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:

CITY OF GARLAND CITY HALL
CITY COUNCIL CHAMBER
200 N. FIFTH STREET
GARLAND, TX 75040

Thursday, December 14, 2023
10:00AM

Preliminary matters:

- Call to order
- Public comments

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

1. Consent Agenda Items:

   A. Consider approval of meeting minutes of the September 14, 2023 Board of Directors meeting.

2. Audit and Budget Committee report relating to the December 14, 2023 Committee meeting.

3. Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of December 13, 2023.

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

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

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

7. Resolution No. 2023-12-1, electing an Assistant Secretary to the Board of Directors.

8. FY23 Year-end Budget Status Report.

9. Resolution No. 2023-12-2, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2023; and resolving matters incidental and related thereto.

10. Resolution No. 2023-12-3, authorizing a distribution of transmission funds to the Member Cities; and resolving matters incidental and related thereto.

11. Resolution No. 2023-12-4, approving the annual proportional share calculation of Member City ownership interests in Agency assets; and resolving matters incidental and related thereto.

12. Resolution No. 2023-12-5, authorizing a distribution to the Member Cities of excess funds relating to the Acid Seeps Project; and resolving matters incidental and related thereto.

13. Resolution No. 2023-12-6, authorizing a distribution to the Member Cities of proceeds from the sale of environmental credits; and resolving matters incidental and related thereto.

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

    A. 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.

15. Future Meeting Dates

16. Adjourn

December 14, 2023

AGENDA ITEM NO. 1

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: Minutes of the September 14, 2023 Board of Directors meeting.

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

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING

THE STELLA HOTEL
4100 LAKE ATLAS DRIVE
BRYAN, TX 77807

Thursday, September 14, 2023
10:30 AM

President Cheek called the meeting to order at 10:30 AM.

The following people were present at the meeting.

Board Members:

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

Staff:

Daniel Meadows, Lyndi Birkhead and Tracy Stracener

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller and Will Smith - BTU
Antonio Puente, Jerry Fielder, Mark Zimmer, and Cody Tenorio – Denton Municipal Electric
Darrell Cline, Tom Hancock, and Steve Martin – Garland Power & Light
Alicia Hooks and Cathy Rosson – GEUS
Jan Horbaczewski

Public Comments:

Mr. Cheek asked for comments, there were none.

1. **Consent Agenda Items:**

   A. **Consider approval of meeting minutes of the June 8, 2023, as amended, and June 16, 2023 Board of Directors meetings.**

Mr. Davis moved, seconded by Mr. Nelson, approval of all consent agenda items.

Motion carried; voting as follows:

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

2. <u>Annual Board Update relating to Fiscal Year 2023</u>

An update was provided by Mr. Meadows.

3. <u>Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of September 14, 2023</u>

An update was provided by Mr. Puente.

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

An update was provided by Mr. Meadows.

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

An update was provided by Mr. Horbaczewski.

6. <u>FY23 Third Quarter Budget Status Report</u>

An update was provided by Mrs. Birkhead.

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

An update was provided by Mr. Martin.

8. <u>Resolution No. 2023-9-1, amending the FY2024 Annual Transmission System Capital Budget by appropriating funds for the Brazos Interconnection at Denton West Interchange Project; and resolving matters incidental and related thereto.</u>

Ms. Harting moved, seconded by Mr. Ratliff, approval of Resolution No. 2023-9-1.

Motion carried; voting as follows:

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

9. <u>Resolution No. 2023-9-2, amending the FY2024 Annual Transmission System Capital Budget by appropriating funds for the Spencer Interchange Transformer Upgrade Project; and resolving matters incidental and related thereto</u>

Mr. Jefferies moved, seconded by Mr. Ratliff, approval of Resolution No. 2023-9-2.
Motion carried; voting as follows:

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

10. <u>Executive Session.</u>

Mr. Cheek 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. Cheek at 11:02 AM.

The open session resumed at approximately 12:33 PM**.**

11. <u>A motion to approve the General Manager Agreement consistent with the discussion in Executive Session was made by Mr. Davis, seconded by Mr. Jefferies.</u>

Motion carried; voting as follows:

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

12. <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>

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

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

Mr. Cheek named the committees as follows:

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

Moved by Mr. Nelson, seconded by Mr. Jefferies, for approval of the committees. Voting as follows:

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

13. Future Meeting Dates.

By general consensus of the Board, the next Board meeting is tentatively set for December 14, 2023.

14. Adjourn.

By general consensus of the Board, the meeting adjourned at approximately 12:38 PM.

December 14, 2023

AGENDA ITEM NO. 2

SUBJECT: Committee Reports

DISCUSSION: Audit and Budget Committee report relating to the results of the December 14, 2023 Committee meeting.

BACKUP MATERIAL: Audit and Budget Committee meeting package can be viewed on the Board's secure website in the December 14, 2023 Board Meeting folder.

ACTION REQUESTED: None

Summer Spurlock
12/6/2023

December 14, 2023

AGENDA ITEM NO. 3

SUBJECT: Planning & Operating report relating to the results of the December 13, 2023 Planning & Operating Committee meeting.

DISCUSSION: The P&O Committee Chair will present major discussion topics and action items taken at the December 13, 2023 meeting.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Darrell Cline
12/6/2023

December 14, 2023

AGENDA ITEM NO. 4

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 Report 2) Transmission Capital Project Status Report
ACTION REQUESTED:	None

Steve Martin
12/6/2023

TRANSMISSION OPERATIONS STATUS REPORT

November 29, 2023

Outage Summary:

During the months of August, September and October 2023, TMPA had 3 planned outages on the 345kV system, 9 planned outages on the 138kV system and 0 planned outages on the 69kV system. There was one forced extension on the 345kV system, and none on the138kV or 69kV system. There was 1 unplanned outage on the 345kV, two on the 138kV and none on the 69kV system.

The three unplanned outages and forced extension are outlined below:

8/3/23 Ben Davis Breaker 8080 was forced out @ 07:17 and closed back at 08:44 on 8/4/23. One capacitor tank was replaced on the Capacitor Bank.

9/10/23 Gibbons Creek Breakers 8120/8130 tripped @ 04:10. They were closed back at 06:09 after finding a house cat on the 138kV XFMR.

9/19/23 Gibbons Creek Switch 5221 was forced out on the South Reactor. It was opened @ 08:32 and closed back @ 10:59 due to an oil leak.

10/30/23 The forced extension was on GCSW 5032 on the Gibbons Creek to Jack Creek 345kV line. The extension was needed to allow extra time for testing of the Wavetrap/Carrier equipment on the line. The switch was returned to service on 11/09/23.

Personnel Summary:

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

Steve Martin
Matt Carter
11/29/23

TRANSMISSION FIVE-YEAR PROJECTS PLAN STATUS REPORT
NOVEMBER 2023

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

DISCUSSION: The attached five-year Transmission Project Status Report forecasts expenditures for Fiscal Years 2024 through 2028. Projects reported as "Complete" 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 is given.

Steve Martin
11/29/2023

TMPA Transmission Operations Report
2023

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2023 Total
Planned Outages													
345 Kv	4	1	6	5	3	9	6	0	2	1			**37**
138 Kv	2	1	4	8	2	3	6	0	4	5			**35**
69 Kv	1	0	1	2	0	0	0	0	0	0			**4**
Devices requested													**76**
Un-Planned Outages													
345 Kv	0	0	0	0	0	0	0	0	1	0			**1**
138 Kv	0	0	0	0	1	1	2	1	1	0			**6**
69 Kv	0	0	0	0	0	0	0	0	0	0			**0**
													7
Forced Extension Outages													
345 Kv	0	0	0	0	0	0	0	0	0	1			**1**
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**
													1

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

Transmission Project Status Report
November 2023

Projects	Priority	Original Proposed Completion Date	Projected or Actual Completion Date	Original Approved Budget/Cost Estimate	Current Approved Budget/Cost Estimate	FY2024	FY2025	FY2026	FY2027	FY2028	Total Estimated Expenditures FY24-FY28	Comments
T11009 CIP Substation Security	H	Dec-11	Sep-23	$ 1,250,700	$ 1,250,700						$ -	Close-out Project
T13001 Breaker Replacements	H	Sep-17	Dec-23	$ 12,201,239	$ 12,201,239	$ 253,000					$ 253,000	Project to install breaker disconnect switches on the Reserve AUX transformer breakers and the replacement of the Voltage transformers
T13002 Relay and SCADA Upgrade	M	Sep-17	May-23	$ 7,552,776	$ 7,552,776						$ -	Complete
T17007 Brand Rd. Pole Reroute	L	Sep-17	Nov-23	$ 192,000	$ 698,196	$ 310,000					$ 310,000	Complete. Cost to be reimbursed by City of Garland.
T20004 Ben Davis Breaker Replacement Project	M	Dec-21	Sep-25	$ 4,290,000	$ 4,290,000	$ 1,347,047	$ 1,300,000				$ 2,647,047	345 kV breakers installed in May 2022. Add Capacitance to 138kV busses.
T21005 Pruitt 138 kV Terminal Addition (Pink Solar)	H	Dec-22	Oct-24	$ 3,700,000	$ 3,700,000	$ 3,500,000	$ 200,000				$ 3,700,000	Inverter change will require new FIS studies. IA will be amended to include Transmission Line.
T21006 Gibbons Creek Decommission Phase 2	M	Sep-21	Jun-24	$ 1,760,000	$ 1,760,000	$ 540,897					$ 540,897	Spring 2024 construction.
T22003 Dansby to Steep Hollow T-Line Rebuild	M	Apr-24	May-26	$ 21,500,000	$ 21,500,000	$ 11,820,000	$ 6,836,000	$ 1,045,000			$ 19,701,000	Material and structures on order
T22004 Greenville Intch to Pruitt New Line and Station (Makalu Solar)	H	Oct-23	May-27	$ 12,500,000	$ 12,500,000	$ 200,000	$ 2,000,000	$ 8,100,000	$ 2,000,000		$ 12,300,000	Study Agreement signed and funded.
T22005 Rayburn Country 138kV POI	M	Dec-23	Sep-24	$ 2,750,000	$ 2,750,000	$ 1,750,000	$ 75,000				$ 1,825,000	Design and Procurement complete. All material on-order.
T24001 Brazos Interconnection at West Denton	M	Sep-26	Dec-26	$ 3,530,400	$ 3,530,400	$ 2,401,000	$ 946,000	$ 183,400			$ 3,530,400	Breakers on-order (~18mo delivery)
T24002 Spencer Intch Transformer/line upgrade	H	May-25	May-25	$ 1,800,000	$ 1,800,000	$ 900,000	$ 900,000				$ 1,800,000	Target transformer move for Seasonal Mothball of Spencer Generation (Dec 1 - March 31)
				Totals	**$ 73,533,311**	**$ 23,021,944**	**$ 12,257,000**	**$ 9,328,400**	**$ 2,000,000**		**$ 46,607,344**	

