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:

DENTON MUNICIPAL ELECTRIC
1659 SPENCER ROAD
DENTON, TX 76205

Thursday, December 8, 2022
10:30 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 8, 2022 Committee meeting.

2. Consent Agenda Items:

   A. Consider approval of meeting minutes of the September 8, 2022 Board of Directors meeting.

3. Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of December 6, 2022.

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

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

6. FY22 Year-end Budget Status Report.

7. Resolution No. 2022-12-1, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2022; and resolving matters incidental and related thereto.

8. Resolution No. 2022-12-2, amending the fiscal year 2023 budget for the Mine Business; appropriating funds therefore; providing for said budget administration; providing for severability; and resolving matters incidental and related thereto.

9. Resolution No. 2022-12-3, amending charges for the Mine Business; designating an effective date for the charges; authorizing and directing that written notice be mailed to the Member Cities setting forth the charges; and resolving matters incidental and related thereto.

10. Resolution No. 2022-12-4, authorizing a distribution of transmission funds to the Member Cities; and resolving matters incidental and related thereto.

11. Resolution No. 2022-12-5, approving the annual proportional share calculation of Member City ownership interests in Agency assets; and resolving matters incidental and related thereto.

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

13. 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).

    B. TMPA v. Gibbons Creek Environmental Redevelopment Group, LLC, Cause No. D-1-GN-22-004434, in the 126th District Court of Travis County, Texas (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.

14. Future Meeting Dates.

15. Adjourn.

December 8, 2022

AGENDA ITEM NO. 1

SUBJECT: Committee Reports

- Audit and Budget Committee report relating to the results of the December 8, 2022 Committee meeting.

BACKUP MATERIAL: - Audit and Budget Committee meeting package can be viewed on the Board's secure website in the December 8, 2022 Board Meeting folder.

December 8, 2022

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 8, 2022 Board of Directors meeting.

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

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING MINUTES

Fletcher Warren Civic Center
5501 Business Hwy. 69 S
Greenville, TX 75402

THURSDAY, September 8, 2022
10:30 AM

President Register called the meeting to order at 10:35 AM.

The following people were present at the meeting.

Board Members:

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

Staff:

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

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller and Will Smith – BTU
Terry Naulty, Jerry Fielder, and Antonio Puente – Denton Municipal Electric
Darrell Cline – Garland Power & Light
Alicia Hooks and Cathy Rosson – GEUS
Steve Adams and Paul Jasin – SPFI
Gregory Salinas – McCall, Parkhurst & Horton
Jan Horbaczewski

Public Comments:

Mr. Register asked for comments, there were none.

1. Executive Session.

Mr. Register announced that the Board would convene in executive session pursuant to sections 551.071, 551.072, and 551.074, Government Code.

The open session was recessed, and the executive session was called to order by Mr. Register at 10:36 AM.

The open session resumed at approximately 11:01 AM

2. <u>Consent Agenda Items:</u>

A. <u>Consider approval of meeting minutes of the June 9, 2022 Board of Directors meeting.</u>

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

Motion carried; voting as follows:

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

3. <u>Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of September 8, 2022.</u>

An update was provided by Mr. Puente.

4. <u>Status report relating to mine reclamation and land matters.</u>

An update was provided by Mr. Horbaczewski.

5. <u>Status report relating to environmental and regulatory compliance matters.</u>

An update was provided by Mr. Meadows.

6. <u>FY22 Third Quarter Budget Status Report.</u>

An update was provided by Mrs. Birkhead.

7. <u>Resolution No. 2022-9-1, authorizing the transfer of funds to the Acid Seep Project; and resolving matters incidental and related thereto.</u>

Mr. Cheek moved, seconded by Mr. Davis, approval of resolution no. 2022-9-1.

Motion carried; voting as follows:

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

8. <u>Resolution No. 2022-9-2, authorizing a note purchase agreement relating to the Texas Municipal Power Agency System Subordinated System Net Revenue/Transmission Revenue Converting Security Direct Purchase Revolving Notes, Series A, amending certain provisions of the Reconstituted Series A Note Resolution, including renaming such notes and authorizing other matters related thereto.</u>

Mr. Ratliff moved, seconded by Mr. Jefferies, approval of resolution no. 2022-9-2.

Motion carried; voting as follows:

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

9. <u>Status report relating to the TMPA transmission operations and five-year transmission capital project plan.</u>

An update was provided by Mr. Cline.

10. <u>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.</u>

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

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

Mr. Jefferies named the committees as follows:

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

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

Cheek – Aye	Jefferies – Aye
Simank – Absent	Ratliff – Aye
Spurlock - Aye	Register – Aye
Harting – Aye	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 8, 2022.

18. <u>Adjourn.</u>

By general consensus of the Board, the meeting adjourned at approximately 11:28 AM.

Tracy Stracener
Assistant Secretary
TMPA Board of Directors

December 8, 2022

AGENDA ITEM NO. 3

SUBJECT: Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of December 6, 2022.

DISCUSSION: The P&O Committee Chair will present major discussion topics and action items taken at the December 6, 2022 P&O Committee meeting.

BACKUP MATERIAL: None.

ACTION REQUESTED: Discussion.

December 8, 2022

AGENDA ITEM NO. 4

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

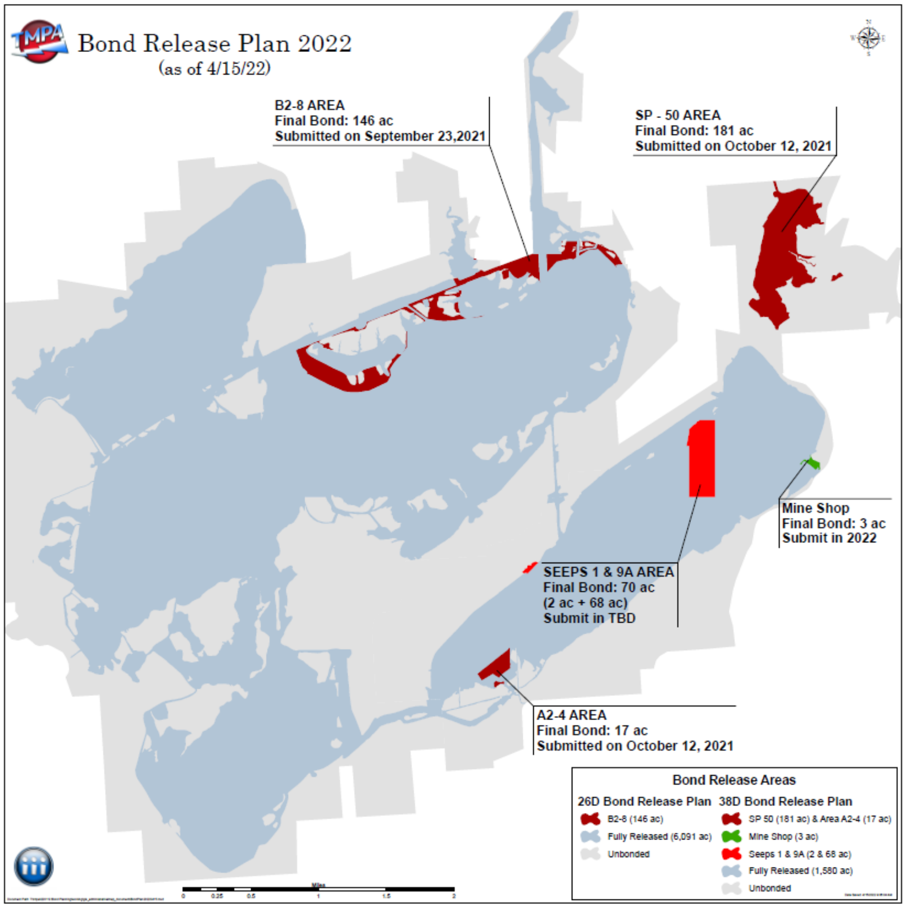
DISCUSSION:

