c) the Bank and each Affiliate of the Bank may be engaged in a broad range of transactions that involve interests that differ from those of the Agency, and neither the Bank nor any Affiliate of the Bank has any obligation to disclose any of such interests to the Agency. To the fullest extent permitted by applicable laws, the Agency hereby waives and releases any claims that it may have against the Bank and each Affiliate of the Bank with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of the transactions contemplated by this Agreement and the Related Documents.

Section 7.25. EMMA Posting. In the event the Agency files with EMMA, this Agreement, any Related Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms, either voluntarily or as required pursuant to a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "*Rule*") (each such posting, an "*EMMA Posting*"), the Agency shall (i) provide the Bank with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. The Agency acknowledges and agrees that although the Bank may request review, edits or redactions of such materials prior to filing, the Bank is not responsible for the Agency's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

TEXAS MUNICIPAL POWER AGENCY

By:__________________________________
General Manager

[Signatures continue on next page]

WELLS FARGO BANK, NATIONAL ASSOCIATION

By:________________________________
Patrick Hennessey
Senior Vice President

EXHIBIT A

Wells Fargo Bank, N.A.
U. S. Trade Services
Standby Letters of Credit
MAC A0283-023
794 Davis Street, 2nd Floor
San Leandro, CA. 94577-6922
Phone: 1(800) 798-2815 Option 1
E-Mail: sftrade@wellsfargo.com

Irrevocable Standby Letter Of Credit

Number: [__________]

Issue Date: **[_________]**, 2022

BENEFICIARY:
RAILROAD COMMISSION OF TEXAS
Attention: Surface Mining and Reclamation Division
1701 North Congress Avenue, 11th Floor
Austin, Texas 78701

APPLICANT:
TEXAS MUNICIPAL POWER AGENCY
2751 Nash Street, Suite 130
Bryan, Texas 77802
Attention: General Manager

LETTER OF CREDIT ISSUE AMOUNT: $3,500,000
EXPIRY DATE: June 6, 2023

LADIES AND GENTLEMEN:

We have been informed by the Texas Municipal Power Agency ("Permittee"), but do not independently verify that this Letter of Credit is issued in connection with surface mining and reclamation operations conducted by the Permittee in the area covered by the Surface Mining and reclamation Permit No. 26D, as now or hereafter amended, revised or replaced (the "Permit") and that this Letter of Credit is to secure Permittee's Collateral Bond to the Railroad Commission of Texas for the Permit. The preceding sentence is inserted in this Letter of Credit for informational purposes only and will not affect, or become a part of, the terms and conditions of this Letter of Credit.

We hereby represent to the Railroad Commission of Texas that we are a bank (we may be hereinafter referred to as the "Bank") authorized to do business in the United States of America.

We hereby issue in favor of the Railroad Commission of Texas, Austin, Texas our Irrevocable Standby Letter of Credit for an amount (the "Available Amount") not to exceed in the aggregate Three Million Five Hundred Thousand and No/100 United States Dollars ($3,500,000 U.S.), with such Available Amount to be available with us at our above office by payment of your draft(s) drawn at sight on Bank mentioning thereon this Letter of Credit No. [__________]. The Bank agrees that the Letter of Credit shall be irrevocable during its term.

DRAFTS(S) MAY NOT BE DATED OR PRESENTED TO US FOR PAYMENT PRIOR TO JUNE 7, 2022, AND This Letter of Credit expires at our above office on June 6, 2023 (the "Expiry Date"). Amount(s) drawn hereunder will permanently reduce the Available Amount under this Letter of Credit and such amount(s) shall not be subject to reinstatement.

ALL DRAFTS, DEMANDS, OR DOCUMENTS PRESENTED UNDER THIS L/C AND ALL NOTICES AND COMMUNICATIONS MADE WITH RESPECT TO THIS L/C MUST BE PRESENTED OR DELIVERED TO WELLS FARGO BANK, N.A., STANDBY LETTER OF CREDIT PROCESSING, 794 DAVIS STREET, 2ND FLOOR, SAN LEANDRO, CALIFORNIA 94577-6922.

Draft(s) must be presented to us on or on or before the Expiry Date and must be accompanied by:

A. This Irrevocable Standby Letter of Credit or a copy thereof; and

B. Your signed and dated statement reading as follows:

> "The undersigned, an authorized representative of the Railroad Commission of Texas hereby certifies that the amount drawn is due to us pursuant to the terms of 16 TAC Sec. 12.314 or 16 TAC Sec. 12.309 (g)(2)."

We engage with you that drafts drawn under and in conformity with the terms of this Letter of Credit will be duly honored on presentation to us at our office at the address shown above on or before the Expiry Date.

This Letter of Credit is subject to the Uniform Customs and Practice For Documentary Credits (2007 revision in force as of July 1, 2007), International Chamber of Commerce Publication No. 600.

Documentation from the Bank establishing the authority of the signatory to this Letter of Credit to bind the Bank is attached. Also attached is a copy of the Bank's charter or other evidence of the Bank's authority to do business in the United States.

Very truly yours

WELLS FARGO BANK, N.A.

BY: ____________________________
(AUTHORIZED SIGNATURE)

EXHIBIT B

OPINION OF COUNSEL TO THE AGENCY

[__________], 2022

Wells Fargo Bank, National Association
Attention: President Business District Manager

Re: Texas Municipal Power Agency

Gentlemen:

We are general counsel to Texas Municipal Power Agency, a Texas municipal power agency (the "Agency"). In that capacity we are familiar with the matters relating to the preparation, execution, and delivery of a Note Purchase Agreement relating to the Letter of Credit to Railroad Commission of Texas for Surface Mining and Reclamation Permit No. 26D (the "Agreement"), dated as of February 1, 2022. Terms defined in the Agreement are used herein as therein defined. Among other things, we have examined:

(1) fully executed counterparts of the Agreement;

(2) the Letter of Credit;

(3) a fully executed counterpart of the Joint Operating Agreement, as amended to date;

(4) the Collateral Bond (the "Collateral Bond") executed and delivered in connection with the Agreement; and

(5) the documents delivered by or on behalf of the Agency pursuant to the Agreement.

We have also examined the originals, or copies certified to our satisfaction, of (i) such other corporate records of the Agency, certificates of public officials and of officers of the Agency, (ii) the agreements, instruments and documents which affect or purport to affect the obligations of the Agency under the Agreement, and (iii) such other agreements, instruments and documents as we have deemed necessary as a basis for the opinions hereinafter expressed. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon certificates of the Agency or its officers or of public officials. We have assumed the due execution and delivery of the Agreement and all amendments thereto by the Bank.

Based upon the foregoing and upon such investigation as we have deemed necessary we are of the opinion that:

1. The Agency is a municipal power agency, municipal corporation, and political subdivision of the State of Texas that is duly organized and validly existing under the laws of the State of Texas. The Agency has not been disincorporated (or dissolved) and no proceedings are pending to disincorporate (or dissolve) the Agency.

2. The execution, delivery, and performance by the Agency of the Agreement, the Joint Operating Agreement and the Collateral Bond are within the Agency's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) the Rules and Regulations of the Agency, (ii) law, or (iii) any contractual restriction binding on or affecting the Agency, and do not result in or require the creation of any lien, security interest or other charge or encumbrance (except as provided in or contemplated by the Agreement) upon or with respect to any of its properties.

3. Subject to the authority of the Railroad Commission of Texas to approve the form and the amount of the Collateral Bond, no authorization, approval or other action by, and no notice to, or filing or registration with, any Governmental Authority or other person is required for the due execution, delivery, and performance by the Agency of the Agreement, the Joint Operating Agreement or any Collateral Bond.

4. The Agreement, the Joint Operating Agreement and the Collateral Bond to which the Agency is a party have been duly executed and delivered by the Agency and are the legal, valid, and binding obligations of the Agency enforceable against the Agency in accordance with their respective terms.

5. To the best of our knowledge, there is no pending or threatened action or proceeding against or affecting the Agency before any Governmental Authority which may materially adversely affect the financial condition or operations of the Agency or which purports to affect the legality, validity or enforceability of the Agreement, the Joint Operating Agreement or the Collateral Bond.

The opinions set forth above are subject to the following qualifications:

(a) The enforceability of the Agency's obligations under the Agreement, the Joint Operating Agreement and the Collateral Bond is subject to the effect of any applicable bankruptcy, insolvency, reorganization moratorium or similar laws affecting creditors' rights generally.

(b) The enforceability of the Agency's obligations under the Agreement, the Joint Operating Agreement and the Collateral Bond may be subject to general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) No opinion is expressed herein in relation to (i) whether the Agency enjoys immunity from suit and (ii) the enforceability of the waiver of immunity to suit in Section 6.02(c) of the Agreement.

This opinion letter (i) is being delivered solely to the addressee hereof and may not be relied on by any other person or entity without our prior written consent and (ii) is rendered solely for information and assistance in connection with the Agreement and may not be relied on for any other purpose.

Very truly yours,

Tiemann, Shahady & Hamala, P.C.

By:____________________________
Carl J. Shahady

EXHIBIT C

INCREASED COSTS AND TAX INDEMNITY

"Applicable Law" means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

"Change in Law" means the occurrence, after the Date of Issuance, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Excluded Taxes" means, with respect to the Bank or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank or such Participant is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Agency is located.

"Governmental Approvals" means an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any Governmental Authority.

"Governmental Authority" means the government of the United States or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

"Law" means any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Other Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

"Related Documents" means the Paying Agent/Registrar Agreement, dated as of February 1, 2022, the Letter of Credit, and any exhibits, schedules, instruments or agreements relating thereto, as the same may be amended, modified or supplemented in accordance with their terms and the terms hereof.

"Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the Effective Date, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Effective Date.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

Section 1. *Increased Costs*.

(a) ***Increased Costs Generally***. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any Participant;

(ii) subject the Bank to any Tax of any kind whatsoever with respect to this Agreement or the Letter of Credit, or change the basis of taxation of payments to the Bank in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 2 and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank); or

(iii) impose on the Bank any other condition, cost or expense affecting this Agreement or the Letter of Credit;

and the result of any of the foregoing shall be to increase the cost to the Bank related to issuing or maintaining the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank hereunder (whether of principal, interest or any other amount) then, upon written request of the Bank and to the maximum extent permitted by law, the Agency shall promptly pay to the Bank such additional amount or amounts as will compensate the Bank for such additional costs incurred or reduction suffered.

(b) ***Capital Requirements***. If the Bank determines that any Change in Law affecting the Bank or the Bank's parent or holding company, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on the Bank's or the Bank's parent or holding company holding, if any, as a consequence of this Agreement, or for maintaining the Letter of Credit, to a level below that which the Bank or the Bank's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's policies and the policies of the Bank's parent or holding company with respect to capital adequacy), then from time to time upon written request of the Bank and to the maximum extent permitted by law, the Agency shall promptly pay to the Bank such additional amount or amounts as will compensate the Bank or the Bank's parent or holding company for any such reduction suffered.

(c) ***Certificates for Reimbursement***. A certificate of the Bank setting forth the amount or amounts necessary to compensate the Bank or the Bank's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Agency, shall be conclusive absent manifest error. The Agency shall pay the Bank the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) ***Delay in Requests***. Failure or delay on the part of the Bank to demand compensation pursuant to this Section shall not constitute a waiver of the Bank's right to demand such compensation.

Section 2. Taxes.

(a) ***Payments Free of Taxes***. Any and all payments by or on account of any obligation of the Agency hereunder shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided that if the Agency shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Agency shall make such deductions and (iii) the Agency shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) ***Payment of Other Taxes by the Agency***. Without limiting the provisions of paragraph (a) above, the Agency shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) ***Indemnification by the Agency***. To the maximum extent permitted by law, the Agency shall indemnify the Bank within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Bank and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating in reasonable detail the amount of such payment or liability delivered to the Agency by the Bank shall be conclusive absent manifest error. In addition, to the maximum extent permitted by law, the Agency shall indemnify the Bank, within thirty (30) days after demand therefor, for any incremental Taxes that may become payable by the Bank as a result of any failure of the Agency to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Bank, pursuant to clause (d), documentation evidencing the payment of Taxes.

(d) ***Evidence of Payments***. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Agency to a Governmental Authority, the Agency shall deliver to the Bank the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Bank.

(e) ***Treatment of Certain Refunds***. If the Bank determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified pursuant to this Section (including additional amounts paid by the Agency pursuant to this Section), it shall pay to the applicable indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Bank, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the applicable indemnifying party, upon the request of the Bank, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Bank in the event the Bank is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the Bank be required to pay any amount to an indemnifying party pursuant to this paragraph (e) the payment of which would place the Bank in a less favorable net after-Tax position than the Bank would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Bank or to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Agency or any other Person.

(f) **Survival**. Without prejudice to the survival of any other agreement of the Agency hereunder, the agreements and obligations of the Agency contained in this Section shall survive the termination of this Agreement and the Letter of Credit and the payment in full of the obligations of the Agency thereunder and hereunder.

Section 3. Termination

In the event TMPA determines that costs incurred or to be incurred under this Exhibit render the Note Purchase Agreement uneconomical to TMPA, TMPA may terminate the Letter of Credit upon at least forty five (45) days written notice to the Bank. Notwithstanding said notice period, no termination under this Section shall be effective until the date on which (i) the Railroad Commission of Texas, by order, accepts a replacement of the Letter of Credit, and (ii) delivers to the Bank the original Letter of Credit together with written, irrevocable instruction from the Railroad Commission of Texas to cancel the Letter of Credit as such date (the “Early Letter of Credit Termination Date”). Termination will be effective on the later to occur of the (i) the Early Letter of Credit Termination Date and the (ii) the date specified in the notice of termination. All compensation due under the Agreement, including costs incurred under this Exhibit, shall be paid to the Bank through the date of termination. Notwithstanding termination of the Letter of Credit, provisions in the Note Purchase Agreement, that expressly survive termination of the Letter of Credit, including this Exhibit, shall survive such termination.

NOTE PURCHASE AGREEMENT

between

WELLS FARGO BANK, NATIONAL ASSOCIATION

and

TEXAS MUNICIPAL POWER AGENCY

relating to

$2,005,000
Texas Municipal Power Agency
Mine Reclamation Notes
Taxable Series L

and securing the

Letter of Credit to
Railroad Commission of Texas for
Surface Mining and Reclamation Permit No. 38D

dated as of

February 1, 2022

ARTICLE I
DEFINITIONS

ARTICLE II
AMOUNT AND TERMS OF THE LETTER OF CREDIT

ARTICLE III
CONDITIONS OF ISSUANCE

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS

ARTICLE V
COVENANTS OF THE AGENCY

ARTICLE VI
EVENTS OF DEFAULT

ARTICLE VII
MISCELLANEOUS

NOTE PURCHASE AGREEMENT

NOTE PURCHASE AGREEMENT (this “Agreement”), dated as of February 1, 2022, between the **Texas Municipal Power Agency**, a municipal corporation and political subdivision of the State of Texas (the “Agency”), and **Wells Fargo Bank, National Association**, a national banking association (the “Bank”).

PRELIMINARY STATEMENTS:

A. The Agency operates pursuant to the provisions of Subchapter C-1 of Chapter 163 of the Texas Utilities Code and its member cities are together with 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 (herein collectively "Cities" or individually "City").

B. As of the Agency Debt Discharge Date (as hereinafter defined), the Cities have no further obligations under the Power Sales Contract to make payment for System Debt, the Power Sales Contract has been terminated and no System Debt is outstanding.

C. The Agency and each City have entered into certain contractual agreements between and among the Agency and each City to provide for the mutual rights and responsibilities of the Agency and the Cities as to the operations of the Agency, including asset management, decommissioning, environmental remediation, indemnities, and the winding up of affairs of the Agency upon dissolution, and such contractual agreements have been included in a Joint Operating Agreement between the Agency and each City, which is effective as of September 1, 2016, as amended by Amendment No. 1 to the Joint Operating Agreement, which amendment subsequently became ineffective, and as amended by Amendment No. 2 to the Joint Operating Agreement, effective as of September 22, 2017, by Amendment No. 3 to the Joint Operating Agreement, effective as of September 17, 2019 and by Amendment No. 4 to the Joint Operating Agreement, effective as of June 28, 2021 (as amended, such agreement is hereinafter referred to as the "JOA").

D. The Cities have certain payment obligations under the JOA, including the obligation to pay and reimburse to the Agency, as an operating expense of each City’s electric system, the costs of the services undertaken by the Agency pursuant to the JOA, which services include the mine remediation work and related financing costs associated with the Agency’s Collateral Bond (the “Collateral Bond”) for Surface Mining and Reclamation Permit No. 38D (the “Permit”).