Steve Martin
12/1/2023

December 14, 2023

AGENDA ITEM NO. 5

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

DISCUSSION:

Status of Permit 26D

On 11/15/23, the Railroad Commission officially closed Permit 26D (11,000 acres). This follows the final bond release in Permit 26D that the Commission approved on 12/13/22 and the plugging of groundwater monitoring wells that TMPA completed in June 2023.

Permit 26D, located north of Gibbons Creek, is where coal was mined in 1982-1992. With the closure of the permit, TMPA no longer has any regulatory responsibilities in this area. The ponds that remain are still subject to the jurisdiction of the Texas Commission on Environmental Quality (for water rights and stability of embankments), but they are registered in the name of the new owner of the mine, 3S Real Estate Investments, LLC, who now bears the regulatory responsibility.

Status of Permit 38D

TMPA still bears regulatory responsibility for mine reclamation in Permit 38D (3,900 acres), located south of Gibbons Creek, in which coal was mined in 1992-1996. Most of this area has been released leaving just 75 acres still under bond – Seep 9A (67 acres), Seep 1A (5 acres), and the Mine Reclamation Shop (3 acres).

Seep 9A Area (67 acres)

The Seep 9A mitigation project started in July 2022 and was completed in August 2023. The upper, southern half of the drainage (2,000 linear feet) was reclaimed in 2022 (Figure 1) and the lower, northern half in 2023 (Figure 2).

Figure 1 – Upper part of Seep 9A drainage, reclaimed in 2022
(view north, 11/21/23)

Figure 2 – Lower part of Seep 9A drainage, reclaimed in 2023
(view south, 11/21/23)

The neutralized Seep 9A water now flows underground through the limestone rock in the buried French Drain and an underground perforated pipe (Figure 3).

Figure 3 – Railroad Commission inspection of vegetation cover over buried perforated pipe (marked by white PVC pipes) at Seep 9A, reclaimed in 2023
(view northwest, 11/21/23)

The Railroad Commission conducts monthly inspections of the mine, during which TMPA has been discussing its plans for bond release at Seep 9A. Currently, TMPA's plan is to apply for final bond release on 45 acres in the Seep 9A area and 3 acres at the Mine Reclamation Shop in Spring 2024. If approved before October 1, 2026 (which is likely), TMPA would be eligible for the release of $326K from the mine sale escrow account.

Bond release on the remaining 22 acres at Seep 9A will be contingent upon successful re-establishment of permanent vegetation in the floor of the Seep 9A drainage and favorable groundwater monitoring results. TMPA will make all efforts for final bond release on this area before October 1, 2026, but this may not be possible.

<u>Seep 1A Area (5 acres)</u>

The Seep 1A mitigation project was completed over the period August – November 2023. The project consisted of channeling the underground flow of acid groundwater through three stages of treatment to neutralize the acidity (Figure 4). The first stage is the French Drain consisting of limestone rock wrapped in a permeable geotextile fabric. The drain is just over 700 feet long and is buried at a depth of approximately 10 feet (Figure 5). The water from the French Drain passes through 6-inch pipes to the second stage in which it flows along a perforated 4-inch pipe embedded in a buried limestone gravel bed (Figure 6). Here, the water has a longer residence time and more opportunity for neutralization. From there the treated groundwater flows through the soil into the adjacent wetland which also contains limestone gravel and is vegetated with cattails. The limestone provides the final neutralization of the groundwater, if still needed, and the cattails help with the precipitation of iron from the treated water. The treated water discharges at the outlet of the wetland through a V-notch weir, where the flow rate can be measured, and samples taken for laboratory analysis.

Figure 4 – Seep 1A Mitigation Plan

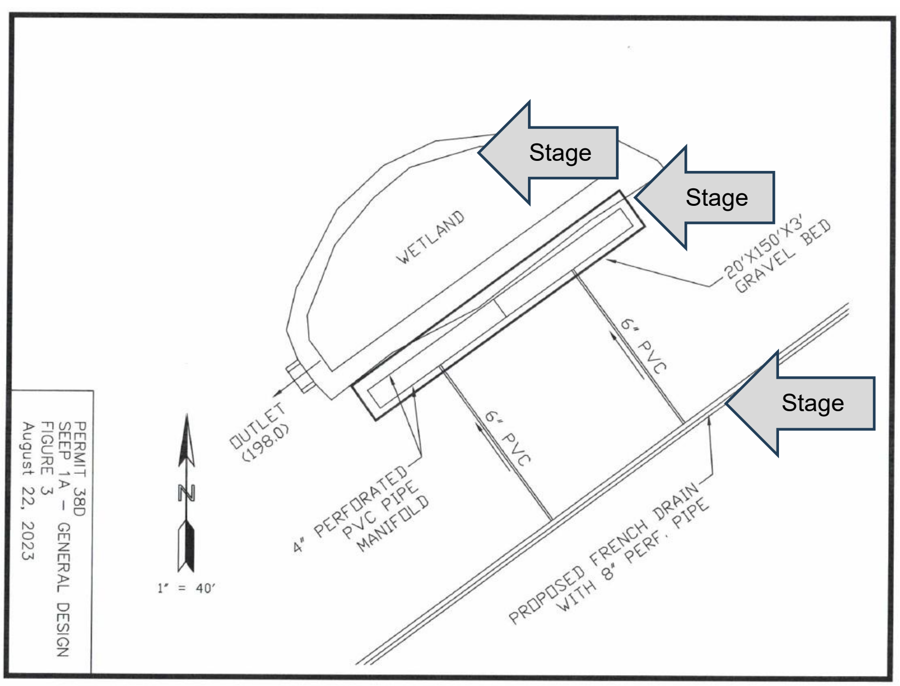


Figure 5 – Seep 1A French Drain – the post in the foreground marks the east end, the rock berm in the far distance marks the west end
(view southwest along alignment of drain, 11/21/23)

Figure 6 – Seep 1A gravel bed (right) and wetland (left) after reclamation. V-notch weir in foreground
(view northeast, 11/21/23)

The total amount of limestone used in all three stages was 1,400 tons which, it is believed, will be adequate for permanent mitigation of the acid seep.

The estimate for the Mine Acid Seep Project (Seeps 1A and 9A) capital costs was $1,094K; the final cost was $918K, i.e., the project was completed $176K (16%) under budget. The cost savings were mostly due to (1) the very favorable working conditions in the exceptionally hot and dry summers of 2022 and 2023 in areas that are normally wet and boggy areas and (2) because it was possible to reduce the length of the buried perforated pipe at Seep 9A without sacrificing its effectiveness.

There will be ongoing maintenance costs for both seeps until they receive final bond release and Permit 38D is closed. These are accounted for in the O&M budget. Most of the costs are associated with soil erosion repair, management of permanent vegetation, and surface water and groundwater monitoring.