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

Table 1 – Plan and Status of Final Bond Release (as of 09/21/22)

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
26D – Moody property	0	453	453	Released 04/12/22
38D – SP-50 (181 ac) + A2-4 (17 ac)	198	0	198	Released 09/20/22
Total Released	**6,986 ac (97% of former TMPA property)**	**1,608 ac (100% of leased property)**	**8,594 ac (97.5% of total)**	
26D – Area B2-8	**146**	**0**	**146**	**Scheduled for release on 12/13/22**
38D – Seep 9A south half – 6 soil grids (35 ac) + Mine Shop (3 ac)	38	0	38	Submit 2023
38D – Seep 9A north half (33 ac) + Seep 1A area (2 ac).	35	0	35	Submit – TBD
TOTAL (both permits)	**7,205 (TMPA property)**	**1,608 (Leased property)**	**8,813 (Total bonded)**	

Figure 1 – Status of Bond Release (as of 09/8/22)



Status of bond release on mine property sold on December 22, 2021

As of 11/15/22, the remaining bonded acreage on the mine property sold on 12/22/21 (the "Lakes of Gibbons Creek," approximately 11,000 acres) is down to 219 acres, of which 146 acres (first row of Table 2) is scheduled for release on 12/13/22.

Table 2 – Remaining bonded areas within the "Lakes of Gibbons Creek" Property
(As of 11/15/22)

Bond release packets	Acres	Bond release status
26D – Area B2-8	146	Scheduled for release on 12/13/22
38D – Seep 9A south half – 6 soil grids (35 ac) + Mine Shop (3 ac)	38	Submit 2023
38D – Seeps 1A (2 ac) and 9A north (33 ac) areas	35	Date of submittal to be determined with Railroad Commission
Total	**219**	

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

TMPA submitted a bond release application for Area B2-8 on 09/23/21. It was declared Administratively Complete on 01/7/22 and Commission Staff finalized their Technical Analysis recommending bond release on 02/25/22. The Administrative Law Judge has prepared a draft Order for release of the bond to be presented to the Commissioners on 12/13/22.

Cancelation of Permit 26D

Area B2-8 will be the last area to be released from bond in Permit 26D (the mine area north of Gibbons Creek). TMPA will then request approval to plug the 8 Long-Term Groundwater Monitoring Wells in this permit area and, after that has been completed, the last step will be to request cancelation of the permit. The permit is over forty years old. It was originally issued on 08/4/1980 under the Texas state mining program that predated the federal mining program.

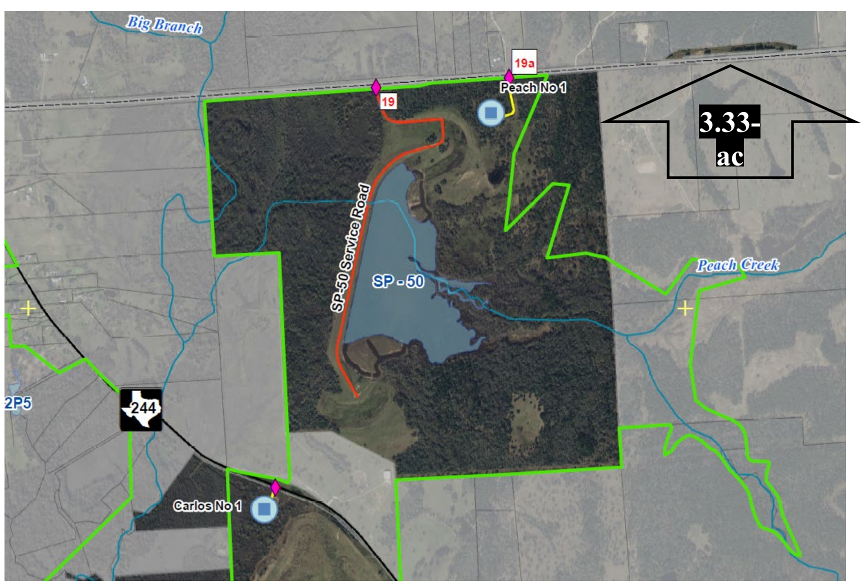
Permit 38D, Pond SP-50 and Area A2-4 (198 acres) Bond Release Application

On 10/12/21, TMPA filed a bond release application for 198 acres in Permit 38D including Pond SP-50 (181 acres) and the A2-4 Area (17 acres). This was approved by the Commissioners on 09/20/22.

Sale of Pond SP-50 Property (723 acres)

The Pond SP-50 Property consists of 723 acres east of Farm to Market (FM) Road 244 and includes 542 acres that were never bonded (Figure 2). This property is physically separate from the rest of the mine and was not included in the Lakes of Gibbons Creek property sold on 12/22/21.

Figure 2 – Pond SP-50 Property (723 acres) and 3.33-acre Property



Note: Green line depicts the Permit 38D boundary; red numbers in the white boxes show gates with access from a public road (Gates 19 and 19a are on State Highway 30).

TMPA contracted with Republic Ranch Sales, LLC for real estate brokerage services following authorization from the Board on 06/9/22 (Resolution No. 2022-6-1). Republic Ranches has since been showing the property. However, the level of interest is not as great as expected due to the current state of the economy and the impact on the drought on the appearance of the property.

There is also a 3.33-acre sliver of land owned by TMPA nearby on the north side of State Highway 30 associated with a bridge that was built to accommodate a proposed mine haul road to the East Move mine area. The haul road was never built because the mine permanently closed in 1996. TMPA is in contact with the adjacent landowner to see if he would be interested in acquiring it.

Appraisals and surveys of these two properties have been completed. The appraisals, as of 08/11/22, were:

Pond SP-50 Property – $7,231,000 ($10,000 per acre)
The 3.33-acre tract – $17,000 ($5,105 per acre)

Cash Funding of the Mine Bonding Requirements.

On 12/9/21, the Board authorized the use of cash as collateral for the mine reclamation replacement bonds for the June 2023-June 2024 bonding term. The deadline for submitting the replacement bonds is 02/16/23. It is projected that the bonding requirements will be approximately $1.6 million (Table 3).

Table 3 – TMPA Projection of Bonding Requirements on Mine Property (as of 11/15/22)

Amount of bonding	Bond release packet	Amount projected to be released	Remaining bond requirement for permit
Permit 26D = $0.25M	B2-8 Area (146 ac) (Filed 09/23/21; scheduled to be released 12/13/22)	$0.25M	**$0.0**
Permit 38D = $1.6M	Seep 9A south area (35 ac) + Mine Reclamation Shop (3 ac) (To be filed in summer 2023)	$0.9M	$0.7M
	Seep 1A (2 ac) + Seep 9A north area (33 ac) core areas (date of filing currently unknown; to be determined with Railroad Commission)	$0.7M	**$0.0**

Acid Seep 9A – construction update

The first phase of the Seep 9A mitigation plan was the permanent lowering of the water levels of the two end lakes to reduce the "head" of water driving the seeps. This was accomplished in December 2020 and appears to have been successful because the seeps have become less active. The lowering of the end lakes also increased their capacity to contain large storm events. They therefore discharge less at those times, which helps to reduce erosion in the Seep 9A drainage.