E. The Agency is authorized by Subchapter C-1 of Chapter 163, Texas Utilities Code, as amended (the “TMPA Act”), Chapter 1371, Texas Government Code, as amended ("Chapter 1371") and other applicable laws of the State of Texas to issue obligations such as the notes authorized under the Resolution (as hereinafter defined), in one or more series, to fund costs of "eligible projects" (as such term is defined in Government Code Section 1371.001(2)(A)(i), as amended), which include capital costs associated with the environmental remediation of the TMPA lignite mine as set forth in the TMPA mine remediation plan, as required by the Texas Surface Coal Mining and Reclamation Act, Chapter 134, Natural Resources Code (the "Mining Act") and to secure such obligations with all or part its revenues after first providing for the payment of its operating and maintenance costs.

F. The Cities have agreed in the JOA to make payments under certain circumstances to the Agency to pay debt service coming due on Agency "Mine Reclamation Bonds" (as hereinafter defined) and the Notes (as hereinafter defined) constitute Mine Reclamation Bonds within the meaning of the JOA.

G. The Agency has requested the Bank to issue its Letter of Credit to the Railroad Commission of Texas (the "Beneficiary"), in substantially the form of Exhibit A (the "Letter of Credit"), in the amount of $2,000,000 (the available amount under the Letter of Credit, as adjusted pursuant to the Letter of Credit, being referred to herein as the "Commitment") to serve as collateral to secure the Collateral Bond to the Beneficiary for the Permit. For purposes of clarity, the Commitment is calculated without reference to the initial Authorized Installment in the amount of $5,000, which is advanced as a loan on the Closing Date.

H. In consideration for the issuance of the Letter of Credit to the Beneficiary, and to induce the Bank to issue and deliver said Letter of Credit, the Agency and the Bank will enter into this Note Purchase Agreement to evidence and secure the payment and performance of all obligations and covenants of the Agency to the Bank in connection with the delivery of the Letter of Credit as provided herein. In furtherance thereof, the Agency has adopted, under and in accordance with Texas Government Code § 1371.056(c) and the TMPA Act, Resolution No. 2021-12-4 (the "Resolution"), on December 9, 2021, Authorizing the Issuance of Texas Municipal Power Agency Mine Reclamation Notes Taxable Series L (the "Notes") and Texas Municipal Power Agency Mine Reclamation Notes Taxable Series K (the "Series K Notes"). The Resolution authorizes the issuance of the Notes and the Series K Notes to finance Project Costs of Eligible Projects (as each such term is defined in the Resolution), in an aggregate principal amount not to exceed $6,000,000 and their installment delivery to the Bank in connection with advances by the Bank under the Letter of Credit.

I. The Resolution constitutes an "obligation authorization," as defined in Chapter 1371 and this Agreement constitutes a "credit agreement" as defined in Chapter 1371.

J. The Agency is authorized under the TMPA Act and Texas Government Code §§ 1371.103 through 1371.105 to pledge the JOA Payments (as hereinafter defined) required to be made by the Cities under the JOA and this pledge of the JOA payments is perfected when made in the form set forth in this Agreement.

K. The payment and other obligations of the Agency under the Notes and this Agreement will be secured by and be payable from the JOA Payments and the Note Payment Fund.

L. The Bank has agreed, subject to the terms of this Agreement, to issue the Letter of Credit.

M. To induce the Bank to issue the Letter of Credit, the parties have entered into this Agreement in order to evidence the covenants and obligations of the respective parties with respect to the Letter of Credit and to provide for the issuance of the Notes including the Authorized Installments (as defined hereinafter) and the terms of repayment of the Notes including the

Authorized Installments and any amounts drawn under the Letter of Credit and to secure the obligations of the Agency under the Notes, including the Authorized Installments and this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and in order to induce the Bank to issue the Letter of Credit, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"*Advance*" means any payment made by the Bank under the Letter of Credit.

"*Affiliate*" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"*Agency Debt Discharge Date*" means September 1, 2018.

"*Agreement*" means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more instruments entered into pursuant to the applicable provisions hereof.

"*Anti-Corruption Laws*" means, to the extent applicable to the Agency: (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which the Agency or any member of the Borrowing Group is located or doing business.

"*Anti-Money Laundering Laws*" means laws or regulations, to the extent applicable to the Agency, in any jurisdiction in which the Agency or any member of the Borrowing Group is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

"*Authorized Installment*" means an Authorized Installment, as defined in the Resolution, which shall be a principal portion of the Notes in an amount equal to (a) in the case of the Initial Authorized Installment, $5,000 and (b) in the case of every Authorized Installment after the Initial Authorized Installment, the principal amount of a particular related Advance under the Letter of Credit, reflecting payment by the Bank at par of the purchase price of such Authorized Installment to the Beneficiary on behalf of the Agency.

"*Authorized Representative*" means, one or more of the following officers and employees of the Agency, acting in concert or individually, to wit: the President, Vice President, Secretary, Assistant Secretary or General Manager, or any other officers or employees of the Agency duly appointed as such by resolution of the Agency.

"*Available Amount*" in effect at any time means the maximum amount available to be drawn at such time under the Letter of Credit.

"*Base Rate*" means, for any date of determination, the per annum rate equal to the highest of (i) the Prime Rate plus one percent (1.00%), (ii) the Fed Funds Rate plus two percent (2.00%) and (iii) seven percent (7.00%).

"*Beneficiary*" has the meaning assigned to that term in the Preliminary Statements.

"*BHC Act Affiliate*" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"*Borrowing Group*" means: (a) the Agency, (b) any Affiliate or subsidiary of the Agency, (c) any guarantor, (d) the owner of any collateral securing any part of the credit, any guaranty, or this Agreement, and (e) any officer, director or agent acting on behalf of any of the parties referred to in items (a) through (c) with respect to the credit, this Agreement or any of the other Related Documents.

"*Business Day*" means any day of the year that the Bank is open for full banking business.

"*Cities*" means the cities of Bryan, Denton, Garland, and Greenville, Texas.

"*Closing Date*" means February 14, 2022.

"*Collateral Bond*" has the meaning assigned to that term in the Preliminary Statements.

"*Commitment*" has the meaning assigned to that term in the Preliminary Statements.

"*Confidential Information*" means any sensitive or confidential information regarding the Agency, the Bank or any Affiliate of the Bank including, without limitation, address and account information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees and signatories.

"*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"*Covered Entity*" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Debt*” means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, notes or other similar instruments, (iii) obligations to pay the deferred purchase price of property or services, (iv) obligations as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases, and (v) any other obligation considered to be debt under GAAP.

“*Default Rate*” means, for any date of determination, a fluctuating per annum rate of interest equal to the Base Rate plus three percent (3.00%).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*Effective Date*” means the date provided in Section 2.01 upon which the Letter of Credit is effective and may be drawn upon, on and subject to its terms, which date shall in any case not precede the expiry date of the Bank’s Letter of Credit No. IS000172266U.

“*Electric System*” means, for each of the Cities, in the case of the City of Bryan, its Electric System; in the case of the City of Greenville, its Electric System; in the case of the City of Garland, its Electric Utility System; and in the case of the City of Denton, its Utility System.

“*EMMA*” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System or any service or services established by the Municipal Securities Rulemaking Board (or any of its successors) as a successor to the Electronic Municipal Market Access System.

“*Event of Default*” has the meaning assigned to that term in Section 6.01.

“*Failure to Replace Draw*” means a draw on the Letter of Credit by the Beneficiary under the circumstances described in 16 Texas Administrative Code §12.309(g).

“*Fed Funds Rate*” means, for any date of determination, a fluctuating rate of interest per annum equal to the weighted average (rounded to the next higher 1/100 of 1%) of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded to the next higher 1/100 of 1%) of the quotations for such day on such transactions received by Wells Fargo Bank, National Association from three federal funds brokers of recognized standing selected by Wells Fargo Bank, National Association. Each determination of the Fed Funds Rate by Wells Fargo Bank, National Association shall be conclusive and binding on the Agency.

“*Fitch*” means Fitch Ratings, Inc.

"*GAAP*" means, as of any date, the accounting principles, methods and terminology generally accepted in the United States for use by governmental entities owning and operating electric utilities, or such other systems as may be required by any regulatory agency.

"*Governmental Authority*" means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority having jurisdiction or supervisory or regulatory authority over the Agency.

"*Initial Authorized Installment*" has the meaning assigned to such term in Section 2.04(b) hereof.

"*Initial Note*" means the non-interest bearing Note, Number T-1, delivered to and held by the Paying Agent/Registrar.

"*Insolvency Proceeding*" means a receivership, insolvency, liquidation, resolution, or similar proceeding.

"*JOA*" has the meaning assigned to such term in the Preliminary Statements.

"*JOA Payments*" means the payments unconditionally required to be made to the Agency by the Cities pursuant to all of the following sections of the JOA: 2.6.2.6, 2.7, 2.11.3 and 3.2.1, which payments are required to be made under the JOA without set off, recoupment or counterclaim, and without regard to whether a City has exited the Agency's mining (or generation or transmission) business category following the execution and delivery of this Agreement and any Notes.

"*Letter of Credit*" has the meaning assigned to that term in the Preliminary Statements.

"*Mandatory Redemption Date*" means, in the case of any Authorized Installment and Advance, the day that is the 91st day after the date of issuance of such Authorized Installment and the making of such Advance, but in no case later than the Maximum Maturity Date.

"*Maximum Interest Rate*" means the higher of (a) the maximum net effective interest rate permitted by applicable law at the time of issuance of the Letter of Credit, which is fifteen percent (15%) per annum, or (b) the maximum net effective interest rate permitted by law to be paid thereon as provided by Texas Government Code §1204.006, as amended.

"*Maximum Maturity Date*" means the 91st day after the earlier of (i) the Stated Termination Date and (ii) the last available draw on the Letter of Credit.

"*Mine Reclamation Bonds*" has the meaning assigned to that term in the Resolution.

"*Moody's*" means Moody's Investors Service, Inc.

"*Note Payment Fund*" has the meaning assigned to the term "Mine Reclamation Note Payment Fund" in the Resolution.

"*Notes*" has the meaning assigned to such term in the Preliminary Statements.

"*Patriot Act*" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56 (signed into law October 26, 2001).

"*Paying Agent/Registrar*" means U.S. Bank National Association, and its successors and assigns.

"*Paying Agent/Registrar Agreement*" means that certain Paying Agent/Registrar Agreement dated as of February 1, 2022, between the Agency and the Paying Agent/Registrar.

"*Person*" means an individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated association or organization or any other judicial entity, or foreign, state or any agency or political subdivision thereof.

"*Potential Default*" means any condition, event or act which, with the giving of notice or the lapse of time, or both, will constitute an Event of Default hereunder.

"*Power Sales Contract*" means the Power Sales Contract, dated September 1, 1976, as amended, between the Agency and the Cities.

"*Preliminary Statements*" means the statements contained in paragraphs A. though M. that begin on page 1 of this Agreement.

"*Pricing Certificate*" has the meaning assigned to such term in the Resolution.

"*Prime Rate*" means, for any date of determination, the rate of interest per annum most recently established by Wells Fargo Bank, National Association in its sole discretion as its "prime rate." The parties hereto acknowledge that the rate announced by Wells Fargo Bank, National Association as its prime rate is an index or base rate and shall not necessarily be publically announced or be its lowest or best rate charged to its customers or other banks. If at any time (a) Wells Fargo Bank, National Association ceases to exist or (b) Wells Fargo Bank, National Association ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported). Each change in the Prime Rate shall be effective without notice as of the opening of business on the day such change in the prime rate occurs.

"*Pro Rata Share*" as used in Section 5.01(j), Pro-Rata Share means, in the case of each respective City, 21.7% for the City of Bryan; 21.3% for the City of Denton; 47.0% for the City of Garland; and 10.0% for the City of Greenville.

"*Related Documents*" has the meaning assigned to that term in Section 2.11.

"*Resolution*" has the meaning assigned to such term in the Preliminary Statements.

"*Sanction*" or "*Sanctions*" means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future statute or Executive Order, (b) the United Nations Security Council, (c) the European Union, (d) the United Kingdom, or (e) any other Governmental Authority with jurisdiction over the Agency or any member of the Borrowing Group.

"*Sanctioned Target*" means any target of Sanctions, including: (a) Persons on any list of targets identified or designated pursuant to any Sanctions, (b) Persons, countries, or territories that are the target of any territorial or country-based Sanctions program, (c) Persons that are a target of Sanctions due to their ownership or control by any Sanctioned Target(s), or (d) otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

"*Security Register*" has the meaning assigned to such term in the Resolution.

"*Series I Mine Reclamation Notes*" means the $3,405,000 Texas Municipal Power Agency Mine Reclamation Notes Taxable Series I, issued by the Agency on February 16, 2021.

"*Series J Mine Reclamation Notes*" means the $6,505,000 Texas Municipal Power Agency Mine Reclamation Notes Taxable Series J, issued by the Agency on February 16, 2021.

"*Series K Notes*" has the meaning assigned to such term in the Preliminary Statements.

"*Standard & Poor's*" means Standard & Poor's Ratings Services, a division of Standard & Poor's Financial Services LLC., its successors and assigns.

"*Stated Termination Date*" means the expiration date of the Letter of Credit provided in Section 2.01.

"*Step-up Rate*" means, for any date of determination, a fluctuating per annum rate of interest equal to the Base Rate plus one percent (1.00%).

"*System Debt*" means all Debt of the Agency other than Transmission Debt and Mine Reclamation Bonds.

"*Term*" means the period of time beginning on and including the Effective Date and ending on and including the Stated Termination Date.

"*Transmission Debt*" has the meaning assigned to such term in the Resolution.

"*U.S. Special Resolution Regime*" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

Section 1.02. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

Section 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistently applied, except as otherwise stated herein.

Section 1.04. Preliminary Statements. The Preliminary Statements are incorporated in the body of this Agreement by this reference and shall constitute a constituent part of the agreement between the parties set forth herein.

ARTICLE II

AMOUNT AND TERMS OF THE LETTER OF CREDIT

Section 2.01. Letter of Credit. The Bank agrees, subject to and on the terms and conditions hereinafter set forth, to issue the Letter of Credit to the Beneficiary in the amount of the Commitment, which Letter of Credit shall be effective on June 7, 2022, as stated therein (the "Effective Date") and shall expire on June 6, 2023, as set forth therein (the "Stated Termination Date" and, as referred to in the Letter of Credit, the "Expiry Date").

Section 2.02. Issuing the Letter of Credit. The Letter of Credit shall be issued on at least two (2) Business Days' notice from the Agency to the Bank specifying the Business Day of issuance thereof. On such Business Day specified by the Agency in such notice and upon fulfillment of the applicable conditions set forth in Article III, the Bank will issue the Letter of Credit to the Beneficiary. Notwithstanding the issuance by the Bank of the Letter of Credit on the Closing Date, it is expressly acknowledged and agreed by the Agency that drawings may be submitted under the Letter of Credit only during its Term.

The Letter of Credit will be subject to, and performance under the Letter of Credit by the Bank and the Beneficiary will be governed by, the "Uniform Customs and Practice for Documentary Credits (2007 revision in force as of July 1, 2007), International Chamber of Commerce, Publication No. 600," or by later Uniform Customs and Practice fixed by later Congresses of the International Chamber of Commerce as in effect on the date the Letter of Credit is issued.

Section 2.03. Commitment Fee. The Agency agrees to pay to the Bank in advance commencing upon the issuance of the Letter of Credit and thereafter on the first Business Day of each September, December, March and June (each, a "Quarterly Payment Date") a non-refundable commitment fee in accordance with the following terms: (i) at all times other than as described under subpart (ii) of this Section 2.03, a commitment fee equal to 110 basis points (1.10%) times the amount of the Commitment and (ii) at all times after and during the continuance of an Event of Default, a commitment fee equal to 410 basis points (4.10%) times the amount of the Commitment. The commitment fee shall be computed on the basis of a three hundred sixty (360) day year and actual days elapsed from and including the Quarterly Payment Date (or, in the case of the initial payment, the Effective Date) and to (but not including) the immediately succeeding Quarterly Payment Date (or the Stated Termination Date, if sooner). If at any time, prior to the Stated Termination Date, the Beneficiary takes action that would enable the Agency to lower the amount of its reclamation bond, then, upon the Agency's request, the Bank agrees to execute and submit an amended and restated letter of credit, a revised collateral bond, and such other certificates and documents as reasonably may be required to obtain the approval of the Beneficiary of the reclamation bonding in such lower amount. In such case, the commitment fee would remain at its applicable level of basis points, but the quarterly installment payment of the commitment fee will be adjusted prospectively to reflect the reduced Commitment.

Section 2.04. Notes.