Sale of Pond SP-50 Property (723 acres)

Discussions with the real estate broker and Tim Walton, TMPA's real estate consultant, suggest that the condition of the Pond SP-50 property be evaluated early next year.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Jan K. Horbaczewski
11/28/23

December 14, 2023

AGENDA ITEM NO. 6

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

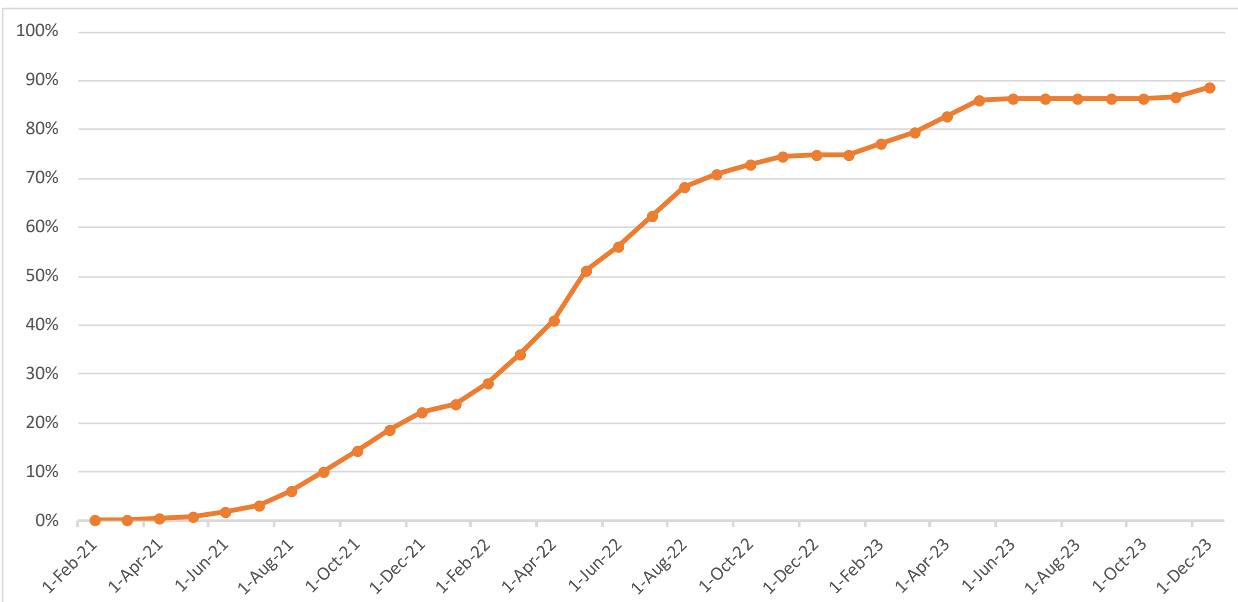
DISCUSSION:

Remediation and Demolition of Gibbons Creek

The progress to remediate the Gibbons Creek plant, which had slowed considerably from April to November, has ramped back up and is projected by GCERG to be complete in January 2024. However, Regulatory Closure for all areas, which is discussed in greater detail below, is not expected to be achieved until Summer 2024 at the earliest.

TMPA estimates that the project is 89% complete, including the final administrative and regulatory tasks. Figure 1 shows the completion progress from the start of the project as calculated by TMPA.

Figure 1 – Completion Percentage Over the Course of the Remediation Project



Update of the Physical Remediation Work 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.
- Site A Landfill remediation has been about 90% complete status for the last 12 months. GCERG is spending a considerable amount of effort repairing stormwater damage to the cap for the third time and trying to establish permanent vegetation. In addition, GCERG projects that the landfill will continue to produce leachate for the next 1 to 2 years. GCERG is

completing the construction of a collection system that will remain in place until there is no more leachate production.
- Site F Landfill remediation is about 85% complete. Site F work slowed beginning in May while waiting for the excavation of the Site A leachate ponds to be completed. There was no work performed on the landfill cap from June through October. Work resumed in mid-November and is projected to be complete in January 2024.
- GCERG has announced that they will have personnel onsite until May 2024.

Performance to Schedule and Escrow Payments

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

Environmental Designee Monthly Oversight Process:

- TMPA and/or Schultz Engineering 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 scheduled Escrow Payment date (usually) on the 10^{th} 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 completed as compared to the remaining estimate of work to be completed (Remaining Closure Costs).
- Schultz meets with TMPA and GCERG separately to review their assessment.

The APA contains a provision that allows GCERG to receive an additional, advance payment if the Environmental Designee determines that GCERG has substantially completed the work for the current month and the next month. On three occasions in 2022 (June, July, and September), GCERG received the additional, advance payment.

In the event GCERG falls behind schedule, the APA allows Schultz to object to the monthly escrow payment. Due to schedule deficiencies, GCERG did not receive an escrow payment in the months of January, February, June, and August through November 2023. GCERG has not submitted a Progress Report to TMPA and the Environmental Designee since July 2023.

The Escrow Balance is currently at $4,195,923 (see Figure 2 below). There is a requirement in the APA preventing the Escrow Balance from decreasing below $2,854,000 until TMPA certifies that all post-closure bonds are in place as required by the APA. Therefore, GCERG is only eligible to receive an additional $1.3 million from now until they receive the final escrow payment which will likely be in mid-2024 at the earliest.

Regulatory Closure Update and Post-Closure

With much of the physical work complete, the focus is on obtaining Regulatory Closure. GCERG has been in 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 Leachate Ponds. The process of closing these units with TCEQ has not been accomplished as quickly as GCERG had hoped or planned. At this time, there is no indication that GCERG is close to obtaining Regulatory Closure on any part of the project.

Until TCEQ makes a closure declaration in writing, along with requirements for post-closure care, the Regulatory Closure Bonds will remain at their original amount. The annual bond renewal occurs in early February 2023.

TMPA has initiated discussions with GCERG regarding transition of site oversight, maintenance, and compliance for the post-closure period. These discussions will be ongoing up to and through the post-closure transition.

Financial Assessment – Total Security Available

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

Refer to Figure 2 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 November 2023 (Period Ending 10-Dec-23; column F in Figure 2), TMPA calculates the Remaining Closure Cost to be about **$6.1 million**. The current determination is that the Total Security Available is **$34.6 million** greater than the Remaining Closure Costs (Column G).

Column C-1 shows the Escrow releases each period. The double payments are shaded green. The missed payments are shaded orange.

Figure 2 - Total Security Available and Remaining Closure Cost Estimate

A	B	C	C-1	D	E	F	G
Month	Period Ending	Escrow Amount Balance	Escrow Amount Released This Period	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	839,588	36,500,000	**64,203,560**	**54,100,000**	10,103,560
2	10-Apr-21	26,864,209	839,588	36,500,000	**63,364,209**	**53,900,000**	9,464,209
3	10-May-21	26,024,845	839,588	36,500,000	**62,524,845**	**53,700,000**	8,824,845
4	10-Jun-21	25,185,479	839,588	36,500,000	**61,685,479**	**53,200,000**	8,485,479
5	10-Jul-21	24,346,100	839,588	36,500,000	**60,846,100**	**52,500,000**	8,346,100
6	10-Aug-21	23,506,721	839,588	36,500,000	**60,006,721**	**50,900,000**	9,106,721
7	10-Sep-21	22,667,335	839,588	36,500,000	**59,167,335**	**48,600,000**	10,567,335
8	10-Oct-21	21,827,935	839,588	36,500,000	**58,327,935**	**46,400,000**	11,927,935
9	10-Nov-21	20,988,535	839,588	36,500,000	**57,488,535**	**44,100,000**	13,388,535
10	10-Dec-21	20,149,121	839,588	36,500,000	**56,649,121**	**42,100,000**	14,549,121
11	10-Jan-22	19,309,706	839,588	36,500,000	**55,809,706**	**41,200,000**	14,609,706
12	10-Feb-22	18,468,784	839,588	36,500,000	**54,968,784**	**38,900,000**	16,068,784
13	10-Mar-22	17,629,339	839,588	36,500,000	**54,129,339**	**35,700,000**	18,429,339
14	10-Apr-22	16,789,903	839,588	36,500,000	**53,289,903**	**32,000,000**	21,289,903
15	10-May-22	15,950,455	839,588	36,500,000	**52,450,455**	**26,500,000**	25,950,455
16	10-Jun-22	14,271,416	1,679,176	36,500,000	**50,771,416**	**23,800,000**	26,971,416
17	10-Jul-22	12,592,361	1,679,176	36,500,000	**49,092,361**	**20,400,000**	28,692,361
18	10-Aug-22	11,752,884	839,588	36,500,000	**48,252,884**	**17,200,000**	31,052,884
19	10-Sep-22	10,073,810	1,679,176	36,500,000	**46,573,810**	**15,700,000**	30,873,810
20	10-Oct-22	9,234,309	839,588	36,500,000	**45,734,309**	**14,600,000**	31,134,309
21	10-Nov-22	8,394,802	839,588	36,500,000	**44,894,802**	**13,800,000**	31,094,802
22	10-Dec-22	7,555,284	839,588	36,500,000	**44,055,284**	**13,600,000**	30,455,284
23	10-Jan-23	7,555,351	-	36,500,000	**44,055,351**	**13,600,000**	30,455,351
24	10-Feb-23	7,553,915	-	36,500,000	**44,053,915**	**12,400,000**	31,653,915
25	10-Mar-23	6,714,377	839,588	36,500,000	**43,214,377**	**11,100,000**	32,114,377
26	10-Apr-23	5,874,847	839,588	36,500,000	**42,374,847**	**9,400,000**	32,974,847
27	10-May-23	5,035,303	839,588	36,500,000	**41,535,303**	**7,500,000**	34,035,303
28	10-Jun-23	5,035,338	-	36,500,000	**41,535,338**	**7,400,000**	34,135,338
29	10-Jul-23	4,195,791	839,588	36,500,000	**40,695,791**	**7,400,000**	33,295,791
30	10-Aug-23	4,195,821	-	36,500,000	**40,695,821**	**7,300,000**	33,395,821
31	10-Sep-23	4,195,858	-	36,500,000	**40,695,858**	**7,300,000**	33,395,858
32	10-Oct-23	4,195,888	-	36,500,000	**40,695,888**	**7,300,000**	33,395,888
33	10-Nov-23	4,195,923	-	36,500,000	**40,695,923**	**7,200,000**	33,495,923
34	10-Dec-23	4,195,923	-	36,500,000	**40,695,923**	**6,100,000**	34,595,923

BACKUP MATERIAL: None

ACTION REQUESTED: None

Daniel Meadows
12/6/2023

December 14, 2023

AGENDA ITEM NO. 7

SUBJECT: Resolution No. 2023-12-1, electing an Assistant Secretary to the Board of Directors.