The next phase consists of raising the floor of the drainage to keep the seeps underground as much as possible and to provide a suitable soil medium for permanent vegetation to become established and further reduce the risk of erosion. TMPA discussed its proposed plan with Railroad Commission Staff in an in-person meeting on 06/28/22 and started construction work on 07/6/22.

One part of the plan consists of installing one or more limestone rock drains wrapped in geotextile fabric along the main flowlines in the Seep 9A drainage and covering them with suitable soil (Fig. 3).

Fig. 3 – Status of Seep 9A mitigation work as of August 18, 2022 (view north)

Fig. 4 – Status of same area of Seep 9A on September 27, 2022 (view north)

Fig. 5 – Upper terraces of Seep 9A as of August 18, 2022 (view west)

Fig. 6 – Upper terraces of Seep 9A as of November 8, 2022 (view southwest)

TMPA is proposing to hold a field meeting with Railroad Commission Staff in Sprig 2023 (after green-up) to discuss a bond release strategy for the Seep 9A area.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Jan K. Horbaczewski
11/15/22

Jan K. Horbaczewski

December 8, 2022

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. There is one remaining staff position to manage the variety of compliance and environmental remediation oversight matters. Daniel's position, as the Compliance, Land, and Mine Manager, oversees GCERG's remediation progress, general compliance, land matters related to the mine and transmission, and has assumed various mine reclamation activities with the retirement of the Mine Manager in June 2022.

Remediation and Demolition of Gibbons Creek

The total demolition and remediation project, including the closure of Site A and F landfills, is now projected by GCERG to be physically complete at the end of May 2023, instead of the end of calendar year 2022 as previously reported. The revised timeline is due to the projected time to clean the Site A Landfill ponds. Despite the schedule revision, the work is estimated to be complete ahead of the APA schedule by a few months.

Update by Area

- The demolition and removal of the boiler and related structures is 100% complete.
- The excavation and hauling of the coal combustion residual (CCR) material from the scrubber sludge pond and ash ponds to Site F Landfill is 100% complete. Vegetation is currently being established in both areas.
- Site A Landfill closure is about 86% complete. The remaining work includes cleaning out Leachate Ponds 1 – 4 and hauling the material to Site F Landfill. The pond work is expected to be complete in March 2023.
- Site F Landfill closure is about 24% complete. Due primarily to the cleanout of the Site A Landfill ponds, the Site F completion date projection has moved from December 2022 to May 2023.

Regulatory Closure Update and Post-Closure

With much of the physical work winding down, the focus has shifted heavily to obtaining Regulatory Closure. GCERG has been in constant communication with the Texas Commission on Environmental Quality (TCEQ) in the effort to obtain closure on the Scrubber Sludge Pond, Ash Ponds, Plant Collection Pond, and Site A Landfill and related ponds. The process of closing these units with TCEQ has not been accomplished as quickly as GCERG had hoped or planned.

To date, GCERG has not received an official determination from TCEQ that these units are considered closed. Until TCEQ makes a closure declaration in writing, along with requirements for post-closure care, the Regulatory Closure Bond will remain at its original amount. The annual bond renewal occurs in early February 2023. A line item summary of each area is provided below:

- Scrubber Sludge Pond and Ash Ponds - GCERG has petitioned TCEQ to declare these CCR units closed. GCERG was not expecting TCEQ to impose post-closure monitoring requirements. However, TCEQ has verbally indicated to GCERG that a conditional 30-year post-closure requirement may be imposed. If so, a post-closure bond from GCERG will be required.
- Plant Demolition – GCERG is processing the cleanup of the plant site and related areas through the TCEQ's Voluntary Cleanup Program (VCP) and was expected to be complete by the end of calendar year 2022. However, TCEQ has communicated to GCERG that a one-year monitoring period will be required before a certificate of completion will be issued. Because of the monitoring period, GCERG plans to withdraw from the VCP program and perform a Phase II environmental assessment.
- Site A Landfill – TCEQ is evaluating GCERG's request to close leachate ponds 5-12 at Site A. GCERG has indicated that TCEQ has verbally declared the landfill to be closed. TMPA does not accept this self-determination and requires a written declaration directly from TCEQ.
- Site F Landfill – It is expected that TCEQ will require a 30-year post-closure monitoring period. The closure request from GCERG to TCEQ was to be submitted in early 2023. Due to the timeline of cleaning the Site A Landfill ponds, it is likely that the closure request will occur in the third quarter of 2023.

TMPA has also initiated discussions with GCERG regarding transition of site oversight, maintenance, and compliance for the post-closure period.

Financial Assessment – Total Security Available

Each month, TMPA evaluates the balance of the Escrow Fund and the Regulatory Closure Bond (collectively known as the Total Security Available) as compared to the Remaining Closure Cost Estimate.

Refer to Figure 1 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.

To date, the Remaining Closure Cost Estimate has been calculated by TMPA as the product of the Regulatory Closure Bond Amount and a detailed calculation of the percent completion, as determined by TMPA. As of the end of October 2022 (Period Ending 10-Nov-22; column F in Figure 1), TMPA calculates the current amount to be about **$13.8 million**.

The current determination is that the Total Security Available is **$31.1 million** greater than the Remaining Closure Costs (Column G).

In August, GCERG requested a bond reduction claiming much of the work was substantially complete. TMPA stated that the request was premature because: 1. the APA allows for reduction of the bond amount when a remediation project is completed as determined by the regulatory agencies, and 2. the APA also prohibits any release or partial release of the Regulatory Closure Bond prior to receiving a Post-Closure Bond. Neither of these conditions were met.

Figure 1 - Total Security Available and Remaining Closure Cost Estimate

A	B	C	D	E	F	G
Month	Period Ending	Escrow Amount Balance	Regulatory Closure Bond Amount	**Total Security Available**	**Remaining Closure Cost Estimate** (based on Regulatory Closure Bond; est by TMPA)	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	20,988,535	36,500,000	**57,488,535**	**44,100,000**	13,388,535
10	10-Dec-21	20,149,121	36,500,000	**56,649,121**	**42,100,000**	14,549,121
11	10-Jan-22	19,309,706	36,500,000	**55,809,706**	**41,200,000**	14,609,706
12	10-Feb-22	18,468,784	36,500,000	**54,968,784**	**38,900,000**	16,068,784
13	10-Mar-22	17,629,339	36,500,000	**54,129,339**	**35,700,000**	18,429,339
14	10-Apr-22	16,789,903	36,500,000	**53,289,903**	**32,000,000**	21,289,903
15	10-May-22	15,950,455	36,500,000	**52,450,455**	**26,500,000**	25,950,455
16	10-Jun-22	14,271,416	36,500,000	**50,771,416**	**23,800,000**	26,971,416
17	10-Jul-22	12,592,361	36,500,000	**49,092,361**	**20,400,000**	28,692,361
18	10-Aug-22	11,752,884	36,500,000	**48,252,884**	**17,200,000**	31,052,884
19	10-Sep-22	10,073,810	36,500,000	**46,573,810**	**15,700,000**	30,873,810
20	10-Oct-22	9,234,309	36,500,000	**45,734,309**	**14,600,000**	31,134,309
21	10-Nov-22	8,394,721	36,500,000	**44,894,721**	**13,800,000**	31,094,721
22	10-Dec-22	-	-	**-**	**-**	
23	10-Jan-23	-	-	**-**	**-**	