(a) *Issuance of Initial Note*. On the Closing Date, the Agency shall issue to the Paying Agent/Registrar in accordance with the terms of the Resolution the Initial Note. The Initial Note shall (i) be dated February 1, 2022, (ii) be issued pursuant to the terms of the Resolution such that, among other things, Authorized Installments shall be issued by the Paying Agent/Registrar thereunder upon (A) a $5,000 loan to the Agency in the case of the Initial Authorized Installment and (B) in all other cases, a draw on the Letter of Credit (as set forth more fully below), (iii) bear interest as set forth in the Resolution, (iv) be secured by the JOA Payments, as described in the Preliminary Statements and Section 2.13 hereof, and (v) be payable (only to the extent of Authorized Installments having been issued, purchased and delivered), as to principal, not later than the Mandatory Redemption Date of such Authorized Installment (or such earlier date as provided herein).

(b) *Issuance of Initial Authorized Installment and the Purchase thereof by the Bank*. On the Closing Date, (i) the Paying Agent/Registrar shall issue the initial Authorized Installment in a principal amount equal to $5,000 (the "Initial Authorized Installment"), (ii) the Bank shall purchase such Initial Authorized Installment in an amount equal to $5,000 by making a short-term loan in such amount to the Agency, (iii) the Paying Agent/Registrar shall register the Bank as the owner of such Authorized Installment in the Security Register and (iv) the Paying Agent/Registrar shall record on the Initial Note the principal amount of such Authorized Installment and the payments of the principal of and interest on such Authorized Installment, which shall be payable (only to the extent of such Authorized Installment having been issued, purchased and delivered), as to principal, not later than the Mandatory Redemption Date of such Authorized Installment (or such earlier date as provided herein); *provided, however*, that the failure of the Paying Agent/Registrar to register the Bank as owner of the Authorized Installment or to record any such amount shall not limit or otherwise affect the obligations of the Agency to repay all amounts owed on such Authorized Installment, together with all interest accrued thereon as provided in Section 2.05. The Initial Authorized Installment shall bear no interest for the first 30 days it is outstanding and thereafter accrue interest at the Step-Up Rate for days 31-91 after issuance.

(c) *Further Issuances of the Authorized Installments and the Purchase thereof by the Bank*. On each day on which the Bank shall honor a demand for payment under the Letter of Credit (such payment by the Bank being herein referred to as an "Advance"), the Bank shall give notice to the Paying Agent/Registrar of such Advance and the Paying Agent/Registrar shall, automatically and without any notice to or consent by the Agency or any other Person, issue in the principal amount of such Advance an Authorized Installment. Each Authorized Installment shall (i) have a Mandatory Redemption Date of 91 days after its date of issuance, (ii) be subject to prior redemption as set forth herein and in the Resolution and (iii) bear interest in accordance with the Note and as set forth in this Agreement. On the date of an Advance under the Letter of Credit (each a "*Bank Purchase Date*") and concurrently upon payment of such Advance, (w) the Advance constitutes the purchase by the Bank of an Authorized Installment at par in a principal amount equal to the principal amount of the Advance, (x) the Paying Agent/Registrar shall immediately deliver to the Bank such Authorized Installment, (y) the Paying Agent/Registrar shall register the Bank as the owner of the Authorized Installment in the Security Register and (z) the Paying Agent/Registrar shall record on the Initial Note the principal amount of such Authorized Installment; *provided, however*, in consideration of the delivery of the Letter of Credit, a corresponding Authorized Installment is deemed issued, purchased and delivered to the Bank on the date of any Advance and the failure of the Paying Agent/Registrar to deliver such Authorized Installment or to register the Bank as the Owner of the Authorized Installment or record any such amount will not limit or otherwise affect the unconditional and irrevocable obligation of the Agency to repay all amounts owed on any such Authorized Installment, together with all interest accrued thereon as provided in the Note and this Agreement. If and to the extent that there has been an Advance and the related Authorized Installment has not been issued and delivered to the Bank pursuant to and in accordance with the terms of the Resolution and this Agreement, the Agency shall be unconditionally obligated to reimburse the Bank for such Advance as the corresponding Authorized Installment is deemed to be issued, purchased and delivered, such payment obligation to be payable on the date and to bear interest at the rate applicable to such Authorized Installment, assuming for such purpose that such Authorized Installment had been so issued and delivered as required by the Resolution and this Agreement.

Section 2.05. Payment of Interest on and Principal of Authorized Installments and Advances. Upon the making of any Advance by the Bank under the Letter of Credit, the Bank shall have purchased an Authorized Installment in the principal amount of such Advance which shall bear interest and be repaid as provided herein. Payments by the Agency of principal of and interest on an Authorized Installment shall be applied *pro tanto* to, and shall constitute, the payment of the principal of and interest on the corresponding Advance.

(a) The Agency hereby agrees to pay to the Bank interest on each Authorized Installment commencing with the Bank Purchase Date of each Advance, as follows: interest on the outstanding principal amount of such Authorized Installment until payment in full, at a fluctuating interest rate per annum equal to the Base Rate for the first thirty (30) days such Authorized Installment is outstanding and equal to the Step-up Rate for days 31-91 that such Authorized Installment is outstanding, with said rate to be adjusted to reflect any change in the Base Rate at the time of any such change, provided that after an Event of Default occurs, the outstanding unpaid balance of such Authorized Installment shall bear interest at the Default Rate until paid in full. Interest shall be payable monthly in arrears, on the first Business Day of each month, and on the Mandatory Redemption Date (or other date of payment of principal) of such Authorized Installment. Interest on each Authorized Installment shall be computed on the basis of a three hundred sixty (360) day year and actual days elapsed. All such calculations shall be performed by the Bank and, absent manifest error, shall be conclusive and binding on the parties to this Agreement. For the sake of clarity, the Initial Note has not been delivered to the Bank, but shall be delivered on the Closing Date and thereupon the Paying Agent/Registrar shall record on the Initial Note the principal amount of such Authorized Installment and the payments of the principal of and interest on such Authorized Installment in accordance with Section 2.04(b)(iv). The Initial Note shall bear interest as set forth in the Resolution.

(b) The amount of interest accruing in respect of any Authorized Installment for any interest accrual period calculated in accordance with the provisions of the preceding paragraph shall not exceed the Maximum Interest Rate. If (i) for any interest accrual period the applicable rate of interest (calculated as a net effective interest rate) would exceed the Maximum Interest Rate, then (ii) the applicable rate of interest shall not exceed but shall be capped at such Maximum Interest Rate and (iii) in any interest accrual period thereafter that the applicable rate of interest (calculated as a net effective interest rate) is less than the Maximum Interest Rate, such Authorized Installment shall bear interest at the Maximum Interest Rate until the earlier of (x) payment to the Bank of an amount equal to the amount which would have accrued but for the limitation of the applicable rate of interest set forth under (i) hereinbefore and (y) its respective Mandatory Redemption Date. It is expressly agreed that the provisions of this Section and applicable Texas law (i) permit the Bank to charge interest, in accordance with the terms hereof, up to the Maximum Interest Rate, and such Maximum Interest Rate will not be less than a net effective interest rate of 15% per annum (as defined by Texas Government Code, Section 1204.006), and (ii) permit the recapture of interest by allowing the applicable interest rate to exceed a rate of 15% per annum so long as and provided that such interest rate does not at any time exceed the maximum net effective interest rate (as defined by Texas Government Code, Section 1204.006) permitted by applicable law at the time of issuance of the Notes.

(c) Upon the making of an Advance and the purchase of the related Authorized Installment, the Authorized Installment shall be subject to redemption and payment in full on the following terms:

(i) If (x) the representations and warranties of the Agency contained in Article IV of this Agreement (excluding the rating requirement of Section 4.01(h)(i)) are not true and correct in all material respects on the related Bank Purchase Date or (y) a Potential Default or Event of Default has occurred and is continuing on the related Bank Purchase Date, the principal amount of the related Authorized Installment will be due and payable by the Agency to the Bank and subject to redemption in full on such Bank Purchase Date.

(ii) If (x) the representations and warranties of the Agency contained in Article IV of this Agreement (excluding the rating requirement of Section 4.01(h)(i)) are true and correct in all material respects on the related Bank Purchase Date and (y) no Potential Default or Event of Default has occurred and is continuing on the related Bank Purchase Date, the principal amount of the related Authorized Installment, together with all accrued interest thereon, will be due and payable by the Agency to the Bank and subject to redemption in full on the earlier of: (A) in the case of an Authorized Installment arising from a Failure to Replace Draw on the Letter of Credit, not later than the first to occur of (1) thirty (30) days from the date of the related Advance and (2) the Stated Termination Date and (B) in all cases other than as described under (A), the Mandatory Redemption Date of such Authorized Installment. Each payment shall be applied first to accrued interest and the balance to the outstanding principal owed.

(iii) The Agency may prepay and optionally redeem or cause to be redeemed, without penalty, the amount of any Authorized Installment outstanding in whole or in part with accrued interest to the date of such redemption on the amount redeemed. Any redemption in part shall be applied by the Bank against each such Authorized Installment in the order in which each such Authorized Installment was issued (or deemed issued), with the Authorized Installment that has been outstanding the longest period of time being paid first.

(iv) Unless the Agency shall have otherwise previously advised the Bank in writing, payment by the Bank of an Advance under the Letter of Credit shall be deemed to constitute a representation and warranty by the Agency that as of such Bank Purchase Date (i) the representations and warranties of the Agency contained in Article IV are true and correct in all material respects and (ii) no Potential Default or Event of Default has occurred and is continuing.

(v) The Initial Authorized Installment shall be paid or redeemed in full on or before its Mandatory Redemption Date.

Section 2.06. Increased Costs and Tax Indemnity. Increases in cost to the Bank of issuing and maintaining the Letter of Credit and indemnity for taxes are governed by Exhibit C.

Section 2.07. Payments and Computations. The Agency shall make each payment hereunder not later than 2:00 P.M. (Texas time) on the day when due in lawful money of the United States of America to the Bank at its address referred to in Section 7.02 by wire transfer in same day funds. Any payment received by the Bank after 2:00 P.M. (Texas time) shall be deemed to have been received on the next Business Day and will accrue interest in accordance with Section 2.05. Subject to the subordination provisions of Section 2.12, the Agency hereby authorizes the Bank, if and to the extent payment is not made when due hereunder, to charge from time to time against any or all of the Agency's accounts with the Bank any amount so due.

Section 2.08. Payments on Non-Business Days. Whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest.

Section 2.09. [Reserved.]

Section 2.10. [Reserved.]

Section 2.11. Obligations Absolute. The payment obligations of the Agency under the Notes, including the Authorized Installments and this Agreement and any other agreement or instrument relating to the Letter of Credit shall, to the extent allowed by law, be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of this Agreement, the Letter of Credit, the Collateral Bond, the JOA, the Resolution, the Pricing Certificate, the Notes, the Paying Agent/Registrar Agreement or any other agreement or instrument relating to any of the foregoing (collectively the "Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Agency in respect of the Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the Related Documents;

(iii) the existence of any claim, set-off, defense or other right that the Agency may have at any time against the Beneficiary or any transferee of the Letter of Credit (or any persons or entities for whom such Beneficiary or any such transferee may be acting), the Bank, or any other person or entity, whether in connection with this Agreement, the transactions contemplated hereby or by the Related Documents or any unrelated transaction;

(iv) in the absence of willful malfeasance or negligence of the Bank, any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the Bank under the Letter of Credit against presentation of a draft, certificate, or document which does not comply with the terms of the Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any document, for all or any of the obligations of the Agency in respect of the Letter of Credit;

(vii) any amendment or waiver of or any consent to departure from the terms of this Agreement, the Letter of Credit or any other agreement or instrument related thereto that has not been agreed to in writing by the Bank; or

(viii) the failure of the Bank to provide any notice to the Agency pursuant to the terms of this Agreement.

Section 2.12. [Reserved.]

Section 2.13. Pledge of JOA Payments. The Resolution creates a valid and irrevocable first lien on, pledge of, and security interest in the JOA Payments, together with the Note Payment Fund (and all funds from time to time accruing thereto) (collectively, the "Pledged Revenues"), as security for the Initial Note and all Authorized Installments purchased by the Bank hereunder and all action necessary to perfect the lien on, pledge of, and security interest of the Bank in such Pledged Revenues has been duly and validly taken as of the Closing Date. The Agency hereby irrevocably pledges and grants to the Bank, on an equal and ratable basis with the purchaser of any other Notes issued under the Resolution, as security for the payment by the Agency, when due, of all obligations now or at any time hereafter owing to the Bank under this Agreement including payment of all Authorized Installments, the deposit of all sums and the payment of all fees and the payment and performance of all other obligations of the Agency hereunder, a lien on and security interest in the Pledged Revenues and the right to enforce certain remedies under the Resolution as described therein.

Section 2.14. Application of Chapter 346 of the Finance Code. The Agency and the Bank agree that Chapter 346 of the Finance Code shall not apply to this Agreement or the arrangements between the Agency and the Bank arising under this Agreement or the Letter of Credit.

ARTICLE III

CONDITIONS OF ISSUANCE

Section 3.01. Condition Precedent to Issuance of the Letter of Credit. The obligation of the Bank to issue the Letter of Credit on the Closing Date is subject to the condition precedent that the Bank shall have received on or before the date of the issuance of the Letter of Credit the following, each dated such date, in form and substance satisfactory to the Bank:

(a) Complete and correct copies of (i) the concurrent ordinances establishing the Agency, certified to be true and correct copies by the applicable Governmental Authorities, (ii) the Resolution and the Agency's Rules and Regulations and General Policy, each as amended to date, and each as certified to be in full force and effect as of a recent date by the applicable Governmental Authority and (iii) each of the other documents, certificates and instruments required to be delivered under the Resolution including without limitation the ratings letters delivered as a precondition to the issuance of the Notes.

(b) Originals (or copies certified to be true copies by an appropriate officer of the Agency) of all governmental and regulatory approvals necessary for the Agency with respect to this Agreement and the transactions contemplated hereby, including without limitation, approval by the Beneficiary of the Letter of Credit and Collateral Bond.

(c) A certificate of the Secretary or an Assistant Secretary or other authorized officer of the Agency certifying the names, offices held, and true signatures of the officers of the Agency authorized to sign this Agreement and the other documents to be delivered by it hereunder.

(d) An opinion of the Attorney General of the State of Texas approving the proceedings relating to the Notes and this Agreement.

(e) An opinion of McCall, Parkhurst & Horton L.L.P. as special counsel to the Agency covering the Resolution, the Notes, and the validity and perfection of the pledge of JOA Payments, and certain other matters, in form and substance satisfactory to the Bank.

(f) An opinion of general counsel for the Agency, in substantially the form of Exhibit B hereto and as to such other matters as the Bank may reasonably request.

(g) The original Initial Note delivered to the Paying Agent/Registrar; issuance of the initial Authorized Installment by the Paying Agent/Registrar.

(h) A true copy of the JOA certified by an officer of the Agency as being a true and complete copy of the original document.

(i) An executed copy of this Agreement, the Paying Agent/Registrar Agreement and the Collateral Bond.

(j) Written confirmation (e.g., Bloomberg screenshot) of the individual City Electric System's unenhanced, long-term debt Ratings as of the Closing Date.

(k) Such other evidence with respect to the Agency as the Bank may reasonably request to establish the consummation of the transactions contemplated under this Agreement, including such other approvals, opinions or documents as the Bank may reasonably request.

Section 3.02. Additional Conditions Precedent to Issuance of the Letter of Credit. The obligation of the Bank to issue the Letter of Credit shall be subject to the further conditions precedent that on the date of the issuance of the Letter of Credit the following statements shall be true and the Bank shall have received a certificate signed by a duly authorized officer of the Agency, dated the date of such issuance, stating that:

(i) The representations and warranties contained in Section 4.01 of this Agreement are correct on and as of the date of issuance of the Letter of Credit, before and after giving effect to such issuance, as though made on and as of such date; and

(ii) No petition by or against the Agency has at any time been filed under the United States Bankruptcy Code or under any similar act;

(iii) No default or event which with the passage of time or the giving of notice, or both, would constitute a default has occurred and is continuing under the Resolution or the JOA, respectively, except such as may be disclosed in the opinion given pursuant to Section 3.01(d); and

(iv) No event has occurred and is continuing, or would result from such issuance, which constitutes an Event of Default or a Potential Default.

Section 3.03. Fee. The obligation of the Bank to issue the Letter of Credit shall be subject to the further condition precedent that on the date of issuance of the Letter of Credit the Agency shall have paid to the Bank the commitment fee provided for in Section 2.03.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.01. Representations and Warranties of the Agency. In order to induce the Bank to issue the Letter of Credit, the Agency represents and warrants to the Bank, and covenants with the Bank, as follows:

(a) *Existence*. The Agency is a municipal corporation and political subdivision of the State of Texas which is duly organized and validly existing under the laws of the State of Texas.