DISCUSSION: On September 13, 2012, the Board appointed Tracy Stracener to serve as Assistant Secretary to the Board of Directors. Tracy's departure from the Agency in October 2023 has created a vacancy in that position.

Because of the need to certify and to attest to numerous documents, some of which are filed with State agencies, it is helpful to have an Assistant Secretary. Since Susie Johnson is assuming the duties of Tracy Stracener, this Resolution appoints Susie Johnson to the position of Assistant Secretary.

BACKUP MATERIAL: None

ACTION REQUESTED: Consideration and action on Resolution No. 2023-12-1

Daniel Meadows
12/6/2023

RESOLUTION NO. 2023-12-1

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") ELECTING AN ASSISTANT SECRETARY TO THE BOARD OF DIRECTORS.

WHEREAS, the office of Assistant Secretary to the Board of Directors has been previously created by this Board of Directors;

WHEREAS, it is necessary to elect a person to fill that position;

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 an Assistant Secretary is authorized to carry out the functions and duties of the Secretary-Treasurer on behalf of and to assist the Secretary-Treasurer;

3. That this Board of Directors hereby elects Susie Johnson as Assistant Secretary to the Board of Directors;

4. That the following is the true and correct signature of Susie Johnson:

Susie Johnson

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 14th DAY OF DECEMBER 2023.

Tom Jefferies, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

Andrew Nelson, Secretary
Board of Directors
Texas Municipal Power Agency

December 14, 2023

AGENDA ITEM NO. 8

SUBJECT: FY23 Year-end Budget Status Report

DISCUSSION: This report, along with the attachments, provides a comparison of actual cost performance to budgets (approved 6/9/22; Mine budget amended 12/8/22) for each business unit of TMPA as of FY23 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	$1,132	$812	($320)	(28.2%)
Other Revenues Excluding City Billings	($5)	($38)	($33)	(597.1%)
Total Budget Variance			**($352)**	**(31.3%)**

MINE – Year-end Results				
Cost Type	**Approved Budget**	**Actual**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$811	$850	$39	4.8%
Cash Fund Mine Bonding	$1,850	$1,600	($250)	(13.5%)
Other Revenues Excluding City Billings	($4)	($48)	($44)	(1,097.3%)
Total Budget Variance			**($255)**	**(9.6%)**

TRANSMISSION – Year-end Results				
Cost Type	**Approved Budget**	**Actual**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$6,996	$5,953	($1,042)	(14.9%)
Fixed Costs - Debt	$17,409	$16,147	($1,262)	(7.2%)
Other Revenues	($32,191)	($33,790)	($1,598)	(5.0%)
Total Budget Variance			**($3,902)**	**(50.1%)**
Debt Service Coverage	1.25X	2.19X		Exceeds requirement

A&G costs were under budget ($228K) primarily due to reduced general legal services and reduced labor charges following Bob's departure from TMPA.

Generation Division - Total Costs were under budget by $352K in FY23.

1. Labor & Benefits are $79K higher as more of Daniel's labor was charged to Generation than the other business units.
2. Legal Services are $330K lower primarily due to Site F litigation. The $383K remaining of the $500K collected in FY23 specifically for Site F litigation will be retained by the Agency as litigation is ongoing.
3. Interest Income is $33K higher as interest rates have risen significantly over the last year.

Mine Division - Total Costs were under budget by $255K in FY23.

1. Contractor Maintenance is $60K lower as all contractor work was charged to Mine Maintenance.
2. Cash Fund Mine Bonding is $250K lower as a result of B2-8 being released from bonding on 12/13/22.
3. Interest Income is $36K higher as interest rates have risen significantly over the last year.

Transmission Division - Total Costs were under budget by $3.9M in FY23.

1. Bank Charges are $188K lower as a result of the new Note Program established in November 2022 with more favorable terms.
2. Contractor Maintenance was $264K lower as no vegetation management charges were incurred in the Denton area.
3. Consulting Services were $66K higher due to fees related to the new Note Program established in November 2022, as well as revisions to the Spill Prevention, Control, and Countermeasure plans.
4. Other Fixed Costs were $346K lower primarily due to long lead times on material purchases (i.e., skid steer forklift, bushings, insulators).
5. Debt Service - Bonds were $1.4M lower as the budget anticipated a bond issuance in FY23 was not necessary. Capital spending and the remaining capacity of the Note Program continue to be monitored closely.
6. Revolving Notes Interest was $146K higher as interest rates have risen significantly over the last year.
7. Transmission System Revenue was $906K higher as the 2022 Average 4CP was higher than estimated.
8. Interest Income was $667K higher as interest rates have risen significantly over the last year.

NOTE: There was no FY23 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 FY23. 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 FY23 Year-end Key Budget Driver Rate Sheet
Attachment B: Mine FY23 Year-end Key Budget Driver Rate Sheet
Attachment C: Transmission FY23 Year-end Key Budget Driver Rate Sheet

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

Lyndi Birkhead
12/6/23

ATTACHMENT A

Generation

FY23 Year-end Key Budget Driver Rate Sheet
FY23 Approved Budget Compared to Year-end Actuals

	FY23 Budget Approved 6-9-22	FY23 Year-end Actuals	(Under) Over Budget	Percentage Change
Fixed Costs				
L01 Labor & Benefits	103,808	182,554	78,746	75.9%
L01 Retention Bonuses	33,271	30,918	(2,353)	-7.1%
S02 Consulting Services	140,000	111,793	(28,207)	-20.1%
S04 Legal Services	520,000	189,522	(330,478)	-63.6%
Other Fixed Costs - Non-Debt	8,439	4,163	(4,277)	-50.7%
Allocation of A&G	326,566	293,239	(33,327)	-10.2%
TOTAL FIXED COSTS	**$ 1,132,085**	**$ 812,349**	**$ (319,735)**	**-28.2%**
Other Revenues				
I73 Interest Income	(5,450)	(37,994)	(32,545)	-597.1%
TOTAL OTHER REVENUES	**$ (5,450)**	**$ (37,994)**	**$ (32,545)**	**-597.1%**
TOTAL COSTS	**$ 1,126,635**	**$ 774,355**	**$ (352,280)**	**-31.3%**

ATTACHMENT B

Mine

FY23 Year-end Key Budget Driver Rate Sheet
FY23 Amended Budget Compared to Year-end Actuals

	FY23 Budget Amended 12-8-22	FY23 Year-end Actuals	(Under) Over Budget	Percentage Change
Fixed Costs				
L01 Labor & Benefits	34,603	19,946	(14,657)	-42.4%
M44 Mine Maintenance	175,000	210,201	35,201	20.1%
R06 Bank Charges	45,000	34,561	(10,439)	-23.2%
R51 Contractor Maintenance	60,000	-	(60,000)	-100.0%
S02 Consulting Services	185,000	176,992	(8,008)	-4.3%
S04 Legal Services	50,000	70,453	20,453	40.9%
Other Fixed Costs - Non-Debt	20,250	31,969	11,719	57.9%
Allocation of A&G	240,978	305,944	64,966	27.0%
Subtotal Fixed Costs	**$ 810,831**	**$ 850,066**	**$ 39,235**	**4.8%**
C03 Cash Fund Mine Bonding	1,850,000	1,600,000	(250,000)	-13.5%
Subtotal Cash Fund Mine Bonding	**$ 1,850,000**	**$ 1,600,000**	**$ (250,000)**	**-13.5%**
TOTAL FIXED COSTS	**$ 2,660,831**	**$ 2,450,066**	**$ (210,765)**	**-7.9%**
Other Revenues				
I76 Interest Income	(4,022)	(39,641)	(35,619)	-885.7%
Other Revenue	-	(8,510)	(8,510)	-100.0%
TOTAL OTHER REVENUES	**$ (4,022)**	**$ (48,151)**	**$ (44,129)**	**-1097.3%**
TOTAL COSTS	**$ 2,656,809**	**$ 2,401,915**	**$ (254,894)**	**-9.6%**

	Additional Project Funds Collected FY23**	Actual Spent in FY23	Project Balance as of 9/30/23
Acid Seep Project (balance as of 9/30/22 = $242,596)*	600,000	578,862	263,734

** Expenses for the Project do NOT impact the FY23 budget and are NOT included in the analysis above.*

*** As permitted in Resolution 2023-6-2, $600K in additional funding was collected from the Cities in FY23.*

Transmission

FY23 Year-end Key Budget Driver Rate Sheet

FY23 Approved Budget Compared to Year-end Actuals

	FY23 Budget Approved 6-9-22	FY23 Year-end Actuals	(Under) Over Budget	Percentage Change
Fixed Costs				
L01 Labor & Benefits	732,867	683,849	(49,018)	-6.7%
R06 Bank Charges	319,500	131,617	(187,883)	-58.8%
R41 Property Insurance	389,172	430,475	41,303	10.6%
R51 Contractor Maintenance	1,835,172	1,571,315	(263,857)	-14.4%
S02 Consulting Services	-	65,823	65,823	-100.0%
S04 Legal Services	195,000	150,808	(44,193)	-22.7%
Other Fixed Costs - Non-Debt	1,444,765	1,099,230	(345,535)	-23.9%
Allocation of A&G	2,079,066	1,820,222	(258,844)	-12.5%
Subtotal Fixed Costs - Non-Debt	**$ 6,995,542**	**$ 5,953,339**	**$ (1,042,203)**	**-14.9%**
R57-R58 Debt Service - Bonds	13,169,709	11,761,333	(1,408,376)	-10.7%
R55 Revolving Notes Interest	815,299	961,677	146,378	18.0%
R62 Debt Coverage Payment	3,424,124	3,424,124	-	0.0%
Subtotal Fixed Costs - Debt	**$ 17,409,132**	**$ 16,147,134**	**$ (1,261,998)**	**-7.2%**
TOTAL FIXED COSTS	**$ 24,404,674**	**$ 22,100,473**	**$ (2,304,201)**	**-9.4%**
Other Revenues				
I50 Transmission System Revenue	(32,040,872)	(32,946,779)	(905,907)	-2.8%
I70-I75 Interest Income	(60,959)	(728,021)	(667,061)	-1094.3%
Other Revenue	(89,490)	(114,791)	(25,301)	-28.3%
TOTAL OTHER REVENUES	**$ (32,191,321)**	**$ (33,789,591)**	**$ (1,598,269)**	**-5.0%**
TOTAL COSTS / (REVENUES)	**$ (7,786,647)**	**$ (11,689,117)**	**$ (3,902,470)**	**-50.1%**

December 14, 2023

AGENDA ITEM NO. 9

SUBJECT:	Resolution No. 2023-12-2, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2023; 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 2023 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 14, 2023. The attached resolution receives the audited financial statements of the Agency for fiscal year 2023 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, 2023 and 2022 (available on Board's secure website).
ACTION REQUESTED	Consideration and action on Resolution No. 2023-12-2.