Figure 2 - Difference (Total Security minus Remaining Closure Costs)

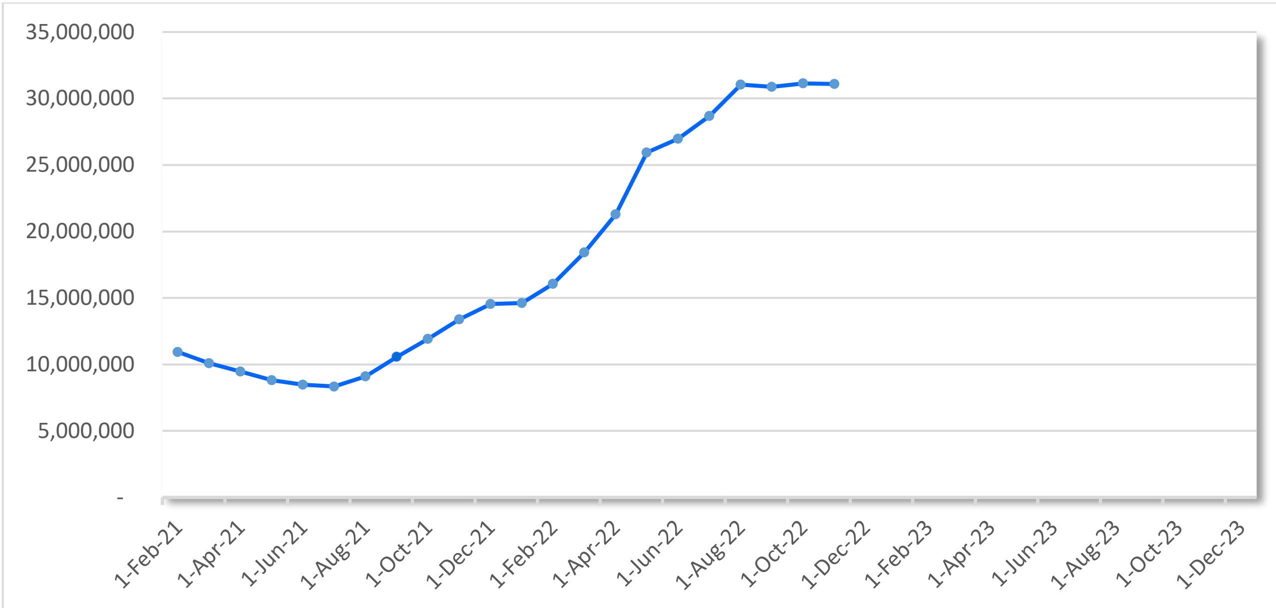
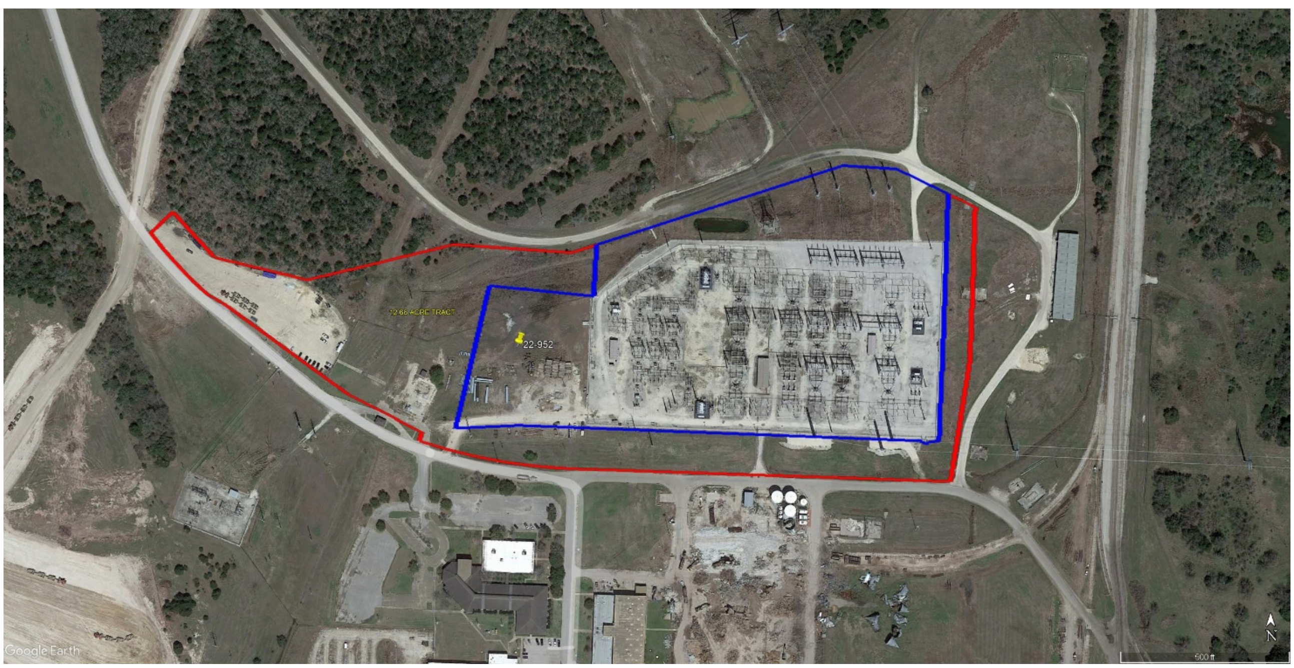


Figure 3 – Gibbons Creek Switchyard Expansion (prepared by Kerr Surveying, 11-15-2022)



BACKUP MATERIAL:

- None

ACTION REQUESTED:

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

Daniel Meadows
11/17/2022

December 8, 2022

AGENDA ITEM NO. 6

SUBJECT: FY22 Year-end Budget Status Report

DISCUSSION: This report, along with the attachments, provides a comparison of actual cost performance to budgets (approved at the Board meeting held on 6/10/21) for each business unit of TMPA as of FY22 year-end. The year-end results are summarized as follows:

GENERATION – Year-end Results				
Cost Type	**Approved Budget**	**Actual**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$754	$636	($118)	(15.7%)
Other Revenues Excluding City Billings	($5)	($5)	$0	3.9%
Total Budget Variance			**($118)**	**(15.8%)**

MINE – Year-end Results				
Cost Type	**Approved Budget**	**Actual**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$2,171	$1,813	($358)	(16.5%)
Other Revenues Excluding City Billings	($75)	($54)	$21	28.2%
Total Budget Variance			**($337)**	**(16.1%)**

TRANSMISSION – Year-end Results				
Cost Type	**Approved Budget**	**Actual**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$6,535	$7,097	$562	8.6%
Fixed Costs - Debt	$17,871	$15,559	($2,313)	(12.9%)
Other Revenues	($31,108)	($31,918)	($810)	(2.6%)
Total Budget Variance			**($2,561)**	**(38.2%)**
Debt Service Coverage	1.25X	2.22X		Exceeds requirement

A&G costs were under budget ($219K) primarily due to (a) reduced general legal expenses (most legal is charged directly to a division) and (b) reduced insurance premiums (non-property).