(b) *Authorization and Non-Contravention*. The Agency is duly authorized under the laws of the State to create and issue the Notes; all action on its part for the creation and issuance of the Notes has been duly and effectively taken, and the Notes in the hands of the purchasers thereof are and will be valid and enforceable special obligations of the Agency payable in accordance with their terms. The execution, delivery and performance by the Agency of this Agreement, the Initial Note and the other Related Documents to which it is a party are within the Agency's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene or violate (i) the Agency's by-laws, or any resolutions adopted by its Board of Directors or (ii) law (including, without limitation, any order, rule or regulation applicable to the Agency) or any contractual restriction binding on or affecting the Agency or its property (including without limitation any restriction in any documents relating to bonds or commercial paper issued by the Agency or in the JOA), and do not result in or require the creation of any lien, security interest or other charge or encumbrance (except as provided in or contemplated by this Agreement) upon or with respect to any of its properties. The individual signing this Agreement is an Authorized

Representative, entitled and authorized to bind the Agency to each of the provisions herein set forth.

(c) *Approvals and Filings*. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Agency of this Agreement or any other Related Document which has not been duly obtained or made.

(d) *Enforceable Obligations*. This Agreement is, and the other Related Documents to which it is a party when delivered, are or will be, legal, valid and binding obligations of the Agency enforceable against the Agency in accordance with their respective terms, assuming due authorization and delivery by the other parties to such agreements.

(e) *Financial Information*. The balance sheet of the Agency as at September 30, 2021 and the related statements of income and retained earnings of the Agency for the fiscal year then ended, copies of which have been furnished to the Bank, fairly present the financial condition of the Agency as at such date and the results of the operations of the Agency for the period ended on such date, all in accordance with GAAP consistently applied, and since September 30, 2021, there has been no material adverse change in such financial condition or operations.

(f) *Litigation*. There is no pending or threatened action or proceeding affecting the Agency or, to the knowledge of the Agency based solely on the certificates of each of the Cities, any of the Cities before any Governmental Authority which may materially adversely affect the financial condition or operations of the Agency or any of the electric systems of the Cities, or which purports to affect the legality, validity or enforceability of this Agreement or any other Related Document, except any such action or suit described in the opinion of counsel provided pursuant to Section 3.01(d).

(g) *JOA*. The JOA has been duly authorized, executed and delivered by each of the parties thereto and is a valid and enforceable agreement on the date hereof and, subject to the matters described in the opinion of counsel provided pursuant to Section 3.01(d), no default or event which with the passage of time or the giving of notice, or both, would constitute a default exists with respect to any party under said contract and to the knowledge of the Agency all parties are in full compliance with said contract.

(h) *Ratings*. (i) The Agency's Transmission Debt carries a long-term rating of A1 by Moody's. Such rating has been unchanged since June 21, 2021.

(ii) The City Electric System debt long-term ratings are as follows: (A) the City of Bryan: AA- by Fitch and A+ by Standard & Poor's; the City of Denton: A by Fitch and A+ by Standard & Poor's; the City of Garland: senior lien debt: AA by Fitch and A by Standard & Poor's and subordinate lien debt: AA- by Fitch, A by Standard & Poor's and A1 by Moody's; the City of Greenville: senior lien debt: A by Standard & Poor's and subordinate lien debt: A- by Standard & Poor's (collectively, the "City Electric System Ratings").

(i) *JOA Payments Pledge*. Pursuant to the Resolution and this Agreement there shall exist a valid first lien on, pledge of, and security interest in the Pledged Revenues as security for the Initial Note and all Authorized Installments purchased by the Bank hereunder, and as security for the payment by the Agency, when due, of all obligations now or at any time hereafter owing to the Bank under this Agreement including payment of all Authorized Installments, deposit of all sums, payment of all fees and payment and performance of all other obligations of the Agency hereunder.

(j) *Effectiveness of Pledge*. Chapter 1208, Texas Government Code, applies to the issuance of the Notes and the pledge of the JOA Payments by the Agency, and such pledge is therefore valid, effective, and perfected as of the Closing Date.

(k) *Reclamation Obligations*. The Agency is in full compliance with its reclamation obligations with respect to Permit No. 38D, except as may be described in the certificate issued by the Agency pursuant to Section 3.02 of this Agreement.

(l) *Construction Contracts*. All of the construction contracts, for which performance and payment bonds are required by law, entered into by the Agency with respect to its reclamation operations are secured by performance and payment bonds. Such contracts are presently in full force and effect, and there are no existing defaults or events which, with the passage of time or the giving of notice or both, would constitute a default under such contracts.

(m) *Permit*. In relation to Permit 38D, there exists no liability of the Agency under the Texas Coal Mining and Reclamation Act, the regulations promulgated pursuant to said Act, or Permit No. 38D, as originally issued, amended, revised, renewed, or replaced, other than completion of the reclamation plans required under Permit No. 38D. As of the date hereof, the Agency's completion of the reclamation plans is on schedule and all reclamation work is expected to be completed on schedule and within budget.

(n) *No Default*. No Potential Default or Event of Default has occurred and is continuing.

(o) *Sovereign Immunity; Mandamus; Etc,*. (i) The duties and obligations of the Agency under the Notes, this Agreement, the Resolution, and the JOA that are clearly defined and non-discretionary and for which there is no other remedy available at law shall be enforceable by mandamus in any court of competent jurisdiction. Without limiting any other remedies set forth herein or in the other Related Documents, in the case of a breach or default by the Agency under this Agreement or the other Related Documents, the Bank (provided that the Bank has not wrongfully dishonored a draw on the Letter of Credit presented in strict compliance with the terms thereof) shall be entitled to file a mandamus action in any court of competent jurisdiction in Brazos County, Texas, or other court of competent jurisdiction, against the Agency, its officers or employees.

(ii) To the fullest extent permitted by applicable Texas law and pursuant to Section 1371.059(c) of the Texas Government Code, as amended, with respect to its obligations arising under this Agreement, the Agency agrees that it will not claim any immunity on the grounds of sovereignty or other similar grounds from any action, suit or proceeding arising under or relating to this Agreement or any of the other Related Documents, whether to enforce the provisions hereof or thereof or to recover damages for the breach hereof or thereof.

(p) *Agency Payment Obligations*. The payment obligations of the Agency under the Notes, including the Authorized Installments and this Agreement constitute costs properly assessed by the Agency for recovery of the cost of services undertaken by the Agency pursuant to the JOA, as contemplated under Section 2.7 of the JOA.

(q) *Cities' Payment Obligations*. The payment obligations of the Cities under sections 2.6.2.6, 2.7, 2.11.3 and 3.2.1 of the JOA constitute operating expenses of the respective Cities' electric systems as provided in Section 2.7 of the JOA and, in accordance with Texas Government Code § 1502.056(c), the pledge of the JOA Payments constitutes a first lien on the revenues of the respective Cities' electric systems.

(r) *Rate Covenant*. In the JOA, each City has irrevocably covenanted to establish, maintain and collect rates and charges for the electric service of its electric system which shall produce revenues at least sufficient, together with other revenues available to such electric system and available electric system reserves, to enable it to pay to the Agency, when due, all amounts payable by each City under the JOA.

(s) *Anti-Money Laundering and Anti-Corruption Laws; Sanctions*.

(i) Each member of the Borrowing Group has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Anti-Money Laundering Laws and Anti-Corruption Laws. To the best of the Agency's knowledge, after due care and inquiry, no member of the Borrowing Group is under investigation for an alleged violation of Anti-Money Laundering Laws or Anti-Corruption Laws by a Governmental Authority that enforces such laws.

(ii) No member of the Borrowing Group is a Sanctioned Target. No member of the Borrowing Group is owned or controlled by, or is acting or purporting to act for or on behalf of, directly or indirectly, a Sanctioned Target. Each member of the Borrowing Group has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Sanctions. To the best of the Agency's knowledge, after due care and inquiry, no member of the Borrowing Group is under investigation for an alleged violation of Sanction(s) by a Governmental Authority that enforces Sanctions. The Agency will notify the Bank in writing not more than one Business Day after first becoming aware of any breach of this Section.

ARTICLE V

COVENANTS OF THE AGENCY

Section 5.01. Affirmative Covenants. So long as a drawing is available under the Letter of Credit or the Bank shall have any Commitment hereunder or the Agency shall have any obligation to pay any Authorized Installment or other amount to the Bank under the Notes or hereunder, the Agency will, unless the Bank shall otherwise consent in writing:

(a) *Maintenance of Insurance*. Maintain insurance with responsible and reputable insurance companies or associations, or shall self-insure, in such amounts and covering such risks as is usually carried by governmental entities engaged in similar businesses and owning similar properties in the same general areas in which the Agency operates.

(b) *Preservation of Corporate Existence, Etc*. Preserve and maintain its existence as a municipal corporation and political subdivision of the State of Texas, and all of its statutory rights.

(c) *Compliance with Laws, Etc*. Comply in all material respects with the requirements of all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith. Notwithstanding the foregoing, the Agency shall, and the Agency shall ensure that each member of the Borrowing Group shall, comply with Sanctions, Anti-Money Laundering Laws and Anti-Corruption Laws.

(d) *Visitation Rights*. At any reasonable time and from time to time, permit the Bank or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Agency, and to discuss the affairs, finances and accounts of the Agency with any of their respective officers or directors and with their independent certified public accountants.

(e) *Keeping of Books*. Keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Agency in accordance with GAAP consistently applied.

(f) *Maintenance of Properties, Rates and Charges, Etc*. Maintain and preserve all of its properties which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted and to at all times maintain rates and charges for all services furnished, provided and supplied by the Agency, to enable the Agency to timely pay all obligations to the Bank hereunder.

(g) *Pledges*. The Agency shall promptly take all actions and measures necessary to ensure the continuing validity, perfection and priority of the pledge described in the Preliminary Statements and Section 2.13 of this Agreement, and in Section 4.01 of the Resolution including, without limitation, all actions and measures described in Section 4.01(b) of the Resolution.

(h) *Covenants Relating to Annual Budget and Collections*. the Agency covenants and agrees with the Bank as follows:

(i) The JOA Payments are available to pay the Agency’s services, including the Agency's mining business category, in accordance with the JOA.

(ii) Annually, in accordance with Section 3.2.1 of the JOA, the Board of the Agency shall adopt annual budgets by business category, and, specifically, the Board shall adopt the mining business category Annual Budget, and in connection therewith, the Board shall adopt charges to be invoiced monthly to the Cities for the recovery of the amounts due and owing under the Resolution and the Notes to the note purchaser or under this Agreement to the Bank, including all fees and other amounts scheduled hereunder.

(iii) Upon each occurrence of an Advance and the purchase of a related Authorized Installment, the Agency will within ten (10) Business Days acting in accordance with Section 2.6.2.3 of the JOA, submit an amendment to the Annual Budget adding an amount sufficient to raise and produce the money required to pay all principal of and interest on the Authorized Installments as such amounts come due in each Fiscal Year ("Debt Service Payments") and to pay any other fees or amounts in relation thereto. Such an amendment to the Annual Budget shall include a payment schedule for each City setting forth the monthly Debt Service Payments required to be made by each City to the Agency for the respective Fiscal Year covered by the Annual Budget in accordance with the contract percentages for each City, as set forth in the JOA. In the case of any required deposit under Section 5.01(j) hereof, the Agency will proceed, *mutatis mutandis*, to submit an amendment to the Annual Budget, including a requisite payment schedule for the relevant City or Cities.

(iv) The Agency will timely invoice the Cities each month for their respective portions of the Debt Service Payments (and any other required deposits or fees under the Resolution or this Agreement including, without limitation, in the case of any deposit required under Section 5.01(j) hereof, the percentage of the Pro-Rata Share of a City of the Available Amount of the Letter of Credit required to be deposited with the Bank) as set forth in the amended Annual Budget and will use all available means (including taking action in accordance with Section 5.07(d) of the Resolution) to collect the Debt Service Payments (and such other amounts and deposits) for deposit into the Note Payment Fund (or special account, in the case of deposits under Section 5.01(j)) according to the requirements of this Agreement and the Resolution.

(i) *Performance and Compliance with Other Covenants*. Perform and comply with each of the covenants and agreements set forth in the Resolution and the JOA, respectively, without giving effect to any subsequent amendment, modification or termination thereof. In particular and not in limitation of the foregoing, the Agency will comply with the terms and conditions of the JOA and will cause the Cities, as parties to such agreement, their officials, and employees, to comply with all of their obligations under the JOA, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction and the employment of any other remedy available at law or in equity to enforce the Cities' obligations.

(j) *Deposits Upon Decline of Ratings*. In the event that the long-term senior debt ratings of any City's Electric System by Standard & Poor's, Fitch or Moody's, respectively, shall fall to BBB/BBB/Baa2 or BBB-/BBB-/Baa3, respectively, the Agency shall establish an interest bearing account with the Bank which will be dedicated to reimburse the Bank for the repayment of any drawing made under the Letter of Credit, such account to be funded not later than 15 calendar days after the reduction in ratings in an amount equal to 50% of that City's Pro-Rata Share of the Available Amount of the Letter of Credit and if any such rating shall fall below BBB-/BBB-/Baa3, respectively, or be withdrawn or suspended, the Agency shall deposit in such account (not later than 15 calendar days after such reduction in ratings) an amount which (together with all prior deposits therein) is equal to 100% of that City's Pro-Rata Share of the Available Amount of the Letter of Credit.

Any balance in such an account remaining after the Stated Termination Date and after payment of the principal of and interest on all Authorized Installments and payment of all other amounts payable to the Bank under this Agreement shall be paid to the Agency upon expiration of the Letter of Credit, as the Agency may direct.

(k) *Reporting Requirements*. Furnish to the Bank the following:

(i) as soon as possible, and in any event within five days after the occurrence of each Event of Default or each Potential Default, continuing on the date of such statement, a statement of the general manager of the Agency setting forth details of such Event of Default or Potential Default and the action which the Agency has taken and proposes to take with respect thereto;

(ii) a copy of each quarterly financial report (unaudited) that it supplies to its Board of Directors and annual audited financial statements (with a consolidation statement) within 90 and 120 days, respectively, from the close of the period; copies of the annual audited financial statements for each of the Cities at the earlier of (A) promptly after the date first available and (B) 210 days after the end of the fiscal year of such City;

(iii) as soon as possible, and in any event within five days after receipt, of any inspection report from the Beneficiary or any other state or federal agency relating to the reclamation operations of the Agency under Permit No. 38D or any correspondence or other notice from any such agency which relates to any sanction against or notice of non-compliance by the Agency with respect to its reclamation obligations;

(iv) promptly, (A) copies of any reports prepared by or for the manager of the reclamation operations which show that the operations are not on schedule or within budget in any material adverse respect and (B) written notice of any change in, or any announced or published withdrawal or suspension of one or more of the City Electric System Ratings;

(v) at least thirty (30) days prior written notice before the finalization and funding of any debt incurred by the Agency, whether subordinate or senior to the Agency's obligations hereunder, which exceeds ten percent (10%) of the net worth of the Agency;

(vi) at least thirty (30) days prior written notice of any sale of assets by the Agency for an aggregate price in excess of $10,000,000;

(vii) on the date of issuance of the Letter of Credit, but no later than March 1, 2022, an updated bond reduction schedule, dated no earlier than December 31, 2021, to be further updated in August during the term of this Agreement, containing the estimated amounts by which the Collateral Bond is anticipated to be reduced and the estimated schedules for such reductions; and

(viii) such other information respecting the business, properties, operations, or condition, financial or otherwise, of the Agency as the Bank may from time to time reasonably request.

(l) *Further Assurances*. Execute and deliver, or cause to be executed and delivered from time to time, such further instruments, supplements, amendments, modifications, consents, certifications, assignments, financing statements and other such documents and instruments as the Bank may, in its reasonable discretion, deem necessary or advisable in order to preserve and protect the rights of the Bank under this Agreement or to facilitate the performance of the covenants and obligations created pursuant to this Agreement.

Section 5.02. <u>Negative Covenants</u>. So long as a drawing is available under the Letter of Credit or the Bank shall have any Commitment hereunder or the Agency shall have any obligation to pay any Authorized Installment or other amount to the Bank under the Notes or hereunder, the Agency will not, without the written consent of the Bank, do or suffer to occur any of the following:

(a) *Modification of JOA.* The Agency will not consent to the modification, amendment or waiver of any covenant or provision of the JOA, which in the reasonable judgment of the Bank could reasonably be expected to adversely affect the ability of the Agency to perform its obligations under the Resolution or hereunder or the ability of the Bank to receive payment for all amounts due under the Notes including each Authorized Installment and this Agreement. The Agency will provide the Bank notice as promptly as practicable of any proposed amendments to or modifications or waivers of any provisions of the JOA, and of the meeting of the Board of Directors of the Agency when such proposed amendments, modifications or waivers are to be considered. In connection with any proposed modification, amendment or waiver of any such agreement, the Board shall make a determination that such modification, amendment or waiver, as the case may be, will not have an adverse effect as described in the preceding sentence and submit such determination to the Bank for its review, but the Bank shall make such determination acting in its sole reasonable discretion; provided, however, that an amendment to the JOA solely for the purpose of (and only including amendments directly related to) allowing the sale of power or energy to a City under the generation business segment shall not be subject to the approval right of the Bank as set forth in the first sentence of this Section 5.02(a).