Lyndi Birkhead
12/6/23

RESOLUTION NO. 2023-12-2

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, 2023; 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, LLP has completed the audit as required for the fiscal year ended September 30, 2023;

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, 2023 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 14TH DAY OF DECEMBER 2023.

____
Tom Jefferies, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ____________________________
Andrew Nelson, Secretary
Board of Directors
Texas Municipal Power Agency

Texas Municipal Power Agency
Financial Statements

For the Years Ended September 30, 2023 and 2022

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FINANCIAL SECTION

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / F 972.702.0673
forvis.com

Independent Auditor's Report

Members of the Board of Directors
Texas Municipal Power Agency
Bryan, TX

Opinion

We have audited the financial statements of Texas Municipal Power Agency (TMPA), as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise TMPA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TMPA, as of September 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of TMPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TMPA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TMPA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TMPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other postemployment benefit information to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Members of the Board of Directors
Texas Municipal Power Agency

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise TMPA's basic financial statements. The combining statement of revenues, expenses and changes in net position is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of revenues, expenses and changes in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

FORVIS, LLP

Dallas, Texas
November 30, 2023

Texas Municipal Power Agency
Management's Discussion and Analysis ("MD&A")
For the Years Ended September 30, 2023 and 2022
(Unaudited)

The objective of this discussion and analysis is to provide the reader with information relevant to an assessment of the financial condition and the results of operations of the Texas Municipal Power Agency ("Agency" or "TMPA"). This report contains supplemental information, which is essential to financial reporting and required by the Governmental Accounting Standards Board, in addition to the basic financial statements of the enterprise operation. TMPA's management encourages readers to refer to the accompanying basic financial statements and their related notes for more detailed information concerning the financial condition of the Agency. The basic financial statements are comprised of the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and the related notes.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Texas Municipal Power Agency, Finance Department, P.O. Box 7000, Bryan, Texas 77805 or visit our website at www.texasmpa.org.

Financial and Operational Highlights for Fiscal Year Ended September 30, 2023

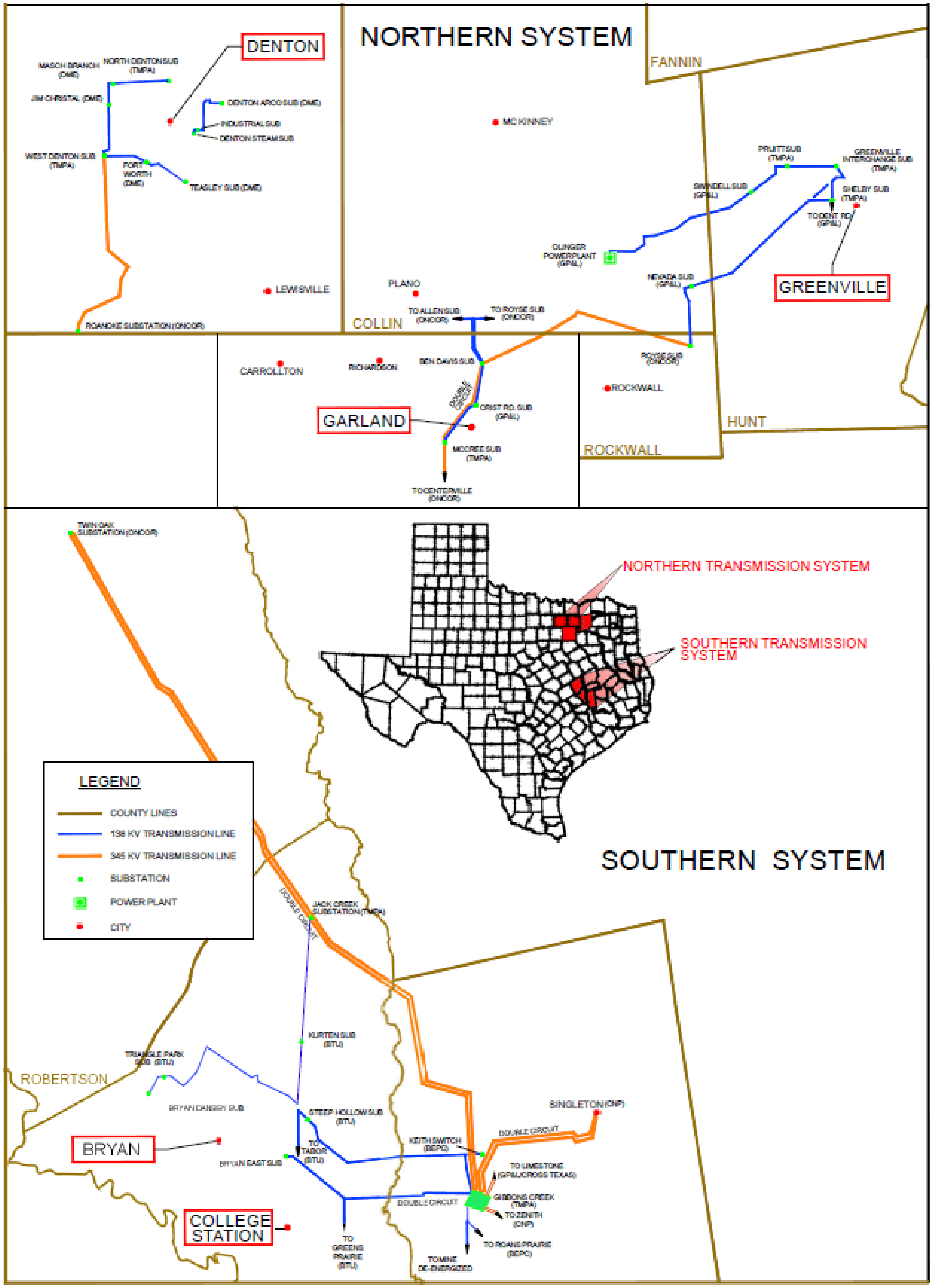
After 36 years of productive operations, a notification to ERCOT was made to remove Gibbons Creek from the ERCOT system. Thereafter, Gibbons Creek was removed from the ERCOT system, effective October 30, 2019. On February 10, 2021, Gibbons Creek was sold, and all decommissioning/environmental remediation liability transferred to the new owner. Since that time, TMPA and an appointed Environmental Designee have monitored the progress of the buyer's remediation activities pursuant to the Asset Purchase Agreement ("APA").

On December 13, 2022, the Railroad Commission of Texas ("RCT") approved full bond release on 146 acres in the Gibbons Creek Mine. The total of fully released land, as of the end of FY 2023, is 99.2% leaving 73 acres (0.8%), mostly Seeps 1A and 9A, still bonded. TMPA plans to file for release on part of this remaining acreage in FY 2024 and the rest in subsequent years depending on the results of the mitigation work in progress at the seeps. On December 21, 2021, approximately 11,000 acres of the mine property was sold. It is anticipated that the remaining 723 acres will be sold within the next couple of years.

TMPA has approximately 319 circuit miles of transmission lines (both 345kV and 138kV), 1 mile of 69kV transmission line, 12 substations, and maintains additional transmission assets within jointly-owned transmission stations. TMPA is a registered Transmission Owner in ERCOT and is represented in various technical working groups which support the ongoing operation of the ERCOT grid. A map of the TMPA transmission system can be found on the following page.

A group of capital projects have been approved that will span the next several years with the goal of refurbishing, upgrading, and replacing aging transmission assets. These projects are needed to ensure system reliability as electricity usage increases and to accommodate changing generation patterns that drive expansion of the ERCOT transmission system.

Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement ("JOA") addressing ownership, operational, and contractual issues associated with TMPA. Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until TMPA is dissolved.