Generation Division - Total Costs were under budget by $118K in FY22.

1. Labor & Benefits were $68K lower as part of Daniel's time is now being allocated to the Transmission and Mine divisions.
2. Consulting Services were $73K lower due to the Environmental Designee expenses coming in lower than budgeted. Also, Spill Prevention Control and Countermeasure development work for TMPA substations was charged directly to Transmission.
3. Legal Services were $57K higher due to preparation for possible litigation related to Site F Landfill.

Mine Division - Total Costs were under budget by $337K in FY22. As permitted by Resolution 2022-9-1, $242,596 of eligible FY22 Mine O&M savings were transferred to the Acid Seep Project as of the end of FY22.

1. Labor & Benefits were $75K lower due to Jan retiring at the end of June.
2. Mine Maintenance was $102K higher in an effort to expedite bond release (i.e. replacement of collapsed culvert in B2-8 area, removal of land bridges in Pond SP-50 area, and completion of two projects on the Moody property).
3. Contractor Maintenance was $58K lower due to laboratory expenses being charged to Consulting Services.
4. Consulting Services were $193K lower due to hardly any soil or vegetation field work and relatively little need for map products due to relatively little permitting activity (two bond release applications were in Commission review in FY22 but required little extra permitting support).

Transmission Division - Total Costs were under budget by $2.6M in FY22.

1. Labor & Benefits were $95K higher as part of Daniel's time is now being allocated to the Transmission division for easement/encroachment matters. Also, charge-outs to capital projects came in lower than expected.
2. Contractor Maintenance was $318K higher as project T20003, Gibbons Creek Decommission Transmission Phase I, was deemed not capital in nature and was therefore expensed. Also, transformer repair services came in higher than anticipated, namely at the Bryan East substation due to general price increases and for unexpected bushing testing/replacements.
3. Other Fixed Costs (Non-Debt) were $235K higher due to increased material purchases due mainly to the West Denton lighting arrestor failure. Also, there were unbudgeted equipment rental fees associated with transformer and bushing repairs.
4. Debt Service - Bonds was $1.9M lower due to the issuance of the Series 2021 bonds in July 2021. The approved budget reflects the previously outstanding Series 2010 and Series 2017 bonds that were both refunded by Series 2021.
5. Revolving Notes Interest was $461K lower due to (a) interest rates remaining lower than budgeted for most of the year and (b) reduced Notes outstanding as $30M of the Notes were fixed out as part of the Series 2021 bonds discussed above.
6. Transmission System Revenue was $507K higher due to the 2021 Average 4CP being higher than projected.
7. Other Revenue is $324K higher primarily due to unexpected scrap sales and transmission land easements.

NOTE: There was no FY22 charge to the Member Cities for the Transmission division since revenues exceeded expenses.

There will be a distribution of transmission funds as of the end of FY22. This was discussed at the September Board meeting and will be reviewed in further detail in Agenda Item No. 10.

BACKUP MATERIAL:

Attachment A: Generation FY22 Year-end Key Budget Driver Rate Sheet
Attachment B: Mine FY22 Year-end Key Budget Driver Rate Sheet
Attachment C: Transmission FY22 Year-end Key Budget Driver Rate Sheet

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

Lyndi Birkhead
11/30/22

Generation

FY22 Year-end Key Budget Driver Rate Sheet
FY22 Approved Budget Compared to Year-end Actuals

	FY22 Budget Approved 6-10-21 YTD September	FY22 Actual YTD September	(Under) Over Budget	Percentage Change
Fixed Costs				
L01 Labor & Benefits	202,079	134,440	(67,639)	-33.5%
L01 Retention Bonuses	30,246	26,400	(3,846)	0.0%
R51 Contractor Maintenance	3,200	-	(3,200)	-100.0%
S02 Consulting Services	173,200	100,285	(72,915)	-42.1%
S04 Legal Services	118,000	174,879	56,880	48.2%
Other Fixed Costs - Non-Debt	9,733	5,820	(3,914)	-40.2%
Allocation of A&G	217,800	194,176	(23,624)	-10.8%
TOTAL FIXED COSTS	**$ 754,258**	**$ 636,000**	**$ (118,258)**	**-15.7%**
Other Revenues				
I73 Interest Income	(5,100)	(4,889)	211	4.1%
Other Revenue	-	(10)	(10)	-100.0%
TOTAL OTHER REVENUES	**$ (5,100)**	**$ (4,898)**	**$ 201**	**3.9%**
TOTAL COSTS	**$ 749,158**	**$ 631,102**	**$ (118,057)**	**-15.8%**

Mine

FY22 Year-end Key Budget Driver Rate Sheet
FY22 Approved Budget Compared to Year-end Actuals

	FY22 Budget Approved 6-10-21 YTD September	FY22 Actual YTD September	(Under) Over Budget	Percentage Change
Fixed Costs				
L01 Labor & Benefits	266,326	191,211	(75,116)	-28.2%
L01 Retention Bonuses	38,485	25,277	(13,209)	34.3%
L01 Severance Packages	50,790	44,327	(6,463)	-12.7%
M44 Mine Maintenance	320,000	422,028	102,028	31.9%
R06 Bank Charges	140,000	114,063	(25,937)	-18.5%
R51 Contractor Maintenance	110,000	51,767	(58,233)	-52.9%
S02 Consulting Services	375,000	181,558	(193,442)	-51.6%
S04 Legal Services	160,000	174,739	14,739	9.2%
Other Fixed Costs - Non-Debt	84,050	58,816	(25,234)	-30.0%
Allocation of A&G	626,184	548,937	(77,247)	-12.3%
TOTAL FIXED COSTS	**$ 2,170,835**	**$ 1,812,723**	**$ (358,112)**	**-16.5%**
Other Revenues				
I76 Interest Income	(14,661)	(13,820)	842	5.7%
Other Revenue	(60,000)	(39,785)	20,215	33.7%
TOTAL OTHER REVENUES	**$ (74,661)**	**$ (53,605)**	**$ 21,057**	**28.2%**
TOTAL COSTS	**$ 2,096,174**	**$ 1,759,118**	**$ (337,055)**	**-16.1%**

	Previously Collected Project Balance**	Actual Spent in FY22	FY22 6E O&M Budget Savings	Project Balance as of 9/30/22***
Acid Seep Project*	212,926	251,196	(280,866)	242,596

**Expenses for this Project do NOT impact the FY22 budget and are NOT included in the analysis above.*

***These funds were collected in previous years and have been specifically reserved for work on the acid seeps.*

****FY22 6E O&M budget savings have been transferred to the Project for use in future years per Board Resolution 2022-9-1.*

ATTACHMENT C

Transmission

FY22 Year-end Key Budget Driver Rate Sheet
FY22 Approved Budget Compared to Year-end Actuals