(b) *Resolution a Contract*. The Resolution shall constitute a contract with the Bank and its successors and assigns, binding on the Agency and its successors and assigns, and shall not be amended, modified or repealed, nor shall any provision thereof be waived, by the Agency.

(c) *No Issuance of Additional Mine Reclamation Bonds, etc.*.

(i) Except as provided in subpart (ii)(C) of this Section 5.02(c), the Agency shall not issue or incur or suffer to exist any Mine Reclamation Bonds, other than the Notes and the Series K Notes authorized in connection with the Bank's letter of credit issued for the Agency's Surface Mining and Reclamation Permit No. 26D, nor shall the Agency issue or incur or have outstanding any other Debt or obligations relating to the Agency's Mining Business assets (as described in the JOA), which are secured by or payable from the JOA Payments.

(ii) The Agency shall not issue, incur or have outstanding any Debt other than (A) Mine Reclamation Bonds, if such Debt is secured in whole or in part by revenues derived from payments received by the Agency from the Cities pursuant to the JOA, other than payments securing Mine Reclamation Bonds, (B) Transmission Debt and (C) Series I Mine Reclamation Notes and Series J Mine Reclamation Notes (collectively, the "2021 Series Notes"), provided that the authority to issue 2021 Series Notes shall cease and terminate on the Effective Date.

(d) *2021 Series Notes*. The Agency will not permit any 2021 Series Notes to be outstanding at any time on or after the Effective Date and, prior to the Effective Date, shall pay or redeem or cause the payment or redemption of all 2021 Series Notes and the payment of all principal and interest due thereunder and all other amounts owing to the Bank in connection therewith.

(e) *Paying Agent/Registrar*. The Agency will not, without the prior written consent of the Bank (such consent not to be unreasonably withheld), appoint or permit the appointment of a successor Paying Agent/Registrar.

(f) *Use of Proceeds*.

(i) The Agency will not, and will ensure that each member of the Borrowing Group will not, directly or indirectly use any of the credit to fund, finance or facilitate any activities, business or transactions that would be prohibited by Anti-Money Laundering Laws or Anti-Corruption Laws.

(ii) The Agency will not, and will ensure that each member of the Borrowing Group will not, directly or indirectly use any of the credit to fund, finance or facilitate any activities, business or transactions: (A) that are prohibited by Sanctions, (B) that would be prohibited by U.S. Sanctions if conducted by a U.S. Person, or (C) that would be prohibited by Sanctions if conducted by the Bank, or any other party to this Agreement. The Agency will notify the Bank in writing not more than one Business Day after first becoming aware of any breach of this Section.

(g) *Source of Repayment and Collateral*. The Agency will not fund any repayment of the credit with proceeds, or provide as collateral any property, that is directly or indirectly derived from any transaction or activity that is prohibited by Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws, or that could otherwise cause the Bank or any other party to this Agreement to be in violation of Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01. Events of Default. The occurrence of any of the following events shall be an "Event of Default" hereunder:

(a) The Agency shall fail to pay any amount payable hereunder when the same becomes due and payable; or

(b) Any representation or warranty made, or deemed made, by the Agency herein or by the Agency (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made or deemed made; or

(c) (i) The Agency shall fail to perform or observe any term, covenant or agreement set forth in Sections 5.01(b), 5.01(g), 5.01(h), 5.01(i), 5.01(j) or 5.01(k)(i) or in Section 5.02 hereof; or (ii) the Agency shall fail to perform or observe any term, covenant or agreement contained in this Agreement or in any Related Document on its part to be performed or observed other than those specified in clause (i) immediately preceding (and other than those described in any other subsection of this Section 6.01), and any such failure shall remain unremedied for 10 days after written notice thereof shall have been given to the Agency by the Bank; or

(d) The Agency shall fail to pay (i) any Series I Mine Reclamation Notes or any Series J Mine Reclamation Notes in accordance with the terms thereof or (ii) any Debt which is outstanding in a principal amount of at least $50,000 in the aggregate (excluding Debt under this Agreement) of the Agency when the same becomes due and payable (whether by scheduled maturity, required prepayment, redemption, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or

(e) Any event shall occur or condition shall exist under any agreement or instrument relating to any Debt of the Agency and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) The Agency shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Agency seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Agency shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) A judgment or order for the payment of money in excess of $250,000 shall be rendered against the Agency by a Governmental Authority and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) Any provision of the Resolution or this Agreement shall at any time for any reason cease to be valid and binding on the Agency, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Agency, or a proceeding shall be commenced by any Governmental Authority seeking to establish the invalidity or unenforceability thereof, or the Agency shall deny that it has any or further liability or obligation under the Resolution or this Agreement; or

(i) Any "Event of Default" under and as defined in the Resolution shall have occurred and be continuing; or any breach of a provision of the JOA shall have occurred and be continuing; or

(j) (i) any pledge or lien created by the Resolution or this Agreement in favor of the note purchaser or the Bank, at any time and for any reason (except as expressly permitted to be released by the terms of such governing document) shall not constitute a valid and perfected pledge and lien or shall fail to have the priority required by the Resolution and this Agreement or, except as permitted under the Resolution, the Agency shall so assert in writing, (ii) any legislation is enacted, repealed, reenacted, amended or otherwise modified, and such repeal, enactment, reenactment, amendment or modification, in the opinion of the Bank, has or could reasonably be expected to have a material adverse effect on the validity, enforceability or priority of the pledge and lien on the JOA Payments, in favor of the note purchaser or the Bank or (iii) any rescission of or amendment to or any other action under or in connection with any legislation, law or regulation relating to the JOA Payments, which would (A) materially reduce the amount of the JOA Payments or the allocation of the JOA Payments to the payment of the Notes, including the Authorized Installments or any other amounts due under this Agreement or (B) impair or adversely affect (x) the rights of the Agency to any or all of the JOA Payments, or (y) the rights or security of the note purchaser or the Bank under the Resolution or this Agreement; or

(k) An Event of Default occurs under the Note Purchase Agreement of even date herewith between the parties relating to the letter of credit to be issued by the Bank for the Agency's Surface Mining and Reclamation Permit No. 26D.

Section 6.02. Upon an Event of Default. (a) If any Event of Default shall have occurred and be continuing, all Advances not yet reimbursed hereunder, all interest thereon and all other amounts payable and all Authorized Installments under the Notes and this Agreement shall accrue interest at the Default Rate and the Bank shall be entitled to enforce its claims and causes of action against the Agency for all amounts that are due and payable and for payment and performance of each of the Agency's other obligations hereunder and under the other Related Documents. If any other Debt of the Agency is accelerated or required to be prepaid, purchased or redeemed prior to its stated maturity, the Bank may declare the principal amount of all outstanding Authorized Installments, all interest thereon and all other amounts payable hereunder to be immediately due and payable, whereupon the principal amount of all outstanding Authorized Installments, all such interest and all such other amounts shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by the Agency.

(b) If at the time that any such Event of Default occurs, any portion of the Letter of Credit is still undisbursed (that is, if the Letter of Credit is still in effect and has not been completely drawn against), the Agency will, after at least ten (10) days advance written notice, pay the Bank for application to drawings under the Letter of Credit an amount equal to the Available Amount of the Letter of Credit. Such funds shall be used to fund any future drawings thereafter on the Letter of Credit. Any amount so paid to the Bank that has not been drawn on or before the Stated Termination Date (as the same may have been extended pursuant to Section 2.09) of the Letter of Credit will be repaid to the Agency without interest upon expiration of the Letter of Credit.

(c) To the maximum extent allowed by Texas law, the Agency hereby (i) waives any immunity from suit that it may have in connection with this Agreement, and (ii) agrees that in the event of litigation between the Bank and the Agency relating to this Agreement, the Agency will not raise immunity from suit as a defense.

(d) Without limiting any other remedy available hereunder or at law or in equity, to the maximum extent permitted by law, the Bank may by mandamus (as described in Section 4.01(o) hereof) or other appropriate action or proceeding at law or in equity in any court of competent jurisdiction, enforce and compel performance of the Notes, the Resolution, this Agreement, and the JOA and every provision and covenant thereof, including without limiting the generality of the foregoing, the enforcement of the performance of all obligations and duties required to be done or performed by the Agency by the Resolution and the applicable laws of the State.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Agency therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. Notices, Wire Transfer Instructions. All notices under this Agreement shall be in writing and either (x) hand delivered by messenger against receipt therefore, (y) mailed by registered or certified mail, postage prepaid and return receipt requested or sent prepaid by nationally recognized overnight courier service, or (z) sent by telecopier (facsimile) with a printed record of transmission, in each case addressed as follows:

(a) If to the Agency by mail, to:

Texas Municipal Power Agency
P.O. Box 7000
Bryan, Texas 77805
Attention: General Manager

If to the Agency by other means:

Texas Municipal Power Agency
2751 Nash Street, Suite 130
Bryan, Texas 77802
Attention: General Manager
Telephone No. 936.873.2013
Telecopy No. 936.873.1183

(b) If to the Bank, to:

Wells Fargo Bank, National Association
360 Interstate N. Pkwy SE, 5th Floor
Atlanta, GA 30339-2204
Attention: Patrick Hennessey
Telephone No. (678) 589-4341
Telecopy No. (678) 589-4315

(c) If to the Paying Agent/Registrar, to:

U.S. Bank National Association
13737 Noel Road, Suite 800
Dallas, Texas 75240
Attention: Brian Jensen
Telephone No. (972) 581-1623
Email: brian.jensen@usbank.com

and if money is to be transmitted to the Bank the wire transfer instruction are:

ABA:	121000248
Name:	Wells Fargo Bank, N.A.
Account No.	00698314050720
Account Name:	Texas Municipal Power Authority
Address:	Roanoke, VA
Customer Name:	Texas Municipal Power Agency
OBGR:	8862819507
OBLN:	**NEW – assigned at booking
REF:	Short Term NOTE payoff's

or to such other address as a party may designate. Notices shall be deemed to have been given when delivered (or, if mailed, on the second Business Day).

Section 7.03. No Waiver; Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity.

Section 7.04. Right of Set-Off. Upon the occurrence and during the continuance of any Event of Default, the Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Agency against any and all of the obligations of the Agency now or hereafter existing under this Agreement, whether or not the Bank shall have made any demand hereunder and although such obligations may be contingent or unmatured.

Section 7.05. Indemnification. To the maximum extent allowed by Texas law, the Agency hereby covenants to defend, indemnify and hold the Bank, its Affiliates and each of the officers, directors, employees and agents of the Bank or any Affiliate (each, an "Indemnified Party") harmless from and against any and all claims, causes of action, damages, losses, liabilities, obligations, costs or expenses (including without limitation reasonable attorneys' fees whether incurred by an Indemnified Party in a dispute or litigation involving the Agency or involving a third party) that an Indemnified Party may incur or which may be claimed or asserted against such Indemnified Party by any person or entity:

(a) by reason of or in connection with the execution, delivery or performance of the Resolution or the JOA, respectively, or any transaction contemplated by the Resolution or the JOA, respectively;

(b) by reason of or in connection with the execution and delivery of the Notes by the Agency, or the purchase and holding of the Notes by the Bank as note purchaser under the Resolution;

(c) in the form of any demand, lawsuit, proceeding, claim or cause of action filed or alleged against the Bank by any Person and relating to this Agreement or the Notes;

(d) by reason of or in connection with the execution and delivery or transfer of, or payment or failure to make payment under, the Letter of Credit; provided, however, that the Agency shall not be required to indemnify the Bank pursuant to this Section 7.05 for any claims, damages, losses, liabilities, costs or expenses to the extent caused by the Bank's willful failure to make lawful payment under the Letter of Credit after the presentation to it by the Beneficiary of documents strictly complying with the terms and conditions of the Letter of Credit; and

(e) relative to and/or as a consequence of (a) any failure by the Agency to perform any of its agreements or obligations hereunder or under any of the other Related Documents, (b) the Letter of Credit and any Advances and acceptances being made under or purported to be made thereunder, or (c) any action taken or admitted by the Bank and/or its branches, affiliates and/or correspondents at the request of the Agency or in the administration or enforcement of this Agreement;

provided, in each case, that the Agency shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, directly caused by (1) the willful misconduct or negligence of the Bank or (2) the Bank's willful failure to pay under the Letter of Credit after the presentation to it by the Beneficiary of a draft and certificate strictly complying with the terms and conditions of the Letter of Credit, to the extent that there has been a final and nonappealable judgment of a court of competent jurisdiction that such claims, damages, losses, liabilities, costs and expenses were directly caused by the willful misconduct or negligence of the Bank. If any proceeding shall be brought or threatened against an Indemnified Party by reason of or in connection with the events described in this Section, such Indemnified Party shall promptly notify the Agency in writing and the Agency shall assume the defense thereof, including the employment of counsel and the payment of all costs of litigation. The Agency will not settle or compromise any such action or claim without the prior written consent of the relevant Indemnified Party if the settlement or compromise would require any act or admission by such Indemnified Party or any of its Affiliates, or impose any cost or expense on the Indemnified Party or its Affiliates or impose any limitation on the business or future actions of the Indemnified Party or its Affiliates. Notwithstanding the preceding sentence, an Indemnified Party shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of an Indemnified Party unless (x) the employment of such counsel has been authorized in writing by the Agency or (y) the Agency, after due notice of the action, shall not have promptly employed counsel to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such Indemnified Party shall be borne by the Agency. The Agency shall not be liable for any settlement of any such action effected without its consent.

Nothing in this Section 7.05 is intended to limit or impair the Agency's obligations contained or described in Article II. Without prejudice to the survival of any other obligation of the Agency hereunder, to the maximum extent permitted by law, the indemnities and obligations of the Agency contained in this Section 7.05 shall survive the payment in full of amounts payable pursuant to Article II and the termination of the Letter of Credit.

Section 7.06. No Liability of the Bank. The Agency assumes all risks of the acts or omissions of the Beneficiary of the Letter of Credit with respect to its use of the Letter of Credit. To the maximum extent permitted by law, neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit, or the proceeds of any Advance or of any Note or Authorized Installment, or any acts or omissions of the Beneficiary in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by the Bank against presentation of documents that do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit or any action or omission of the Bank or its Affiliates with respect to the purchase and holding by the Bank of the Notes or any Authorized Installment, except that the Agency shall have a claim against the Bank, and the Bank shall be liable to the Agency, to the extent, but only to the extent, of any direct, actual damages, as opposed to any lost profits, consequential, special, indirect or punitive (or exemplary) damages (the right to receive or recover lost profits, consequential, special, indirect or punitive (or exemplary) damages being hereby irrevocably waived by the Agency), suffered or incurred by the Agency, and not required to be mitigated by the Agency which are determined by a final and nonappealable judgment of a court of competent jurisdiction or a duly constituted arbitration panel pursuant to Section 7.22, as the case may be, to be directly caused by the Bank's willful failure to make lawful payment under the Letter of Credit after the presentation to it by the Beneficiary pursuant to documents delivered to the Bank strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, to the maximum extent permitted by law, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 7.07. Costs, Expenses and Taxes. The Agency agrees to pay on demand all costs and expenses (including reasonable counsel fees and expenses) in connection with (i) the breach by the Agency of any covenant herein or in any other Related Document, (ii) the Bank's protection of its lien and security interest created hereunder, (iii) any consent, waiver or approval requested by the Agency hereunder, (iv) the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and such other documents which may be delivered in connection with this Agreement, including, without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 7.07, (v) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from paying any amount under the Letter of Credit or (vi) the termination or amendment of this Agreement or the Letter of Credit. In addition, the Agency shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement or the Letter of Credit or any such other documents, and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

Section 7.08. Payment Under the Letter of Credit. The Agency authorizes the Bank to pay any Advance upon presentation to the Bank of documentation substantially complying with the terms of the Letter of Credit. The Agency hereby authorizes the Bank to receive, accept and/or pay as complying with the terms of the Letter of Credit any Advances and/or other documents under the Letter of Credit that are otherwise in order but are signed by, or issued to, any administrator, executor, assignee for the benefit of creditors, trustee in bankruptcy or receiver for any property of the Beneficiary or any other party in whose name it is provided in the Letter of Credit that any Advances, acceptances and/or other documents thereunder should be drawn. The Bank and its branches, affiliates and/or correspondents shall not be responsible for costs (including reasonable attorneys' fees) arising from the events described in Section 7.05(c) hereof. Any and all of the following provisions may be waived by the Bank in its sole discretion, and the Bank and its branches, affiliates and/or correspondents shall not be liable or responsible in any respect for any noncompliance therewith or waiver thereof: (a) any requirement that Advances or acceptances under or purported to be under the Letter of Credit bearing reference to or otherwise identify the Letter of Credit, (b) any requirement that the amount of any Advances or acceptances under or purported to be under the Letter of Credit be noted thereon, and/or (c) any requirement that any party send or forward documents physically apart from any Advances or acceptance.