NORTHERN SYSTEM
DENTON
MASCH BRANCH (DME)
NORTH DENTON SUB (TMPA)
JIM CHRISTAL (DME)
DENTON ARCO SUB (DME)
INDUSTRIAL SUB
DENTON STEAM SUB
WEST DENTON SUB (TMPA)
FORT WORTH (DME)
TEASLEY SUB (DME)
LEWISVILLE
ROANOKE SUBSTATION (ONCOR)
FANNIN
MC KINNEY
PRUITT SUB (TMPA)
GREENVILLE INTERCHANGE SUB (TMPA)
SWINDELL SUB (GP&L)
SHELBY SUB (TMPA)
TO DENT RD (GP&L)
OLINGER POWERPLANT (GP&L)
NEVADA SUB (GP&L)
GREENVILLE
PLANO
TO ALLEN SUB (ONCOR)
TO ROYSE SUB (ONCOR)
COLLIN
ROYSE SUB (ONCOR)
CARROLLTON
RICHARDSON
BEN DAVIS SUB
DOUBLE CIRCUIT
CRIST RD. SUB (GP&L)
GARLAND
MOORE SUB (TMPA)
TO CENTERVILLE (ONCOR)
ROCKWALL
HUNT
ROCKWALL
TWIN OAK SUBSTATION (ONCOR)
NORTHERN TRANSMISSION SYSTEM
SOUTHERN TRANSMISSION SYSTEM
LEGEND
COUNTY LINES
138 KV TRANSMISSION LINE
345 KV TRANSMISSION LINE
SUBSTATION
POWER PLANT
CITY
SOUTHERN SYSTEM
DOUBLE CIRCUIT
JACK CREEK SUBSTATION (TMPA)
KURTEN SUB (BTU)
TRIANGLE PARK SUB (BTU)
ROBERTSON
BRYAN DANSBY SUB
STEEP HOLLOW SUB (BTU)
SINGLETON (CNP)
DOUBLE CIRCUIT
KEITH SWITCH (BEPC)
BRYAN
TO TABOR (BTU)
BRYAN EAST SUB
TO LIMESTONE (GP&L/CROSS TEXAS)
GIBBONS CREEK (TMPA)
DOUBLE CIRCUIT
TO ZENITH (CNP)
COLLEGE STATION
TO GREENS PRAIRIE (BTU)
TO ROANS PRAIRIE (BEPC)
TO MINE DE-ENERGIZED

Texas Municipal Power Agency
Statements of Net Position
(Dollars in Thousands)

	September 30, 2023	2022	2021
Assets			
Assets			
Current Assets			
Current Unrestricted Assets	$ 23,730	$ 24,063	$ 47,509
Current Restricted Assets	981	980	981
Total Current Assets	24,710	25,043	48,490
Noncurrent Assets, Net			
Electric Transmission Plant	176,406	182,066	176,137
Other Assets	9,089	7,230	8,286
Total Noncurrent Assets	185,495	189,296	184,423
Total Assets	$ 210,205	$ 214,339	$ 232,913
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current Liabilities			
Current Liabilities	$ 24,244	$ 25,019	$ 32,212
Total Current Liabilities	24,244	25,019	32,212
Noncurrent Liabilities			
Long Term Debt	202,668	205,963	200,318
Noncurrent Liabilities Other Than Debt	2,983	1,497	1,608
Total Noncurrent Liabilities	205,651	207,460	201,926
Total Liabilities	229,895	232,479	234,138
Deferred Inflows of Resources			
Deferred Gain on Refunding	5,516	5,842	6,168
Total Deferred Inflows of Resources	5,516	5,842	6,168
Net Position (Deficit)			
Net Investment in Capital Assets	(32,018)	(30,201)	(30,691)
Unrestricted	6,812	6,219	23,298
Total Net Position (Deficit)	(25,206)	(23,982)	(7,393)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 210,205	$ 214,339	$ 232,913

Statements of Net Position Information
Explanations of Significant Variances Between FY 2022 and FY 2023

Current Unrestricted Assets decreased $0.3 million (1%) due primarily to decreases in accounts receivable and mine escrow holdback partially offset by a higher cash balance in the operating account at TexPool at year-end.

Electric Transmission Plant decreased by $5.7 million (3%) due primarily to long lead times on material purchases which led to delayed capital spending.

Other Assets increased by $1.9 million (26%) due primarily to the $1.6 million escrow for mine bonding established with the Railroad Commission.

Current Liabilities decreased $0.8 million (3%) due primarily to lower accrued distributions to the Member Cities.

Noncurrent Liabilities Other Than Debt increased $1.5 million (99%) due primarily to the $1.6M cash funding of the mine bonding requirements of the Railroad Commission of Texas. In previous years, TMPA satisfied this requirement with letters of credit. However, in FY 2023, TMPA cash funded the requirement with cash received from Member Cities and recorded the transaction as a liability as the funds will be returned to the Member Cities as bond release is completed.

Net Position (Deficit) decreased by $1.2 million (5%). Net position is comprised of two components: net investment in capital assets and unrestricted. The decrease in the deficit is primarily related to distributions to Member Cities.

Statements of Net Position Information
Explanations of Significant Variances Between FY 2021 and FY 2022

Current Unrestricted Assets decreased $23.4 million (49%) due primarily to the reduction of mine assets held for sale resulting from the sale of the majority of the mine in December 2021.

Electric Transmission Plant increased by $5.9 million (3%) due primarily to a significant amount of transmission asset additions during the year.

Other Assets decreased by $1.1 million (13%) due primarily to lower deferrals of Other Post-Employment Benefits and mine reclamation costs.

Current Liabilities decreased $7.2 million (22%) due primarily to lower accrued distributions to the Member Cities. In addition to a Transmission distribution, there was also a distribution payable for other excess TMPA funds in FY 2021. There was no payable for a distribution of other excess TMPA funds at the end of FY 2022.

Net Position (Deficit) decreased by $16.6 million (224%). Net position is comprised of two components: net investment in capital assets and unrestricted. The decrease is primarily related to the sale of the majority of the mine that occurred in December 2021. Although the transaction resulted in a gain of $58 million, the proceeds of $70.8 million were immediately distributed to the Member Cities.

Texas Municipal Power Agency
Operating Information
(Dollars in Thousands)

	For the Years-Ended September 30, 2023	2022	2021
Operating Revenues			
Member City Billings	$ 1,933	$ 2,845	$ 5,549
Transmission Revenues	32,947	31,397	34,428
Other Operating Revenues	9	39	85
Total Operating Revenues	34,889	34,281	40,062
Operating Expenses			
Production - Operation and Maintenance	990	1,145	2,402
Transmission - Operation and Maintenance	4,133	5,248	4,196
Administrative and General	2,303	2,276	2,392
Depreciation Expense	8,746	8,186	8,089
Total Operating Expenses	16,172	16,855	17,079
Income from Operations	18,717	17,426	22,983
Other Income (Expense)			
Investment Revenue	806	134	21
Capital Contributions	-	-	103
Miscellaneous Other Income (Expense)	115	(242)	(2,091)
Total Other Income (Expense)	921	(108)	(1,967)
Interest Charges			
Interest Expense	4,490	3,797	8,061
Bond Issuance Cost	-	-	1,998
Total Interest Charges	4,490	3,797	10,059
Impact of Regulatory Assets on Change in Net Position	(167)	(1,117)	(1,644)
Net Revenues before Distributions	14,981	12,404	9,313
Distributions to Member Cities	(16,221)	(87,032)	(22,812)
Change in Net Position before Gain on Sale of Plant and Mine	(1,240)	(74,628)	(13,499)
Gain on Sale of Plant	-	-	18,304
Gain on Sale of Mine	16	58,039	-
Change in Net Position (Deficit)	(1,224)	(16,589)	4,805
Net Position (Deficit)			
Beginning Balance	(23,982)	(7,393)	(12,198)
Ending Balance	$ (25,206)	$ (23,982)	$ (7,393)

Operating Information
Explanations of Significant Variances Between FY 2022 and FY 2023

Member City Billings decreased $0.9 million (32%) due primarily to lower demand charges as a result of the sale of the majority of the mine in December 2021, which reduced the overall operating costs of TMPA.

Transmission – Operations and Maintenance decreased $1.1 million (21%) due primarily to long lead times on material purchases.

Investment Revenue increased $0.7 million (501%) due to rising interest rates.

Miscellaneous Other Income (Expense) increased $0.4 million (148%) due to no asset retirements in FY 2023.

Impact of Regulatory Assets on Change in Net Position decreased $0.9 million (85%) due primarily to changes in the Mine reclamation liability and recoveries and Other Post-Employment Benefits.

Distributions to Member Cities decreased $70.8 million (81%) due primarily to the sale of the majority of the mine in December 2021.

Gain on Sale of Mine decreased $58.0 million (100%) due to the sale of the majority of the mine in December 2021.

Operating Information
Explanations of Significant Variances Between FY 2021 and FY 2022

Member City Billings decreased $2.7 million (49%) due primarily to lower demand charges as a result of the sale of the plant in February 2021 and the sale of the majority of the mine in December 2021, which reduced the overall operating costs of TMPA.

Transmission Revenues decreased $3.0 million (9%) due to a full year of a lower rate for transmission services approved by the PUCT in December 2020.

Production – Operations and Maintenance decreased $1.3 million (52%) due to the sale of the plant in February 2021 and the sale of the majority of the mine in December 2021.

Transmission – Operations and Maintenance increased $1.1 million (25%) due primarily to increased material purchases, rental fees, and contractor maintenance associated with transformer repairs. Also, a planned capital project was deemed to be O&M in nature and was therefore expensed.

Investment Revenue increased $0.1 million (538%) due to rising interest rates following the drastically reduced interest rates resulting from the COVID-19 pandemic.

Capital Contributions decreased $0.1 million (100%) due to having no receipt of assets from third parties that paid for the construction of and/or improvements to the Agency's Transmission system in FY 2022.

Miscellaneous Other Income (Expense) decreased $1.8 million (88%) due to fewer asset retirements in FY 2022.