	FY22 Budget Approved 6-10-21 YTD September	FY22 Actual YTD September	(Under) Over Budget	Percentage Change
Fixed Costs				
L01 Labor & Benefits	614,717	709,981	95,264	15.5%
R06 Bank Charges	301,350	320,602	19,252	6.4%
R41 Property Insurance	341,186	342,905	1,719	0.5%
R51 Contractor Maintenance	1,917,000	2,234,609	317,609	16.6%
S04 Legal Services	132,000	131,657	(343)	-0.3%
Other Fixed Costs - Non-Debt	1,263,109	1,498,464	235,355	18.6%
Allocation of A&G	1,965,994	1,848,392	(117,602)	-6.0%
Subtotal Fixed Costs - Non-Debt	**$ 6,535,356**	**$ 7,096,902**	**$ 561,546**	**8.6%**
R57-R58 Debt Service - Bonds	13,623,267	11,771,560	(1,851,707)	-13.6%
R55 Revolving Notes Interest	706,181	245,342	(460,838)	-65.3%
R62 Debt Coverage Payment	3,542,049	3,542,049	-	0.0%
Subtotal Fixed Costs - Debt	**$ 17,871,497**	**$ 15,558,951**	**$ (2,312,546)**	**-12.9%**
TOTAL FIXED COSTS	**$ 24,406,853**	**$ 22,655,853**	**$ (1,750,999)**	**-7.2%**
Other Revenues				
I50 Transmission System Revenue	(30,890,630)	(31,397,279)	(506,649)	-1.6%
I70-I75 Interest Income	(134,650)	(114,586)	20,065	14.9%
Other Revenue	(82,300)	(406,030)	(323,730)	-393.4%
TOTAL OTHER REVENUES	**$ (31,107,581)**	**$ (31,917,894)**	**$ (810,314)**	**-2.6%**
TOTAL COSTS / (REVENUES)	**$ (6,700,728)**	**$ (9,262,041)**	**$ (2,561,313)**	**38.2%**

December 8, 2022

AGENDA ITEM NO. 7

SUBJECT: Resolution No. 2022-12-1, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2022; 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 2022 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 8, 2022. The attached resolution receives the audited financial statements of the Agency for fiscal year 2022 and directs that a copy of the audited financial statements be sent to each Member City.

BKD, LLP, TMPA's external audit firm, was part of a merger in early 2022 and is now FORVIS.

BACKUP MATERIAL: Texas Municipal Power Agency Financial Statements for the Years Ended September 30, 2022 and 2021 (available on Board's secure website).

ACTION REQUESTED: Consideration and action on Resolution No. 2022-12-1.

Lyndi Birkhead
11/30/22

Lyndi Birkhead

RESOLUTION NO. 2022-12-1

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, 2022; 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 FORVIS has completed the audit as required for the fiscal year ended September 30, 2022;

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, 2022 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 8TH DAY OF DECEMBER 2022.

____
Bill Cheek, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Summer Spurlock, Secretary
Board of Directors
Texas Municipal Power Agency

December 8, 2022

AGENDA ITEM NO. 8

SUBJECT: Resolution No. 2022-12-2, amending the fiscal year 2023 budget for the Mine Business; appropriating funds therefore; providing for said budget administration; providing for severability; and resolving matters incidental and related thereto.

DISCUSSION: At the Board meeting held on 6/9/22, the FY23 Mine Budget was approved that included $1.4M for cash funding the mine bonding requirements with the Railroad Commission of Texas. In August 2022, the Commission issued updated equipment rates that must be used in the calculation of TMPA's bonding requirements. The per acre bonding costs have risen 20-35% over the last year, primarily due to record-breaking increases in motor fuel prices. Therefore, the amount needed to cash fund the bonding requirements has increased from the previously approved $1.4M to $1.85M.

If the B2-8 Area (Permit 26D) is released from bonding on 12/13/22 as scheduled, TMPA will need to cash fund only $1.6M. However, as a precaution, staff is amending the budget for the full $1.85M. If the B2-8 Area is released from bonding, the Member Cities will be billed only the lower amount.

It was previously anticipated that the sale of SP-50 would occur by the end of 2022, and TMPA would use a portion of those proceeds to cash fund with the Railroad Commission in February 2023. However, due to unfavorable market conditions, SP-50 has been temporarily taken off the market. Therefore, it will be necessary for TMPA to invoice each Member City their portion of the cash funding requirement on 1/3/23.

This amendment has no impact on the monthly charge to the Member Cities.

BACKUP MATERIAL: Attachment A to the Resolution: FY23 Amended Mine Budget

ACTION REQUESTED: Consideration and action on Resolution No. 2022-12-2.

Lyndi Birkhead
11/30/22

RESOLUTION NO. 2022-12-2

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY"); AMENDING THE FISCAL YEAR 2023 BUDGET FOR THE MINE BUSINESS; APPROPRIATING FUNDS THEREFORE; PROVIDING FOR SAID BUDGET ADMINISTRATION; PROVIDING FOR SEVERABILITY; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, on June 9, 2022, the Board adopted a separate Fiscal Year 2023 budget for the Mine Business;

WHEREAS, pursuant to Section 2.6.2.3 of the Joint Operating Agreement, the Board is authorized to amend the budget when necessary;

WHEREAS, to recover necessary costs for Fiscal Year 2023 relating to the cash funding of the mine bonding requirements, the Board desires to amend the Mine Budget, as reflected in Attachment A of this Resolution;

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

1. That the above recitals are true and correct;

2. That this Board of Directors of the Agency adopts and approves an amended Fiscal Year 2023 Mine Budget, as shown in Attachment A, and further appropriates the funds therefore, subject to the provisions of the Rules & Regulations and General Policy of the Agency;

3. That the General Manager shall be responsible for administering the Fiscal Year 2023 amended Mine Budget, and all funds appropriated thereunder, subject to the provisions of the Rules & Regulations and General Policy of the Agency;

4. That should any portion of this Resolution or the Fiscal Year 2023 amended Mine Budget be declared invalid, the invalidity of that portion shall not affect the remainder of this Resolution or the amended Mine Budget, which shall remain valid;

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

PASSED AND APPROVED THIS 8TH DAY OF DECEMBER 2022.

____
Bill Cheek, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Summer Spurlock, Secretary
Board of Directors
Texas Municipal Power Agency