Section 7.09. Binding Effect; Successors and Assigns; Certain Pledges. (a) This Agreement shall become effective when it shall have been executed by the Agency and the Bank and thereafter shall be binding upon and inure to the benefit of the Agency and the Bank and their respective successors and assigns, except that the Agency shall not sell, assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bank (and any attempted assignment or transfer without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby), any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Bank may at any time and without the consent of or notice to the Agency sell, transfer, and assign to one or more Persons as purchasers, transferees and assignees its entire right, title and interest in and to the Notes, including the Authorized Installments and this Agreement, or any lesser portion thereof, in accordance with the following terms; provided that if the Bank makes a Full Assignment (as defined below), the Bank shall deliver written notice to the Agency identifying the assignee, who shall thereupon replace the Bank for all purposes as a party to this Agreement:

(i) The Bank may sell, transfer and assign its interests in the Notes, including the Authorized Installments and this Agreement, or any portion thereof, to (A) any Affiliate or other related Person or (B) a tax-exempt trust or special purpose entity which issues certificates representing beneficial interests therein to any Person that is a Qualified Institutional Buyer as defined under Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), or (C) any other Person in a transaction that is exempt from registration under the Securities Act and applicable state law (any such Person under (A), (B) or (C) being referred to as an "Assignee");

(ii) The right, title and interest of the Bank in the Notes, including the Authorized Installments and this Agreement shall be referred as its "Loan Portion"; any sale, transfer and assignment of the entire Loan Portion is referred to as a "Full Assignment";

(iii) To the extent that there is at any time more than one owner of Notes, the Agency shall prepare and execute and the Paying Agent/Registrar shall authenticate and deliver multiple Notes payable to each owner in an amount equal to the principal amount of such owner's Loan Portion and in an aggregate amount equal to the sum of the Commitment plus the principal amount, if any, drawn on the Letter of Credit. Upon delivery by the Bank to the Paying Agent/Registrar of the Note being transferred in whole or in part, together with the assignment attached thereto duly completed, the Agency shall prepare and execute and the Paying Agent/Registrar shall authenticate and deliver to the Assignee (or Assignees) a Note payable to the order of Assignee in an amount equal to its Loan Portion and to the retaining owner, if any, a Note payable to the order of such owner in an amount equal to its retained Loan Portion. Each such Note shall be further transferable and assignable along with such Loan Portion as provided in this Section.

(c) The Bank may, without the consent of or notice to the Agency sell participations to one or more Participants in all or a portion of the Bank's rights and obligations under the Notes, including the Authorized Installments and this Agreement; provided that (i) the Bank's obligations under this Agreement shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Agency and the Paying Agent/Registrar shall continue to deal with the Bank in connection with the Notes, including the Authorized Installments and this Agreement. Each Participant shall be entitled to the benefits of Article II, and Sections 7.05 and 7.06 hereof to the same extent as if it were the Bank and had acquired its interest by assignment pursuant to paragraph (b) of this Section. The Agency agrees to provide to the Bank, promptly upon request, a copy of the most recent financial information concerning the Agency and to assist the Bank in the preparation of any offering or disclosure document reasonably necessary or required in connection with any such assignment or participation or prospective assignment or participation.

(d) The Bank may at any time pledge or grant a security interest in all or any portion of its rights under the Notes, including the Authorized Installments and this Agreement (including, without limitation, rights to payment under the Notes, including the Authorized Installments and this Agreement) to secure obligations of the Bank, including any pledge or grant of a security interest to secure obligations to a Federal Reserve Bank; provided that no such pledge or grant of a security interest shall release the Bank from any of its obligations hereunder or thereunder or substitute any such pledgee or holder of a security interest for the Bank as a party hereto.

(e) Notwithstanding anything in this Agreement to the contrary, a Participant shall not be entitled to receive any greater payment under Section 2.06 than the Bank would have been entitled to receive with respect to the participation sold to such Participant.

Section 7.10. Usury Laws. It is the intent of the parties in the execution and performance of this Agreement to contract in strict compliance with the usury laws of the State of Texas from time to time in effect. In furtherance thereof, the Bank and the Agency stipulate and agree that none of the terms and provisions contained in this Agreement shall ever be construed to create a contract to pay for the use, forbearance or detention of the money loaned with interest at a rate in excess of the Maximum Interest Rate and that for purposes hereof, interest shall include the aggregate of all charges which constitute interest under such laws that are contracted for, charged or received under this Agreement. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the Maximum Interest Rate, the Agency and the Bank shall, to the maximum extent permitted under applicable law, (a) characterize any non-principal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayment or redemption and the effects thereof, (c) apply such amounts to the reduction of the principal amount owing hereunder and not to the payment of interest, and (d) allocate, prorate and spread the total amount of interest throughout the entire contemplated term of the loan. If, notwithstanding the provisions of Section 2.05 hereof pertaining to the calculation and payment of interest and the preceding provisions of this Section, the Bank shall collect moneys which are deemed to constitute interest at a rate in excess of the highest lawful rate, all such sums deemed to constitute interest in excess of the highest lawful rate shall be immediately returned to the payor thereof. The provisions of this Section shall control over all other provisions of this Agreement.

Section 7.11. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.13. Notice of Certain Events. The Agency agrees to provide immediate notice to the Bank by telephone, promptly confirmed in writing, of the occurrence of any Potential Default.

Section 7.14. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, and shall be performable in whole or in part in Brazos County, Texas.

(b) Jurisdiction. In the event that a dispute is not submitted to arbitration as provided in Section 7.22 for any reason, but becomes the subject of a judicial action, the parties agree that any state or federal court in Brazos County, Texas shall have (subject, however, to the right of either party to require arbitration of the matter as set forth in Section 7.22) exclusive jurisdiction and venue for any suit brought under or arising out of this Agreement.

(c) Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN THE EVENT THAT A DISPUTE IS NOT SUBMITTED TO ARBITRATION AS PROVIDED FOR IN SECTION 7.22 FOR ANY REASON, BUT BECOMES THE SUBJECT OF A JUDICIAL ACTION, EACH PARTY HERETO WAIVES ITS RIGHT TO A JURY TRIAL OF ANY AND ALL CLAIMS OR CAUSES OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATED DOCUMENTS. IT IS HEREBY ACKNOWLEDGED THAT THE WAIVER OF A JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE BANK TO ISSUE THE LETTER OF CREDIT AND THAT THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE AGENCY AND THE BANK IS MADE IN RELIANCE UPON SUCH WAIVER. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT SUCH WAIVER HAS BEEN KNOWINGLY AND VOLUNTARILY MADE FOLLOWING CONSULTATION WITH ITS RESPECTIVE LEGAL COUNSEL.

Section 7.15. No Israel Boycott. Pursuant to Section 2271.002, Texas Government Code, to the extent this Agreement is a contract for goods or services, the Bank hereby represents that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any (collectively, the "Bank Entities"), do not Boycott Israel and, subject to or as otherwise required by applicable Federal law, including, without limitation, 50 U.S.C. Section 4607, the Bank Entities agree not to Boycott Israel during the term of this Agreement. For purposes of this Section, "Boycott Israel" shall have the meaning given such term in Section 808.001, Texas Government Code. The Bank understands "affiliate" for this Section and Section 7.16 hereof to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 7.16. Chapter 2252. The person or persons executing this Agreement on behalf of the Bank, or representing themselves as executing this Agreement on behalf of the Bank, hereby acknowledge that (a) the Bank Entities do not engage in business with Iran, Sudan or any foreign terrorist organization and (b) the Bank Entities are not named on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf,
https://comptroller.texas.gov/purchasing/docs/iran-list.pdf or
https://comptroller.texas.gov/purchasing/docs/fto-list.pdf

Section 7.17. Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Bank hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the Agency to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Bank understands the term "affiliate" as used in this Section to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 7.18. Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session, "SB 19"), Texas Government Code, as amended, the Bank verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

The foregoing verification is made solely to enable the Agency to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" (A) means, with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. The Bank understands the term "affiliate" as used in this Section to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 7.19. US QFC Stay Rules.

(a) Recognition of U.S. Resolution Regimes. In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Agreement (and any interest and obligation in or under this Agreement and any property securing this Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Agreement are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings. Notwithstanding anything to the contrary in this Agreement or any Related Documents, but subject to the requirements of paragraph (a), no party to this Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to this Agreement that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Agreement shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

Section 7.20. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.21. No Other Agreements. THIS AGREEMENT AND RELATED WRITTEN AGREEMENTS EXECUTED IN CONNECTION HEREWITH REPRESENT THE FINAL

AGREEMENT BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 7.22. Arbitration.

(a) Arbitration. To the maximum extent permitted by law, the parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise in any way arising out of or relating to (i) any credit subject hereto, or any of the Related Documents, and their negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit.

(b) Governing Rules. Any arbitration proceeding will (i) proceed in a location in Texas selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least $1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) No Waiver of Provisional Remedies, Self-Help and Foreclosure. The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is $5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than $5,000,000.00. Any dispute in which the amount in controversy exceeds $5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the State of Texas with a minimum of ten years' experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of Texas and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed any Loan Document, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment Of Arbitration Costs And Fees**.** The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the Related Documents or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the Related Documents or any relationship between the parties.

Section 7.23. Patriot Act. The Bank hereby notifies the Agency that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Agency, which information includes the name and address of the Agency and other information that will allow the Bank to identify the Agency in accordance with the Patriot Act. The Agency hereby agrees that it shall promptly provide such information upon request by the Bank.

Section 7.24. No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated by this Agreement and the Related Documents (including in connection with any amendment, waiver or other modification of this Agreement or of any Related Document), the Agency acknowledges and agrees that: (a)(i) any arranging, structuring and other services regarding this Agreement and the Related Documents provided by the Bank or any Affiliate of the Bank are arm's length commercial transactions between the Agency on the one hand, and the Bank and any Affiliate of the Bank on the other hand, (ii) the Agency has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Agency is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and the Related Documents; (b)(i) the Bank and each Affiliate of the Bank is and has been acting solely as a principal and has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Agency or any other Person and (ii) neither the Bank nor any Affiliate of the Bank has any obligation to the Agency with respect to the transactions contemplated by this Agreement and the Related Documents, except those obligations expressly set forth herein; and (c) the Bank and each Affiliate of the Bank may be engaged in a broad range of transactions that involve interests that differ from those of the Agency, and neither the Bank nor any Affiliate of the Bank has any obligation to disclose any of such interests to the Agency. To the fullest extent permitted by applicable laws, the Agency hereby waives and releases any claims that it may have against the Bank and each Affiliate of the Bank with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of the transactions contemplated by this Agreement and the Related Documents.

Section 7.25. EMMA Posting. In the event the Agency files with EMMA, this Agreement, any Related Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms, either voluntarily or as required pursuant to a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "*Rule*") (each such posting, an "*EMMA Posting*"), the Agency shall (i) provide the Bank with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. The Agency acknowledges and agrees that although the Bank may request review, edits or redactions of such materials prior to filing, the Bank is not responsible for the Agency's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

TEXAS MUNICIPAL POWER AGENCY

By:________________________________

General Manager

[Signatures continue on next page]

WELLS FARGO BANK, NATIONAL ASSOCIATION

By:________________________________
Patrick Hennessey
Senior Vice President

EXHIBIT A

Wells Fargo Bank, N.A.
U. S. Trade Services
Standby Letters of Credit
MAC A0283-023
794 Davis Street, 2nd Floor
San Leandro, CA. 94577-6922
Phone: 1(800) 798-2815 Option 1
E-Mail: sftrade@wellsfargo.com

Irrevocable Standby Letter Of Credit

Number: [__________]

Issue Date: **[_________]**, 2022

BENEFICIARY:
RAILROAD COMMISSION OF TEXAS
Attention: Surface Mining and Reclamation Division
1701 North Congress Avenue, 11th Floor
Austin, Texas 78701

APPLICANT:
TEXAS MUNICIPAL POWER AGENCY
2751 Nash Street, Suite 130
Bryan, Texas 77802
Attention: General Manager

LETTER OF CREDIT ISSUE AMOUNT: $2,000,000
EXPIRY DATE: June 6, 2023

LADIES AND GENTLEMEN:

We have been informed by the Texas Municipal Power Agency ("Permittee"), but do not independently verify that this Letter of Credit is issued in connection with surface mining and reclamation operations conducted by the Permittee in the area covered by the Surface Mining and reclamation Permit No. 38D, as now or hereafter amended, revised or replaced (the "Permit") and that this Letter of Credit is to secure Permittee's Collateral Bond to the Railroad Commission of Texas for the Permit. The preceding sentence is inserted in this Letter of Credit for informational purposes only and will not affect, or become a part of, the terms and conditions of this Letter of Credit.

We hereby represent to the Railroad Commission of Texas that we are a bank (we may be hereinafter referred to as the "Bank") authorized to do business in the United States of America.

We hereby issue in favor of the Railroad Commission of Texas, Austin, Texas our Irrevocable Standby Letter of Credit for an amount (the "Available Amount") not to exceed in the aggregate Two Million and No/100 United States Dollars ($2,000,000 U.S.), with such Available Amount to be available with us at our above office by payment of your draft(s) drawn at sight on Bank mentioning thereon this Letter of Credit No. [__________]. The Bank agrees that the Letter of Credit shall be irrevocable during its term.

DRAFTS(S) MAY NOT BE DATED OR PRESENTED TO US FOR PAYMENT PRIOR TO JUNE 7, 2022, AND This Letter of Credit expires at our above office on June 6, 2023 (the “Expiry Date”). Amount(s) drawn hereunder will permanently reduce the Available Amount under this Letter of Credit and such amount(s) shall not be subject to reinstatement.

ALL DRAFTS, DEMANDS, OR DOCUMENTS PRESENTED UNDER THIS L/C AND ALL NOTICES AND COMMUNICATIONS MADE WITH RESPECT TO THIS L/C MUST BE PRESENTED OR DELIVERED TO WELLS FARGO BANK, N.A., STANDBY LETTER OF CREDIT PROCESSING, 794 DAVIS STREET, 2ND FLOOR, SAN LEANDRO, CALIFORNIA 94577-6922.

Draft(s) must be presented to us on or on or before the Expiry Date and must be accompanied by:

A. This Irrevocable Standby Letter of Credit or a copy thereof; and

B. Your signed and dated statement reading as follows:

> “The undersigned, an authorized representative of the Railroad Commission of Texas hereby certifies that the amount drawn is due to us pursuant to the terms of 16 TAC Sec. 12.314 or 16 TAC Sec. 12.309 (g)(2).”

We engage with you that drafts drawn under and in conformity with the terms of this Letter of Credit will be duly honored on presentation to us at our office at the address shown above on or before the Expiry Date.

This Letter of Credit is subject to the Uniform Customs and Practice For Documentary Credits (2007 revision in force as of July 1, 2007), International Chamber of Commerce Publication No. 600.

Documentation from the Bank establishing the authority of the signatory to this Letter of Credit to bind the Bank is attached. Also attached is a copy of the Bank’s charter or other evidence of the Bank’s authority to do business in the United States.

Very truly yours

WELLS FARGO BANK, N.A.

BY: ____________________________
(AUTHORIZED SIGNATURE)

EXHIBIT B

OPINION OF COUNSEL TO THE AGENCY

[__________], 2022

Wells Fargo Bank, National Association
Attention: President Business District Manager

Re: Texas Municipal Power Agency

Gentlemen:

We are general counsel to Texas Municipal Power Agency, a Texas municipal power agency (the "Agency"). In that capacity we are familiar with the matters relating to the preparation, execution, and delivery of a Note Purchase Agreement relating to the Letter of Credit to Railroad Commission of Texas for Surface Mining and Reclamation Permit No. 38D (the "Agreement"), dated as of February 1, 2022. Terms defined in the Agreement are used herein as therein defined. Among other things, we have examined:

(1) fully executed counterparts of the Agreement;

(2) the Letter of Credit;

(3) a fully executed counterpart of the Joint Operating Agreement, as amended to date;

(4) the Collateral Bond (the "Collateral Bond") executed and delivered in connection with the Agreement; and

(5) the documents delivered by or on behalf of the Agency pursuant to the Agreement.

