TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING

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

Friday, December 17, 2021
10:00 AM

Preliminary matters:

- Call to order
- Public comments

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

1. 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.

2. Future Meeting Dates.

3, Adjourn.

December 17, 2021

AGENDA ITEM NO. 1

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 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 17TH 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 17, 2021

AGENDA ITEM NO. 2

SUBJECT: Future meeting dates and subjects

DISCUSSION: The date for the next scheduled Board meeting is **February 10, 2022 location to be determined**.

TENTATIVE MEETING DATES FOR 2022:

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