TEXAS MUNICIPAL POWER AGENCY
FY23-32 AMENDED Mine Budget Pro Forma

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY23-32 Total
FIXED COSTS											
L01 Labor & Benefits	34,603	62,079	63,941	65,859	67,835	69,870	71,966	74,125	76,349	78,639	665,265
M44 Mine Maintenance	175,000	118,450	116,700	120,201	123,806	127,519	131,347	135,285	139,345	143,525	1,331,178
R06 Bank Charges	45,000	-	-	-	-	-	-	-	-	-	45,000
R51 Contractor Maintenance	60,000	61,800	63,654	65,563	67,530	69,557	71,644	73,793	76,007	78,287	687,835
S02 Consulting Services	185,000	92,700	84,872	87,418	90,040	92,742	95,526	98,390	101,342	104,382	1,032,412
S04 Legal Services	50,000	51,500	53,046	54,636	56,276	57,964	59,702	61,494	63,338	65,238	573,194
Other Fixed Costs	20,250	20,189	20,793	21,417	22,061	22,723	23,403	24,105	24,828	25,572	225,341
Allocation of A&G	240,978	184,894	173,950	178,513	184,544	189,386	195,784	200,918	207,706	213,154	1,969,827
Subtotal Fixed Costs	**$ 810,831**	**$ 591,611**	**$ 576,956**	**$ 593,607**	**$ 612,092**	**$ 629,761**	**$ 649,372**	**$ 668,110**	**$ 688,914**	**$ 708,797**	**$ 6,530,052**
C03 Cash Fund Mine Bonding*	1,850,000	-	-	-	-	-	-	-	-	-	1,850,000
Subtotal Cash Fund Mine Bonding	**$ 1,850,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,850,000**
TOTAL FIXED COSTS	**$ 2,660,831**	**$ 591,611**	**$ 576,956**	**$ 593,607**	**$ 612,092**	**$ 629,761**	**$ 649,372**	**$ 668,110**	**$ 688,914**	**$ 708,797**	**$ 8,380,052**
OTHER REVENUES*											
Interest Income	(4,022)	(5,638)	(8,023)	(10,425)	(12,827)	(15,229)	(17,632)	(20,034)	(22,436)	(24,838)	(141,103)
TOTAL OTHER REVENUES	**$ (4,022)**	**$ (5,638)**	**$ (8,023)**	**$ (10,425)**	**$ (12,827)**	**$ (15,229)**	**$ (17,632)**	**$ (20,034)**	**$ (22,436)**	**$ (24,838)**	**$ (141,103)**
TOTAL COSTS	**$ 2,656,809**	**$ 585,973**	**$ 568,933**	**$ 583,182**	**$ 599,265**	**$ 614,532**	**$ 631,740**	**$ 648,077**	**$ 666,479**	**$ 683,960**	**$ 8,238,949**
Monthly Charge	**$ 67,234**	**$ 48,831**	**$ 47,411**	**$ 48,599**	**$ 49,939**	**$ 51,211**	**$ 52,645**	**$ 54,006**	**$ 55,540**	**$ 56,997**	**$ 532,412**

* The Cash Fund will be collected from the Cities via one-time invoices just prior to bond renewal in early 2023. This amount is NOT included in the monthly charge calculated above.

December 8, 2022

AGENDA ITEM NO. 9

SUBJECT: Resolution No. 2022-12-3, amending charges for the Mine Business; designating an effective date for the charges; authorizing and directing that written notice be mailed to the Member Cities setting forth the charges; and resolving matters incidental and related thereto.

DISCUSSION: As discussed in Agenda Item No. 8, the charges for the Mine Business must be amended for the cash funding of the mine bonding requirements with the Railroad Commission of Texas.

BACKUP MATERIAL: Written notice to Member Cities

ACTION REQUESTED: Consideration and action on Resolution No. 2022-12-3.

Lyndi Birkhead
11/30/22

RESOLUTION NO. 2022-12-3

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

WHEREAS, pursuant to Section 2.6.1.2 of the Joint Operating Agreement, the Board is authorized to set charges to recover the costs of the Mine Business and, pursuant to Section 2.6.2.3 of the Joiunt Operating Agreement, the Board is authorized to amend such charges when necessary;

WHEREAS, to recover necessary costs for Fiscal Year 2023 relating to the cash funding of the mine bonding requirements, an amendment should be made to the Agency's charges for the Mine Business.

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

1. That the above recitals are true and correct;

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

3. That the effective date for the charges hereby adopted shall be the date of approval of this resolution;

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

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

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

PASSED AND APPROVED THIS 8TH DAY OF DECEMBER 2022.

____
Bill Cheek, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ____________________________
Summer Spurlock, Secretary
Board of Directors
Texas Municipal Power Agency

EXHIBIT "A" TO RESOLUTION NO. 2022-12-3

SCHEDULE OF CHARGES

1. A one-time charge of $1,850,000.00 shall be invoiced and collected for purposes of collateralizing the reclamation bonds to be filed with the Railroad Commission of Texas in Fiscal Year 2023.

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

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

SERVING THE CITIES OF BRYAN, DENTON, GARLAND & GREENVILLE

December 8, 2022

City of _________________
ATTN: Utility Director

Re: TMPA Rate Adjustment

Dear _____________:

On December 8, 2022, the Texas Municipal Power Agency's Board of Directors adopted an amended one-time mine charge for purposes of collateralizing the mine reclamation bonds to be filed with the Railroad Commission of Texas in fiscal year 2023. A copy of the resolution is enclosed herein.

The amended one-time charge is, in the aggregate for all Cities, **$1,850,000**, allocated among the Cities in accordance with the Joint Operating Agreement.

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

Sincerely,

____

Bob Kahn
General Manager

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

December 8, 2022

AGENDA ITEM NO. 10

SUBJECT: Resolution No. 2022-12-4, authorizing a distribution of transmission funds 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 the cap of the Decommissioning Reserve was reduced to $0.00 in December 2021, 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 FY23 operating expenses) transmission funds in the amount of $16,246,204. The Resolution authorizes the distribution of these transmission funds to the Cities.

Approved FY22 Transmission Budget - Net Revenue	6,700,728
FY22 Debt Service Coverage	3,542,049
FY22 Year-end Under Budget Variance	2,561,313
Subtotal	12,804,090
TXDOT Reimbursement T18003 (rec'd after 9/30/21)	3,542,114
Release of Previous Year's Cash Reserves	2,200,000
Cash Reserve (120 days FY23 operating expenses)	(2,300,000)
FY22 Transmission Distribution	16,246,204

BACKUP MATERIAL: None

ACTION REQUESTED: Consideration and action on Resolution No. 2022-12-4.

RESOLUTION NO. 2022-12-4

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

WHEREAS, as of the end of Fiscal Year 2022, $16,246,204 in transmission funds are available for distribution 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 distribute 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%	$ 3,525,426
Denton	21.3%	$ 3,460,442
Garland	47.0%	$ 7,635,716
Greenville	10.0%	$ 1,624,620

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 8TH DAY OF DECEMBER 2022.

____
Bill Cheek, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Summer Spurlock, Secretary
Board of Directors
Texas Municipal Power Agency

December 8, 2022

AGENDA ITEM NO. 11

SUBJECT: Resolution No. 2022-12-5, 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, 2022. 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. 2022-12-5.

RESOLUTION NO. 2022-12-5

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 2023, 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 8TH DAY OF DECEMBER 2022.

____
Bill Cheek, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Summer Spurlock, Secretary
Board of Directors
Texas Municipal Power Agency

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

Exhibit "A"

		Amounts Paid to Agency by Member Cities			
Fiscal Year	**Power Sales**	**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
2022 Generation**	749,160	159,122	160,695	354,353	74,991
2022 Mine	2,096,172	454,869	446,485	985,201	209,617

** 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	1,377,413,516	21.24%
Denton	1,390,811,332	21.45%
Garland	3,066,949,480	47.30%
Greenville	648,834,889	10.01%
Total	6,484,009,217	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	1,368,596,610	21.24%
Denton	1,381,862,675	21.45%
Garland	3,047,222,428	47.30%
Greenville	645,097,479	10.01%
Total	6,442,779,192	100.00%
	(0)	

December 8, 2022

AGENDA ITEM NO. 12

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 2022

Outage Summary:

During the months of August, September and October 2022, TMPA had two planned outages on the 345kV system, five planned outages on the 138kV system and zero planned outages on the 69kV system. There was one forced extension on the 345kV, one on the 138kV and none on the 69kV system. There were no unplanned outages on the 345kV system, none on the 138kV system and none on the 69kV system.