We have also examined the originals, or copies certified to our satisfaction, of (i) such other corporate records of the Agency, certificates of public officials and of officers of the Agency, (ii) the agreements, instruments and documents which affect or purport to affect the obligations of the Agency under the Agreement, and (iii) such other agreements, instruments and documents as we have deemed necessary as a basis for the opinions hereinafter expressed. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon certificates of the Agency or its officers or of public officials. We have assumed the due execution and delivery of the Agreement and all amendments thereto by the Bank.

Based upon the foregoing and upon such investigation as we have deemed necessary we are of the opinion that:

1. The Agency is a municipal power agency, municipal corporation, and political subdivision of the State of Texas that is duly organized and validly existing under the laws of the State of Texas. The Agency has not been disincorporated (or dissolved) and no proceedings are pending to disincorporate (or dissolve) the Agency.

2. The execution, delivery, and performance by the Agency of the Agreement, the Joint Operating Agreement and the Collateral Bond are within the Agency's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) the Rules and Regulations of the Agency, (ii) law, or (iii) any contractual restriction binding on or affecting the Agency, and do not result in or require the creation of any lien, security interest or other charge or encumbrance (except as provided in or contemplated by the Agreement) upon or with respect to any of its properties.

3. Subject to the authority of the Railroad Commission of Texas to approve the form and the amount of the Collateral Bond, no authorization, approval or other action by, and no notice to, or filing or registration with, any Governmental Authority or other person is required for the due execution, delivery, and performance by the Agency of the Agreement, the Joint Operating Agreement or any Collateral Bond.

4. The Agreement, the Joint Operating Agreement and the Collateral Bond to which the Agency is a party have been duly executed and delivered by the Agency and are the legal, valid, and binding obligations of the Agency enforceable against the Agency in accordance with their respective terms.

5. To the best of our knowledge, there is no pending or threatened action or proceeding against or affecting the Agency before any Governmental Authority which may materially adversely affect the financial condition or operations of the Agency or which purports to affect the legality, validity or enforceability of the Agreement, the Joint Operating Agreement or the Collateral Bond.

The opinions set forth above are subject to the following qualifications:

(a) The enforceability of the Agency's obligations under the Agreement, the Joint Operating Agreement and the Collateral Bond is subject to the effect of any applicable bankruptcy, insolvency, reorganization moratorium or similar laws affecting creditors' rights generally.

(b) The enforceability of the Agency's obligations under the Agreement, the Joint Operating Agreement and the Collateral Bond may be subject to general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) No opinion is expressed herein in relation to (i) whether the Agency enjoys immunity from suit and (ii) the enforceability of the waiver of immunity to suit in Section 6.02(c) of the Agreement.

This opinion letter (i) is being delivered solely to the addressee hereof and may not be relied on by any other person or entity without our prior written consent and (ii) is rendered solely for information and assistance in connection with the Agreement and may not be relied on for any other purpose.

Very truly yours,

Tiemann, Shahady & Hamala, P.C.

By:____________________________
Carl J. Shahady

EXHIBIT C

INCREASED COSTS AND TAX INDEMNITY

"Applicable Law" means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

"Change in Law" means the occurrence, after the Date of Issuance, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Excluded Taxes" means, with respect to the Bank or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank or such Participant is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Agency is located.

"Governmental Approvals" means an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any Governmental Authority.

"Governmental Authority" means the government of the United States or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

"Law" means any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Other Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

"Related Documents" means the Paying Agent/Registrar Agreement, dated as of February 1, 2022, the Letter of Credit, and any exhibits, schedules, instruments or agreements relating thereto, as the same may be amended, modified or supplemented in accordance with their terms and the terms hereof.

"Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the Effective Date, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Effective Date.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

Section 1. ***Increased Costs***.

(a) ***Increased Costs Generally***. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any Participant;

(ii) subject the Bank to any Tax of any kind whatsoever with respect to this Agreement or the Letter of Credit, or change the basis of taxation of payments to the Bank in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 2 and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank); or

(iii) impose on the Bank any other condition, cost or expense affecting this Agreement or the Letter of Credit;

and the result of any of the foregoing shall be to increase the cost to the Bank related to issuing or maintaining the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank hereunder (whether of principal, interest or any other amount) then, upon written request of the Bank and to the maximum extent permitted by law, the Agency shall promptly pay to the Bank such additional amount or amounts as will compensate the Bank for such additional costs incurred or reduction suffered.

(b) ***Capital Requirements***. If the Bank determines that any Change in Law affecting the Bank or the Bank's parent or holding company, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on the Bank's or the Bank's parent or holding company holding, if any, as a consequence of this Agreement, or for maintaining the Letter of Credit, to a level below that which the Bank or the Bank's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's policies and the policies of the Bank's parent or holding company with respect to capital adequacy), then from time to time upon written request of the Bank and to the maximum extent permitted by law, the Agency shall promptly pay to the Bank such additional amount or amounts as will compensate the Bank or the Bank's parent or holding company for any such reduction suffered.

(c) ***Certificates for Reimbursement***. A certificate of the Bank setting forth the amount or amounts necessary to compensate the Bank or the Bank's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Agency, shall be conclusive absent manifest error. The Agency shall pay the Bank the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) ***Delay in Requests***. Failure or delay on the part of the Bank to demand compensation pursuant to this Section shall not constitute a waiver of the Bank's right to demand such compensation.

Section 2. Taxes.

(a) ***Payments Free of Taxes***. Any and all payments by or on account of any obligation of the Agency hereunder shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided that if the Agency shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Agency shall make such deductions and (iii) the Agency shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) ***Payment of Other Taxes by the Agency***. Without limiting the provisions of paragraph (a) above, the Agency shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) ***Indemnification by the Agency***. To the maximum extent permitted by law, the Agency shall indemnify the Bank within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Bank and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating in reasonable detail the amount of such payment or liability delivered to the Agency by the Bank shall be conclusive absent manifest error. In addition, to the maximum extent permitted by law, the Agency shall indemnify the Bank, within thirty (30) days after demand therefor, for any incremental Taxes that may become payable by the Bank as a result of any failure of the Agency to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Bank, pursuant to clause (d), documentation evidencing the payment of Taxes.

(d) ***Evidence of Payments***. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Agency to a Governmental Authority, the Agency shall deliver to the Bank the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Bank.

(e) ***Treatment of Certain Refunds***. If the Bank determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified pursuant to this Section (including additional amounts paid by the Agency pursuant to this Section), it shall pay to the applicable indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Bank, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the applicable indemnifying party, upon the request of the Bank, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Bank in the event the Bank is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the Bank be required to pay any amount to an indemnifying party pursuant to this paragraph (e) the payment of which would place the Bank in a less favorable net after-Tax position than the Bank would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Bank or to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Agency or any other Person.

(f) **Survival**. Without prejudice to the survival of any other agreement of the Agency hereunder, the agreements and obligations of the Agency contained in this Section shall survive the termination of this Agreement and the Letter of Credit and the payment in full of the obligations of the Agency thereunder and hereunder.

Section 3. Termination

In the event TMPA determines that costs incurred or to be incurred under this Exhibit render the Note Purchase Agreement uneconomical to TMPA, TMPA may terminate the Letter of Credit upon at least forty five (45) days written notice to the Bank. Notwithstanding said notice period, no termination under this Section shall be effective until the date on which (i) the Railroad Commission of Texas, by order, accepts a replacement of the Letter of Credit, and (ii) delivers to the Bank the original Letter of Credit together with written, irrevocable instruction from the Railroad Commission of Texas to cancel the Letter of Credit as such date (the “Early Letter of Credit Termination Date”). Termination will be effective on the later to occur of the (i) the Early Letter of Credit Termination Date and the (ii) the date specified in the notice of termination. All compensation due under the Agreement, including costs incurred under this Exhibit, shall be paid to the Bank through the date of termination. Notwithstanding termination of the Letter of Credit, provisions in the Note Purchase Agreement, that expressly survive termination of the Letter of Credit, including this Exhibit, shall survive such termination.

December 9, 2021

AGENDA ITEM NO. 13

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
NOVEMBER 2021

Outage Summary:

During the months of August, September and October 2021, TMPA had six planned outages on the 345kV system, six planned outages on the 138kV system and no planned outages on the 69kV system. There were no forced extensions on the 345kV, none on the 138kV and none on the 69kV system. There were no unplanned outages on the 345kV system, none on the 138kV system and none on the 69kV system.

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

Steve Martin
Matt Carter
11/17/21

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	3	1	2	0	3	3			**26**
138 Kv	3	1	2	6	7	1	1	0	3	3			**27**
69 Kv	0	0	0	0	0	0	0	0	0	0			**0**
Devices requested													**0**
Un-Planned Outages													
345 Kv	0	1	0	0	0	0	0	0	0	0			**1**
138 Kv	1	0	0	0	1	0	0	0	0	0			**2**
69 Kv	0	0	0	0	0	0	0	0	0	0			**0**
Forced Extension Outages													
345 Kv	0	0	1	0	0	1	0	0	0	0			**2**
138 Kv	0	0	1	0	1	0	0	0	0	0			**2**
69 Kv	0	0	0	0	0	0	0	0	0	0			**0**

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

TRANSMISSION FIVE-YEAR PROJECTS PLAN STATUS REPORT
November 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
11/19/2021

Transmission Project Status Report
November 2021

Projects	Priority	Original Proposed Completion Date	Projected or Actual Completion Date	Original Approved Budget/Cost Estimate	Current Approved Budget/Cost Estimate	FY2022	FY2023	FY2024	FY2026	FY2025	Total Estimated Expenditures FY22-FY25	Comments
T11009 CIP Substation Security	H	Dec-11	Sep-23	$1,250,700	$1,250,700	$210,419					$210,419	A new server will be installed at Gibbons Creek for the existing cameras.
T13001 Breaker Replacements	H	Sep-17	Dec-23	$12,201,239	$12,201,239	$255,319					$255,319	Project continues in the Spring 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	Dec-22	$7,552,776	$7,552,776	$200,000					$200,000	Relay panels at Dansby to be installed in conjunction with BTU Dansby upgrade.
T17007 Brand Rd. Pole Reroute	L	Sep-17	Sep-24	$192,000	$192,000			$148,598			$148,598	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	May-22	$715,000	$715,000	$355,736					$355,736	Fiber installation delayed pending pole replacement project (T20002).
T19004 McCree Equipment Installation	M	Jun-21	Apr-23	$1,644,500	$1,644,500	$500,000	$ 279,084				$779,084	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	Sep-21	$300,000	$300,000	$105,920					$105,920	Complete
T20002 Steep Hollow to Keith Switch T-line Rebuild	H	Mar-20	Jan-22	$12,800,000	$12,800,000	$12,333,354					$12,333,354	Construction is 70% complete.
T20003 Gibbons Creek Decommission Transmission Phase I	H	May-20	Apr-21	$385,000	$385,000						$0	Complete.
T20004 Ben Davis Breaker Replacement Project	H	Dec-21	May-22	$4,290,000	$4,290,000	$ 500,000	$2,790,000	$1,000,000			$3,790,000	Breakers on order. Design will now call for elevated breakers to connect to the old control house. Construction to begin Oct '23.
T20006 Greenville to Olinger Airport Marker Ball	H	Dec-21	Dec-21	$150,000	$150,000	$125,000					$125,000	Waiting on direction from the FAA.
T21002 Shelby-Nevada elevation for SS1570	H	Jun-21	Jun-22	$600,000	$600,000	$500,000					$500,000	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	$1,800,000					$1,800,000	Pole is out for Bid.
T21004 I35 - Masch Br to Denton North TML Reroute	H	May-22	May-22	$5,210,000	$5,210,000	$5,210,000					$5,210,000	In-Progress
T21005 Pruitt 138 kV Terminal Addition	H	Dec-22	Dec-22	$3,700,000	$3,700,000	$3,700,000					$3,700,000	Project Kick off upon IA approval.
T20006 Gibbons Creek Decommission Phase 2	H	Sep-21	Apr-23	$1,760,000	$1,760,000	$1,000,000	760000				$1,760,000	In-Progress
T21XXX Spencer Int to Industrial TML Reconstruction	H	Sep-21	Oct-22	$1,722,803	$1,722,803	$1,722,803					$1,722,803	In-Progress
Denton West to Jim Christal TML Pole Erosion	H	Oct-21	Nov-21	$615,000	$615,000	$425,000					$425,000	Project Complete
Hickory Creek Road Bridge	H	Jun-21	Oct-21	$445,000	$445,000						$0	Project Complete
				Totals	**$57,734,018**	**$28,943,551**	**$3,829,084**	**$1,148,598**	**$0**	**$0**	**$33,421,233**	

December 9, 2021

AGENDA ITEM NO. 14

SUBJECT: Resolution No. 2021-12-7, amending the FY2022 Annual Transmission System Capital Budget by increasing the amount that is authorized to be expended on the Denton West to Jim Christal Pole Erosion Project; and resolving matters incidental and related thereto.

DISCUSSION: The purpose of this Project is to replace a pole on the Denton West to Jim Christal transmission line. The approved budget, for $615,000, did not include funding for matting. Matting became necessary because it rained during the project and it was necessary to cross several creeks to gain access the pole. To provide funding for the matting, this Resolution increases by $60,000 the amount that is authorized to be expended on the Project, from $615,000 to $675,000.

BACKUP MATERIAL: Denton West to Jim Christal TML Pole Erosion Capital Supplement Update

ACTION REQUESTED: Consideration and action on Resolution No. 2021-12-7.

RESOLUTION NO. 2021-12-7

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY (“AGENCY”) AMENDING THE FY2022 ANNUAL TRANSMISSION SYSTEM CAPITAL BUDGET BY INCREASING THE AMOUNT THAT IS AUTHORIZED TO BE EXPENDED ON THE WEST DENTON TO JIM CHRISTAL POLE EROSION PROJECT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, in order to provide funding for matting, it is necessary to increase the amount that is authorized to be expended on the West Denton to Jim Christal Pole Erosion Project (the “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 FY2022 Annual Transmission System Capital Budget is amended by increasing, by $60,000, the amount that is authorized to be expended for the Project, from $615,000 to $675,000;

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 9TH DAY OF DECEMBER 2021.

____
Kean Register, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

TEXAS MUNICIPAL POWER AGENCY
CAPITAL SUPPLEMENTAL UPDATE

PROJECT TITLE: Denton West to Jim Christal TML Pole Erosion		PROJECT MANAGER: Mark Zimmerer		DATE: November 29, 2021
PROJECT NO.	**RISK LEVEL:**	**RISK TYPE:**	**FERC ACCOUNT:**	**FUNDING:** ☐ Rate ☑ Debt

SCHEDULE DATES

START DATE: September 2021	**ESTIMATED IN-SERVICE DATE:** November 2021

☑ **Capital**	☐ **Annual Need** ☑ **One Time Need** ☐ **Cyclical Need**	Capital Plan Year: 2020

Total Costs:	**Previously Approved:**	FY21:	FY22:	FY23:	FY24:	FY25:
$ 675,000	$ 615,000	$ 120,000	$ 555,000			

UPDATED DESCRIPTION OF PROJECT:

The scope of this project is to correct an erosion problem around existing structure 2/8 in the Denton West to Jim Christal 138kV transmission line. Hickory Creek is continuing to erode the soil around pole 2/8 causing the pole to lean slightly. The erosion is expected to worsen as large rain events happen.

The proposed solution replaces the existing pole and foundation with a large bridge-type pier foundation and new pole. The existing transmission conductor and OPGW will be reattached to the pole with new hardware. The existing pole will be scraped and the value credited to TMPA.

Update: Matting will be required in the transmission easement for construction access.

IMPLICATION CHANGES:

	Yes	No
1. Change in Environmental Impact?	☐	☑
2. Change in Safety Impact?	☐	☑
3. Change in Purchasing Implications?	☐	☑

If yes to any question, review by appropriate department required.

TEXAS MUNICIPAL POWER AGENCY
CAPITAL SUPPLEMENTAL UPDATE

COST ESTIMATES

	ORIGINAL ESTIMATE	REVISIONS	NEW ESTIMATE
Costs: Current Year Only			
TMPA Labor Hours =			
TMPA Labor	$	$	$ 0
Materials	$ 80,000	$ -35,000	$ 45,000
Contract Services	$ 470,000	$ 75,000	$ 545,000
Engineering Consultant	$ 45,000	$ 20,000	$ 65,000
Misc. Expenses	$ 20,000	$	$ 20,000
Labor Loadings (50%)	$	$	$ 0
TOTAL	$ 615,000	$ 60,000	$ 675,000

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

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

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

EXPLANATION FOR REVISIONS:

Since the original estimation, the leading unanticipated factor was the need of matting for the site due to recent rain. The access to the construction site is about 1/3 mile off the road and crosses a few small creeks and a small hill. It rained several times during the two week scheduled outage, which made the construction site inaccessible without matting.