Interest Expense decreased $4.3 million (53%) due to the Series 2021 refunding bonds issued in July 2021, which lowered interest rates. Additionally, the amortization of bond premiums reduce interest expense.

Impact of Regulatory Assets on Change in Net Position decreased $0.5 million (32%) due primarily to changes in the Mine reclamation liability and recoveries and Other Post-Employment Benefits.

Distributions to Member Cities increased $64.2 million (282%) due primarily to the sale of the majority of the mine in December 2021.

Gain on Sale of Plant decreased $18.3 million (100%) due to the sale of the plant in February 2021.

Gain on Sale of Mine increased $58.0 million (100%) due to the sale of the majority of the mine in December 2021.

BASIC FINANCIAL STATEMENTS

Texas Municipal Power Agency
Statements of Net Position
(Dollars in Thousands)

Assets

	September 30, 2023	September 30, 2022
Assets		
Current Assets		
Current Unrestricted Assets		
Cash and Cash Equivalents	$ 17,635	$ 16,375
Accounts Receivable and Other	4,018	4,701
Asset Held for Sale	935	935
Mine Escrow Holdback	620	1,711
Prepaids	522	341
Total Current Unrestricted Assets	23,730	24,063
Current Restricted Assets		
Cash and Cash Equivalents	981	980
Total Current Restricted Assets	981	980
Total Current Assets	24,710	25,043
Noncurrent Assets		
Electric Transmission Plant		
In Service	327,526	323,444
Less Accumulated Depreciation	(153,823)	(145,077)
Total Net Plant	173,703	178,367
Construction Work in Progress	2,703	3,699
Total Electric Transmission Plant	176,406	182,066
Other Assets		
Restricted Cash and Cash Equivalents	5,560	5,133
Railroad Commission Mine Bonding	1,600	-
Regulatory Assets	1,930	2,097
Total Other Assets	9,089	7,230
Total Noncurrent Assets	185,495	189,296
Total Assets	$ 210,205	$ 214,339

The accompanying notes are an integral part of the financial statements.

Texas Municipal Power Agency
Statements of Net Position (Continued)
(Dollars in Thousands)

Liabilities and Net Position

	September 30, 2023	September 30, 2022
Liabilities		
Current Liabilities		
Current Maturities of Revenue Bonds	$ 6,780	$ 6,575
Accrued Interest Payable	591	432
Accounts Payable	894	838
Accrued Distribution to Member Cities	15,113	16,246
Accrued Compensation and Pension Benefits	115	123
Accrued Mine Reclamation Cost	750	805
Total Current Liabilities	24,244	25,019
Noncurrent Liabilities		
Long-Term Debt		
Revenue Bonds	167,985	174,765
Unamortized Premium	6,783	8,098
Tax Exempt Commercial Paper	27,900	23,100
Total Long-Term Debt	202,668	205,963
Payable to Member Cities Related to Mine Bonding	1,600	-
Other Employee Retirement Benefits	1,179	1,293
Accrued Mine Escrow	204	204
Total Other Long-Term Obligations	2,983	1,497
Total Noncurrent Liabilities	205,651	207,460
Total Liabilities	229,895	232,479
Deferred Inflows of Resources		
Deferred Gain on Refunding	5,516	5,842
Total Deferred Inflows of Resources	5,516	5,842
Net Position (Deficit)		
Net Investment in Capital Assets	(32,018)	(30,201)
Unrestricted	6,812	6,219
Total Net Position (Deficit)	(25,206)	(23,982)
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	$ 210,205	$ 214,339

The accompanying notes are an integral part of the financial statements.

Texas Municipal Power Agency
Statements of Revenues, Expenses and Changes in Net Position
(Dollars in Thousands)

	For the Years Ended September 30, 2023	2022
Operating Revenues		
Member City Billings	$ 1,933	$ 2,845
Transmission Revenues	32,947	31,397
Other Operating Revenues	9	39
Total Operating Revenues	34,889	34,281
Operating Expenses		
Production - Operation and Maintenance	990	1,145
Transmission - Operation and Maintenance	4,133	5,248
Administrative and General	2,303	2,276
Depreciation Expense	8,746	8,186
Total Operating Expenses	16,172	16,855
Income from Operations	18,717	17,426
Other Income (Expense)		
Investment Revenue	806	134
Miscellaneous Other Income (Expense), Net	115	(242)
Total Other Income (Expense)	921	(108)
Interest Charges		
Interest Expense	4,490	3,797
Total Interest Charges	4,490	3,797
Impact of Regulatory Assets on Change in Net Position	(167)	(1,117)
Net Revenues before Distributions	14,981	12,404
Distributions to Member Cities	(16,221)	(87,032)
Change in Net Position (Deficit) before Gain on Sale of Mine	(1,240)	(74,628)
Gain on Sale of Mine	16	58,039
Change in Net Position (Deficit)	(1,224)	(16,589)
Net Position (Deficit)		
Beginning Balance	(23,982)	(7,393)
Ending Balance	$ (25,206)	$ (23,982)

The accompanying notes are an integral part of the financial statements.

Texas Municipal Power Agency
Statements of Cash Flows
(Dollars in Thousands)

	For Years Ended September 30, 2023	2022
Cash Flows from Operating Activities		
Cash Received from Member City Billings	$ 1,933	$ 2,845
Cash Received from Transmission Revenues	33,624	31,132
Cash Received from Other Revenues	123	446
Cash Received from TxDOT	6	3,536
Cash Paid to Suppliers	(7,184)	(7,600)
Cash Paid to Employees	(1,216)	(1,722)
Net Cash Provided by Operating Activities	27,286	28,637
Cash Flows from Non-Capital and Related Financing Activities		
Proceeds from Member Cities	2,200	-
Proceeds from Sale of Mine	16	70,786
Payment to Railroad Commission for Self-Bonding	(1,600)	-
Distribution to Member Cities for Sale of Mine	(16)	(70,786)
Net Cash Provided by Non-Capital and Related Financing Activities	600	-
Cash Flows from Capital and Related Financing Activities		
Proceeds from Issuance of Debt	4,800	13,700
Construction Work in Progress	(3,011)	(15,235)
Payment of Principal on Debt	(6,575)	(6,395)
Interest Paid on Debt	(5,972)	(5,618)
Refunds to Member Cities	(16,246)	(22,813)
Net Cash Used for Capital and Related Financing Activities	(27,004)	(36,361)
Cash Flows from Investing Activities		
Interest and Dividends on Investments	806	133
Net Cash Provided by Investing Activities	806	133
Net Increase (Decrease) in Cash and Cash Equivalents	1,688	(7,591)
Beginning Cash and Cash Equivalents Balance	22,488	30,079
Ending Cash and Cash Equivalents Balance	$ 24,176	$ 22,488

The accompanying notes are an integral part of the financial statements.

Texas Municipal Power Agency
Statements of Cash Flows (Continued)
(Dollars in Thousands)

	2023	2022
Income From Operations	$ 18,717	$ 17,426
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:		
Depreciation Expense	8,746	8,186
Change in Accounts Receivables and Other	501	3,252
Change in Accrued Mine Reclamation Cost	(655)	(802)
Change in Accounts Payable	(131)	260
Change in Accrued Compensation and Fringe Benefits	(7)	(92)
Miscellaneous Non-Operating Activities	115	407
	8,569	11,211
Total	$ 27,286	$ 28,637

Supplemental Cash Flows Information

Capital invoices totaling $216,277 and $93,783 are included in accounts payable at September 30, 2023 and 2022, respectively.

The accompanying notes are an integral part of the financial statements.

TEXAS MUNICIPAL POWER AGENCY

NOTES TO FINANCIAL STATEMENTS

Texas Municipal Power Agency
Notes to Financial Statements

Index

1. General

The Texas Municipal Power Agency ("TMPA" or the "Agency") was created on July 18, 1975 through the adoption of concurrent ordinances by the Texas cities of Bryan, Denton, Garland, and Greenville ("Cities" or "Member Cities"), pursuant to TMPA's enabling legislation, Acts 1975, 64th Leg., Ch. 143, Sec. 1, now codified in Subchapter C, Chapter 163, Utilities Code. In 2015, the Legislature enacted Subchapter C-1, Chapter 163, Utilities Code (the "Act"). The Act permits the Member Cities to adopt concurrent ordinances electing for TMPA to be governed by the Act, which was done by the Member Cities in 2016. Under the provisions of the Act, TMPA is a separate municipal corporation and political subdivision. TMPA is exempt from payment of federal income taxes under Section 115 of the Internal Revenue Code. In comparison to Subchapter C which previously governed TMPA, the Act, among other things, expands TMPA's authority in relation to the sale of electric facilities, authorizes the Member Cities to modify the governance structure of TMPA, and provides a procedure under which TMPA may be dissolved.

The Agency is governed by a Board of Directors made up of two representatives from each Member City and is empowered to plan, finance, acquire, construct, own, operate, and maintain facilities to be used in the business of generation, transmission, and sale of electric energy to the Member Cities.

In September 1976, TMPA entered into identical Power Sales Contracts (the "Contract") with each of the Cities for the purpose of obtaining for the Cities the economic advantages of jointly financing, constructing, and operating large electric generating units and related facilities to supply the Cities' future energy needs. Under the Contract, the Cities were required to pay, for the benefits received or to be received by them from such activities, an amount sufficient to pay TMPA's operating and maintenance expenses and TMPA's debts.