The forced extensions were the maintenance and repair of the Ben Davis Auto XFMR #1

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

Steve Martin
Matt Carter
11/11/22

TMPA Transmission Operations Report
2022

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2022 Total
Planned Outages													
345 Kv	1	1	3	7	9	1	0	0	2	0			**24**
138 Kv	2	2	2	4	2	0	0	0	1	4			**17**
69 Kv	0	0	0	0	1	0	0	0	0	0			**1**
Devices requested													
Un-Planned Outages													
345 Kv	2	2	0	1	0	0	0	0	0	0			**5**
138 Kv	0	0	0	0	0	0	0	0	0	0			**0**
69 Kv	0	0	0	0	0	0	0	0	0	0			**0**
Forced Extension Outages													
345 Kv	0	0	0	0	0	0	0	0	1	1			**2**
138 Kv	1	1	1	0	0	0	0	0	1	1			**5**
69 Kv	1	1	1	1	1	1	1	0	0	0			**7**

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

TRANSMISSION FIVE-YEAR PROJECTS PLAN STATUS REPORT
November 2022

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

DISCUSSION: The attached five-year Transmission Project Status Report incorporates the completion of Fiscal Year 2022 and forecasts expenditures for Fiscal Years 2023 through 2026. 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
11/18/2022

Transmission Project Status Report
November 2022

Projects	Priority	Original Proposed Completion Date	Projected or Actual Completion Date	Original Approved Budget/Cost Estimate	Current Approved Budget/Cost Estimate	FY2022	FY2023	FY2024	FY2025	FY2026	Total Estimated Expenditures FY22-FY26	Comments
T11009 CIP Substation Security	H	Dec-11	Sep-23	$ 1,250,700	$ 1,250,700	$ 105,210	$ 200,000				$ 305,210	A new camera server was installed at Gibbons Creek
T13001 Breaker Replacements	H	Sep-17	Sep-23	$ 12,201,239	$ 12,201,239	$ 1,068,940	$ 253,000				$ 1,321,940	Project to install breaker disconnect switches on the Reserve AUX transformer breakers and the replacement 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	$ 976,936	$ 200,000				$ 1,176,936	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.
T20004 Ben Davis Breaker Replacement Project	H	Dec-21	May-23	$ 4,290,000	$ 4,290,000	$ 1,834,974	$ 2,440,000				$ 4,274,974	345 kV breakers completed in May 2022. 138 kV breakers to be installed by May 2023.
T21002 Shelby-Nevada elevation for SS1570	H	Jun-21	Jun-23	$ 600,000	$ 600,000						$ -	CANCELED by TxDOT
T21004 I35 - Masch Br to Denton North TML Reroute	H	May-22	May-26	$ 5,210,000	$ 5,210,000	$ 50,000	$ 250,000	$ 1,000,000	$ 1,300,000	$ 2,600,000	$ 5,200,000	A TxDOT joint use agreement has been executed.
T21005 Pruitt 138 kV Terminal Addition (Pink Solar)	H	Dec-22	Sep-23	$ 3,700,000	$ 3,700,000		$ 3,700,000				$ 3,700,000	Project Kick off upon Interconnection Agreement approval.
T21006 Gibbons Creek Decommission Phase 2	H	Sep-21	Apr-23	$ 1,760,000	$ 1,760,000	$ 469,581	$ 1,260,000				$ 1,729,581	In-Progress
T22002 Brazos 138kV POI at Gibbons Creek	H	Dec-22	Sep-23	$ 3,000,000	$ 3,000,000						$ -	Project CANCELED
T22003 Dansby to Steep Hollow T-Line Rebuild	H	Apr-24	Apr-24	$ 21,500,000	$ 21,500,000	$310,015	$ 12,000,000	$ 8,500,000			$ 20,810,015	Design has been initiated
T22004 Greenville Intch to Pruitt New Line and Station (Makalu Solar)	H	Oct-23		$ 12,500,000	$ 12,500,000	$ 1,823	$ 12,400,000				$ 12,401,823	In-Progress
				Totals	**$ 73,756,715**	**$ 4,817,479**	**$ 32,851,598**	**$ 9,500,000**	**$ 1,300,000**	**$ 2,600,000**	**$ 51,069,077**	

December 8, 2022

AGENDA ITEM NO. 13

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).

B. TMPA v. Gibbons Creek Environmental Redevelopment Group, LLC, Cause No. D-1-GN-22-004434, in the 126th District Court of Travis County, Texas (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 8, 2022

AGENDA ITEM NO. 13A

SUBJECT: Status report relating to the sale of the Gibbons Creek Lignite Mine.

DISCUSSION: An update will be provided at the meeting.

BACKUP MATERIAL: None.

ACTION
REQUESTED: None.

December 8, 2022

AGENDA ITEM NO. 13B

SUBJECT: TMPA v. Gibbons Creek Environmental Redevelopment Group, LLC, Cause No. D-1-GN-22-004434, in the 126th District Court of Travis County, Texas.

DISCUSSION: As discussed during the February, June, and September Board meetings, the Asset Purchase Agreement ("APA") between TMPA and GCERG includes an agreed estimate of $13.6 million as the cost to close the Site F Landfill. The APA contains a true-up mechanism providing that if "aggregate costs actually incurred" are greater than $13.6 million, GCERG must absorb the additional cost, and if "aggregate costs actually incurred" are less than $13.6 million, then TMPA is entitled to a refund of the difference.

The APA requires GCERG to report to TMPA's Environmental Designee each month the Site F costs incurred to date, and the Environmental Designee is entitled to request and receive from GCERG supporting documentation.

GCERG's January 2022 tabulation of Site F remediation costs included a 35% charge described as "Profit margin anticipated on actual costs". After TMPA objected to profit being assigned to Site F costs, GCERG revised its description of the 35% charge to read "SG&A and Profit Margin on actual costs". As discussed during the previous Board Meetings, while there are other costs being assigned by GCERG to Site F that are erroneous, the 35% charge for profit and overhead is the main concern.

TMPA Staff has estimated that, if the erroneously assigned costs are set aside, the actual cost of the Site F remediation should be approximately $9.6M, in which case TMPA should be receiving a refund of approximately $4M when the remediation is complete.

Negotiations with GCERG in an effort to resolve this dispute have not been successful. In fact, in response to TMPA objections, GCERG has increased the costs being assigned to Site F that TMPA believes are unrelated to the remediation of the Site F Landfill. As a result, on September 9, TMPA filed suit against GCERG in Travis County District Court.

As of the date of this writing, TMPA is awaiting responses to its discovery requests which were served on GCERG in October. Additional information relating to this matter will be provided at the December 8 Board Meeting.

ACTION REQUESTED: None.

December 8, 2022

AGENDA ITEM NO. 14

SUBJECT: Future meeting dates and subjects

DISCUSSION: The date for the next scheduled Board meeting is **February 9, 2023**.

TENTATIVE MEETING DATES FOR 2023:

June 8, 2023
September 14, 2023
December 14, 2023