Budget
Material - $45,000:
- Foundation Pole (1) - $40,000
- Insulators and Hardware - $5,000

DME Labor - $20,000

Contracting Service(Construction) - $545,000:
- Pole installation/TM tie-in - $115,000
- Matting for construction access - $430,000

Engineering Consultant - $65,000

Project Total - $675,000

SIGNATURES

Project Manager:	[signature]	**Date:**	11-30-2021
Supervisor:	[signature]	**Date:**	11-30-2021
Division Manager:		**Date:**	
General Manager:	[signature]	**Date:**	11/30/21
	Budgeting: _____		

December 9, 2021

AGENDA ITEM NO. 15

SUBJECT: Executive Session

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

A. Status report relating to the sale of the Gibbons Creek Lignite 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.

December 9, 2021

AGENDA ITEM NO. 15A

SUBJECT: Status report relating to the sale of the Gibbons Creek Lignite Mine.

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

BACKUP MATERIAL: None.

ACTION REQUESTED: None.

Bob Kahn
11/17/21

Bob Kahn

December 9, 2021

AGENDA ITEM NO. 16

SUBJECT: Resolution No. 2021-12-5, authorizing an amendment to the agreement for general counsel services; and resolving matters incidental and related thereto.

DISCUSSION: The purpose of this agenda item is to modify the Legal Services Agreement between TMPA and Tiemann, Shahady & Hamala, P.C. to update the contact information in the notice provision and to increase the hourly rate.

When the Legal Services Agreement was entered into in January 1999, the hourly rate for Carl Shahady was $175. This rate remained in place until September 2010, when the Board increased the hourly rate for Carl and his partner, Richard Hamala, to $225. The 2010 amendment allowed the law firm to increase rates annually thereafter, but not to exceed 2% per year. Pursuant to that provision, the hourly rate has been increased annually, bringing the current hourly rate to $268.

This Resolution would increase the hourly rate for the two firm partners to $300. This rate is more in line but still lower than the rates charged by partners of other firms providing legal services for TMPA. The law firm now has an associate. The Resolution would approve an hourly rate for associates of $150.

BACKUP MATERIAL: Legal Services Agreement dated January 18, 1999, including amendments of February 9, 2000, and September 1, 2010; Amendment to Legal Services Agreement attached as Exhibit “A” to the Resolution.

ACTION
REQUESTED: Consideration and action on Resolution No. 2021-12-5.

RESOLUTION NO. 2021-12-5

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING AN AMENDMENT TO THE AGREEMENT FOR GENERAL COUNSEL SERVICES; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Agency and Tiemann, Shahady & Hamala, P.C. entered into an agreement, dated January 18, 1999, for general counsel services (as amended, the "Agreement"); and

WHEREAS, the Board desires to amend the Agreement to adjust the hourly rates;

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

1. That the above recitals are true and correct;

2. That the General Manager, or a person acting at his direction, is authorized to execute an amendment to the Agreement;

3. That the amendment shall be in substantially the same form as Exhibit "A";

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 9TH DAY OF DECEMBER 2021.

____
Kean Register, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ____________________________
Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

EXHIBIT “A”

AMENDMENT TO LEGAL SERVICES AGREEMENT

This Amendment to Legal Services Agreement is entered into as of December 10, 2021, between the Texas Municipal Power Agency (the “Agency”) and Tiemann, Shahady & Hamala, P.C. (the “Law Firm”).

RECITALS

The Agency and Law Firm entered into a Legal Services Agreement dated January 18, 1999, as amended on February 9, 2000 and on September 1, 2010 (the “Agreement”). The Agency and Law Firm desire to amend the Agreement as set forth in this Amendment.

TERMS AND CONDITIONS

In consideration of the mutual benefits and obligations of the parties, the Agency and Law Firm agree to amend the Agreement as follows:

1. Section 9.1(a) is amended to read as follows:

   a. Agency Physical Address:

      TEXAS MUNICIPAL POWER AGENCY
      2751 Nash St., Suite 130
      Bryan, Texas 77802

2. Section 9.2(a) is amended to read as follows:

   Delivery by email shall be at the following:

   a. If to the Agency: bkahn@texasmpa.org

   b. If to the Law Firm: cshahady@tiemannlaw.com

3. Exhibit “A” of the Agreement is amended to read as follows:

EXHIBIT “A”
ATTORNEY HOURLY RATES AND CHARGES

Shareholders	$300
Associates	$150

Commencing on January 1, 2023, the Law Firm may increase the above rates on an annual basis, but not to exceed 2% per year.

An attorney may charge for attendance at TMPA Board Meetings at the above rates, but no charge may be made for travel time associated with attendance at Board Meetings.

Third-party expenses paid by Law Firm for TMPA's account will be billed to TMPA in addition to attorney hourly rates.

4. Except as amended herein, the Agreement shall remain in effect in accordance with its original terms and conditions.

Executed and effective as of the date set forth in the first paragraph hereof.

TEXAS MUNICIPAL POWER AGENCY

By: ______________________________

Name: Bob Kahn

Title: General Manager

TIEMANN, SHAHADY & HAMALA, P.C.

By: ________________________________

Name: Carl J. Shahady

Title: Shareholder

AMENDMENT TO LEGAL SERVICES AGREEMENT

This Amendment to Legal Services Agreement ("Amendment") is entered into as of September 1. 2010, between the Texas Municipal Power Agency (the "Agency") and Tiemann, Shahady & Hamala, P.C. (the "Law Firm").

RECITALS

The Agency and Law Firm entered into a Legal Services Agreement dated January 18, 1999, as amended on February 9, 2000 (the "Agreement"). The Agency and Law Firm desire to amend the Agreement as set forth in this Amendment.

TERMS AND CONDITIONS

In consideration of the mutual benefits and obligations of the parties, the Agency and Law Firm agree to amend the Agreement as follows:

1. Throughout the Agreement. "Law Firm" shall refer to "Tiemann, Shahady & Hamala, P.C." and all references to "Tiemann Law Offices, P.C." are changed to "Tiemann, Shahady & Hamala, P.C.".

2. Section 9.1(d) of the Agreement is amended to read as follows:

d. Law Firm Mailing Address:

Tiemann, Shahady & Hamala, P.C.
102 N. Railroad
Pflugerville, Texas 78660

3. Exhibit "A" of the Agreement is amended to read as follows:

EXHIBIT "A"
ATTORNEY RATES AND CHARGES

Carl J. Shahady	$225/hour
Richard Hamala	$225/hour

Commencing in January 2012, the Law Firm may increase the above rates on an annual basis, but not to exceed 2% per year.

An attorney may charge for attendance at TMPA Board Meetings at the above rates, but no charge may be made for travel time associated with attendance at Board Meetings.

Third-party expenses paid by Law Firm for TMPA's account will be billed to TMPA in addition to attorneys' hourly rates.

TMPA has provided to Law Firm a computer and associated equipment for the purpose of enabling Law Firm to have access to TMPA documents. Title to the computer and associated equipment shall remain with TMPA. Upon termination of this Agreement by TMPA or by Law Firm, the computer and associated equipment shall be returned to TMPA.

4. Except as amended herein, the Agreement shall remain in effect in accordance with its original terms and conditions.

Executed as of the date set forth in the first paragraph hereof.

TEXAS MUNICIPAL POWER AGENCY

By: Gary Parsons 9/20/10

Name: Gary Parsons

Title: General Manager

TIEMANN, SHAHADY & HAMALA, P.C.

By: Carl J. Shahady

Name: Carl J. Shahady

Confidential Information

TIEMANN, SHAHADY & KENNEY, P.C.

CARRIE PARKER TIEMANN
CARL J. SHAHADY
JAMES J. KENNEY
BRIAN S. BLACKMAN

POST OFFICE BOX 1190
PFLUGERVILLE, TEXAS 78691-1190

TELEPHONE (512) 251-8510
FACSIMILE (512) 251-8540

www.tiemannlaw.com

February 9, 2000

Mr. Gary Parsons
Interim Manager
Texas Municipal Power Agency
P. O. Box 7000
Bryan, Texas 77805

Dear Gary:

As you and Carl Shahady discussed last week, this letter is to request consent to increase the billing rate applicable to one attorney under the attorney rate schedule appended to the Legal Services Agreement. The rate schedule currently provides a rate of $135 per hour for Brian Blackman. We would like to increase Brian's rate to $160 per hour as we have done with our other clients. The rates for the other attorneys in the rate schedule would remain unchanged. If you are agreeable to this revised rate, please so indicate by signing below and returning a counterpart of this letter to my attention. Thank you for your attention to this matter.

Sincerely,

Carrie Parker Tiemann

Carrie Parker Tiemann

ACCEPTED:

Gary Parsons

Mr. Gary Parsons
Dated: 2/16/00

LEGAL SERVICES AGREEMENT

This Agreement, entered into on this 18TH day of January 1999, between Texas Municipal Power Agency ("Agency"), a municipal corporation and political subdivision of the State of Texas, whose address is P.O. Box 7000, Bryan, Texas, 77805, and Tiemann Law Offices, P.C. ("Law Firm"), whose address is P.O. Box 1190, Pflugerville, Texas 78691-1190.

WITNESSETH:

WHEREAS, the Agency desires to employ Law Firm to perform certain legal services;

WHEREAS, Law Firm desires to perform such services for the consideration and under the terms and conditions set forth herein;

NOW, Therefore, in consideration of the mutual obligations set forth herein, the Agency and Law Firm agree as follows:

ARTICLE 1

1.0 SCOPE:

1.1 This Agreement shall be applicable to all legal services performed by Law Firm on behalf of the Agency.

ARTICLE 2

2.0 COMPENSATION:

2.1 In consideration of the performance of legal services, the Agency shall pay Law Firm in accordance with the rates and charges on Exhibit "A".

2.2 The rates and charges in Exhibit "A" shall remain in effect indefinitely until changed by mutual agreement of the parties.

2.3 Section 2.1 and 2.2 shall not preclude the Agency and Law Firm from agreeing, in a separate written document, on a different fee schedule (e.g. different hourly rates, lump sum fee, contingency fee, etc.) in relation to a particular matter.

ARTICLE 3

3.0 INVOICES:

3.1 Payment shall be made upon submission of invoices by the Law Firm. Invoices shall be paid within thirty (30) days after receipt.

3.2 Each invoice shall contain the following information:

a. With respect to each line item of work for which a professional fee is charged (i) the name of the attorney, law clerk, paralegal or other professional performing the work (ii) a description of the work (iii) the date on which the work was performed and (iv) the hours (or fraction thereof) expended.

b. The hourly rate of each attorney or other professional for which a fee is charged in the invoice.

c. The total number of hours for which a fee is charged for each attorney or other professional.

d. Expenses, itemized by category (e.g. meals, xerox copies, hotels, etc.).

3.3 All invoices shall be directed to the attention of the "General Manager" and sent to:

TEXAS MUNICIPAL POWER AGENCY
P.O. Box 7000
Bryan, Texas 77805

ARTICLE 4

4.0 STANDARD OF PERFORMANCE:

4.1 The Law Firm shall perform legal services with the skill and care expected of the legal profession, and in accordance with all laws, court decisions, regulations, rules, and standards, governing attorneys in the State of Texas or such other State in which the legal services are performed.

ARTICLE 5

5.0 REPORTING:

5.1 The Law Firm shall report to and take direction from the Agency's Board of Directors or General Manager.

5.2 With the concurrence or consent of any of the persons identified in Section 5.1, the Law Firm may report to and take direction from any other officer, employee, agent, or representative of the Agency.

5.3 The provisions of Section 5.1 and 5.2 shall not preclude the Law Firm from reporting to others when the Law Firm's duty under Article 4 would so require.

ARTICLE 6

6.0 TERMINATION:

6.1 The Agency reserves the right to terminate this Agreement at any time.

6.2 The Agency reserves the right to terminate Law Firm's employment with respect to a particular matter at any time.

6.3 Law Firm reserves the right to terminate this Agreement at any time, subject to compliance with Article 4.

6.4 Law Firm reserves the right to terminate its representation of the Agency in relation to any particular matter assigned to the Law Firm, subject to compliance with Article 4.

6.5 Termination of the Agreement or termination of Law Firm's employment with respect to a particular matter shall not affect (i) the Law Firm's right to be compensated for work performed prior to such termination or (ii) the Agency's right to audit invoices for work performed prior to such termination.

ARTICLE 7

7.0 AUDIT:

7.1 The Agency shall have a right to audit any invoice within a period of fifteen (15) months following the date the invoice is received. This right to audit shall apply to invoices received both before and after the date of this Agreement.

7.2 The audit shall be at the Agency's expense, and may, in the Agency's discretion, be conducted by the Agency's Internal Auditor, or by an outside auditor.

7.3 The audit shall be conducted during regular business hours.

7.4 In order to request an audit, the Agency shall submit to Law Firm a request in writing. Within ten (10) days following Law Firm's receipt of the request, the Law Firm shall notify the Agency of the date or dates that the audit may be conducted at the offices of the Law Firm.

7.5 In lieu of conducting the audit at the offices of the Law Firm, the auditor may request the Law Firm to mail or deliver, at the Agency's expense, copies of pertinent books and records (e.g. time sheets, expense records, receipts, etc.) to the auditor so that the audit may be conducted at the auditor's offices.

7.6 The Law Firm shall cooperate with the reasonable requests of the auditor in conducting the audit.

7.7 The scope of the audit shall be to determine the accuracy of the invoices to the Agency, and to determine whether the amounts invoiced for professional fees and expenses are consistent with this Agreement and with the fee schedule attached to this Agreement (or, in the event a different fee schedule in relation to a particular matter has been mutually agreed upon, such other fee schedule).

7.8 The audit shall not require the Law Firm to disclose (i) privileged or confidential information relating to clients other than the Agency or (ii) the costs underlying any hourly rates or agreed upon fees.

ARTICLE 8

8.0 GOVERNING LAW:

8.1 This Agreement shall be governed by the laws of the State of Texas.

ARTICLE 9

9.0 NOTICES:

9.1 All written documents required or permitted to be given under this Agreement shall be delivered to the following physical or mailing addresses:

a. Agency Physical Address:

TEXAS MUNICIPAL POWER AGENCY
Gibbons Creek Steam Electric Station
2-1/2 Miles North of Carlos, Texas on FM-244
Carlos, Texas 77830

b. Agency Mailing Address:

TEXAS MUNICIPAL POWER AGENCY
P.O. Box 7000
Bryan, Texas 77805

c. Law Firm Physical Address:

TIEMANN LAW OFFICES, P.C.
102 N. Railroad Avenue
Pflugerville, Texas 78660

d. Law Firm Mailing Address:

TIEMANN LAW OFFICES, P.C.
P.O. Box 1190
Pflugerville, Texas 78691-1190

9.2 Delivery by Fax shall be at the following:

a. Agency Fax Number: (409) 873-1183

b. Law Firm Fax Number: (512) 251-8540

9.3 Delivery of a document shall be effective when the document is physically received.

ARTICLE 10

10.0 MISCELLANEOUS:

10.1 This Agreement constitutes the entire agreement between the parties and supersedes all prior written or oral understandings.

10.2 Acceptance or acquiescence in a course of performance rendered under this Agreement shall not be relevant to determine the meaning of the Agreement.

10.3 No waiver by a party of any right under the Agreement shall prejudice that party's exercise of that right in the future.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TEXAS MUNICIPAL POWER AGENCY

By: ______________________________
Scott McGough
General Manager

TIEMANN LAW OFFICES, P.C.

By: ______________________________
Carrie Parker Tiemann
Owner

TIEMANN

EXHIBIT "A"
1999 ATTORNEY RATES AND CHARGES

Carrie Parker Tiemann	$235/hour
James J. Kenney	$195/hour
Brian S. Blackman	$135/hour
Carl J. Shahady	$175/hour, not to exceed $1400 on the one day per week that he works for TMPA at TMPA's office in Carlos, Texas, such arrangement to continue through 1999 at TMPA's discretion, and, after 1999, by mutual agreement of TMPA and Law Firm.

Third-party expenses paid by Law Firm for TMPA's account will be billed to TMPA in addition to attorneys' hourly rates.

TIEMANN

December 9, 2021

AGENDA ITEM NO. 17

SUBJECT: Future meeting dates and subjects

DISCUSSION: The date for the next scheduled Board meeting is **February 10, 2022 in Bryan**.

TENTATIVE MEETING DATES FOR 2022:

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