As originally written in September 1976, the Contract was a requirements contract, which obligated the Cities, with certain exceptions, to purchase their wholesale electricity requirements from TMPA. On November 5, 1997, the Contract was amended. Under the amendment, the Contract was converted from a requirements contract to a take-or-pay contract, under which each City was obligated to take or pay for a specified percentage of electricity from TMPA's generating facility. Those percentages were Bryan 21.7%, Denton 21.3%, Garland 47%, and Greenville 10%. The amendment confirmed the Cities' obligations, explained above, to pay all costs of TMPA.

Effective June 24, 2010, the Contract was amended to enable TMPA to issue debt secured by transmission revenues ("Transmission Debt"). Transmission Debt issued prior to September 1, 2018, was to be secured by Net Revenues until September 1, 2018, and solely by transmission revenues thereafter. Transmission Debt issued after September 1, 2018, must be secured solely by transmission revenues. On August 30, 2010, pursuant to the amendment to the Contract, TMPA issued its first series of Transmission Debt. The final maturity date of such series of Transmission Debt was September 1, 2040. Two additional series of Transmission Debt, one of which is a revolving note program, were issued on December 1, 2017. On July 29, 2021, TMPA issued an additional series of Transmission Debt. Proceeds from this series were used to refund the two previously issued series of long-term Transmission Debt and a portion of the revolving note program. On November 2, 2022, TMPA adopted a new revolving note program to refund and replace the previous revolving note program.

The term of the Contract was for a period of 35 years from September 1, 1976, or until all bonds and certain other indebtedness of the Agency were paid, whichever occurred later. On September 1, 2018, the "Debt Discharge Date" occurred, i.e., the date on which all Generation Debt of TMPA was paid off. On this date, the Contract expired as to the City of Greenville, but was extended by, and only as to, the cities of Bryan, Denton, and Garland pursuant to the Joint Operating Agreement, discussed below, to September 30, 2018. As of September 30, 2018, the Contract had expired as to all four Cities.

Effective on September 1, 2018, budgets and charges to recover TMPA's costs began to be adopted pursuant to a Joint Operating Agreement between TMPA and the Member Cities, which became effective on September 1, 2016. See Note 7 for a description of the Joint Operating Agreement.

Until September 18, 2018, TMPA operated the Gibbons Creek Steam Electric Station ("GCSES"), a coal-fired generating plant located in Grimes County, Texas with a net generating capability of 470 megawatts. The plant began commercial operation on October 1, 1983. On June 6, 2019, the TMPA Board of Directors voted to permanently retire GCSES. On February 10, 2021, pursuant to an Asset Purchase Agreement ("APA"), TMPA sold GCSES to Gibbons Creek Environmental Redevelopment Group ("GCERG"). Under the APA, GCERG is responsible for the decommissioning and environmental remediation of GCSES.

The initial fuel source for GCSES was an adjacent lignite mine owned by TMPA. Production of lignite from the mine ceased in 1996 when TMPA switched fuels to Powder River Basin coal. Since then, the mine has been undergoing reclamation operations. On December 21, 2021, approximately 11,000 acres of the mine property were sold. In order to continue reclamation operations following such sale, TMPA reserved from the conveyance necessary reclamation and access easements.

TMPA continues to own and operate electric transmission assets in the State of Texas. These assets provide wholesale transmission services to the Member Cities and other distribution service providers in the Electric Reliability Council of Texas ("ERCOT") system.

Regulation

The Agency's Board of Directors monitors the decommissioning activities required of GCERG. Transmission activities are regulated by ERCOT and the PUCT. Each transmission service provider in ERCOT is required to provide non-discriminatory access to the electric grid in ERCOT. As compensation for this service, each transmission service provider annually receives its Transmission Cost of Service ("TCOS"), which is set by the PUCT. The reclamation of the mine is regulated by the Railroad Commission of Texas.

2. Summary of Significant Accounting Policies

System of Accounts

The accounting records of TMPA are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC") for Class A and Class B Public Utilities and Licensees.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of TMPA are organized and operated based on account groups in a fund. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in accounting for resources.

TMPA maintains an Enterprise Fund to account for its operations. An Enterprise Fund, which is a Proprietary Fund type, is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of management is to finance the costs of providing services to the public primarily through user charges.

Accounting and Financial Reporting

The Agency's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The Agency presents its financial statements in accordance with GASB Statement No. 34 ("GASB 34"), Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments as amended.

The Agency follows the provisions of GASB Statement No. 62 ("GASB 62"), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. In general, GASB 62 permits an entity with cost-based rates to defer certain costs or income, which would otherwise be recognized when incurred. Costs are deferred to the extent that the rate-regulated entity is recovering or expects to recover such amounts through rates charged to customers while receipts are deferred to the extent that they are expected to cover costs to be incurred in the future.

GASB Pronouncements Effective in FY 2023

In March 2020, GASB issued Statement No. 94 ("GASB 94"), Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting associated with these arrangements. GASB 94 is effective for the fiscal year ending September 30, 2023, however, implementation had no impact on the Agency.

In May 2020, GASB issued Statement No. 96 ("GASB 96"), Subscription-Based Information Technology Arrangements (SBITAs). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and corresponding liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA. GASB 96 is effective for the fiscal year ending September 30, 2023, however, implementation had no impact on the Agency.

GASB Pronouncements Effective in FY 2022

GASB Statement No. 87 ("GASB 87"), Leases, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Agency began application of GASB No. 87 at the beginning of FY 2022. Implementation of GASB 87 had no material impact on the Agency.

GASB Pronouncements Issued but Not Yet Effective

In June 2022, GASB issued Statement No. 101 ("GASB 101"), Compensated Absences, which will be effective for the Agency's September 30, 2025 year end. The statement was issued to meet the needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Implementation is not expected to have a material impact on the Agency.

Accounts Receivable

TMPA reports transmission accounts receivable for services rendered at net realizable amounts from third-party payors. TMPA provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. For the years ended September 30, 2023 and 2022, no allowance was deemed necessary.

Electric Transmission Plant

Electric transmission plant is stated at historical cost. Donated capital assets are recorded at acquisition value. Upon retirement of the electric transmission plant, the original cost thereof and the cost of removal, less salvage, are charged to accumulated depreciation. The Agency's capitalization policy requires expenditures exceeding $50,000 that are capital in nature and that have a useful life greater than one year to be capitalized.

Electric transmission plant components, net of accumulated depreciation as of September 30, 2023 and 2022 are as follows (in thousands):

Summary of Additions, Less Transfers and Retirements to Plant

	Oct. 1, 2022	Additions	Transfers	Retirements /Disposals	Sept. 30, 2023
Electric Transmission Plant					
Transmission	$ 319,807	$ -	$ 4,082	$ -	$ 323,889
Other	2,725	-	-	-	2,725
Intangible Assets	912	-	-	-	912
Total Electric Transmission Plant	323,444	-	4,082	-	327,526
Accumulated Depreciation					
Transmission	(142,897)	(8,201)	-	-	(151,098)
Other	(2,180)	(545)	-	-	(2,725)
Total Accumulated Depreciation	(145,077)	(8,746)	-	-	(153,823)
Construction Work in Progress	3,699	3,134	(4,082)	(48)	2,703
Total Electric Transmission Plant, Net of Accumulated Depreciation	$ 182,066	$ (5,612)	$ -	$ (48)	$ 176,406

	Oct. 1, 2021	Additions	Transfers	Retirements /Disposals	Sept. 30, 2022
Electric Transmission Plant					
Transmission	$ 310,138	$ -	$ 16,488	$ (6,819)	$ 319,807
Other	2,725	-	-	-	2,725
Intangible Assets	841	-	71	-	912
Total Electric Transmission Plant	313,704	-	16,559	(6,819)	323,444
Accumulated Depreciation					
Transmission	(141,427)	(7,640)	-	6,170	(142,897)
Other	(1,635)	(545)	-	-	(2,180)
Total Accumulated Depreciation	(143,062)	(8,185)	-	6,170	(145,077)
Construction Work in Progress	5,495	15,154	(16,559)	(391)	3,699
Total Electric Transmission Plant, Net of Accumulated Depreciation	$ 176,137	$ 6,969	$ -	$ (1,040)	$ 182,066

Depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of the transmission assets (40 years).

Annual depreciation provisions expressed as a percentage of average depreciable plant were approximately 2.9% and 2.8% in 2023 and 2022, respectively. During 2023 and 2022, depreciation expense was $8,746,135 and $8,185,511, respectively.

Investments

Investments are stated at amortized cost and consist of investments in the Texas Local Government Investment Pool ("TexPool") and a money market account held by a broker.

Funds invested in TexPool represent ownership of a pro-rata share of the underlying assets of the pool. The pool invests primarily in obligations of the U.S. Government, the State of Texas, or its agencies and instrumentalities, repurchase agreements, and other highly rated instruments as authorized by state law. TexPool is controlled by the State Comptroller of Public Accounts of Texas and only invests in assets that are authorized under both the Public Funds Investment Act and the TexPool Investment Policy. TexPool is measured at amortized cost as the pool meets requirements of GASB No. 79. Investment objective and strategies are to seek preservation of principal, liquidity, and current income. The pool offers same day access to investment funds.

Charges

TMPA's charges billed to the Cities are designed to cover annual costs as defined in the Resolutions and the Joint Operating Agreement. In general, costs are defined to include TMPA's costs of operations (except for depreciation and amortization). It is the Agency's practice to budget approximately 1.26 times debt service requirements. The charges are set by the Board of Directors annually and are required to be reviewed on an annual basis. TMPA's practice is to periodically distribute excess funds to the Cities after ensuring that debt service coverage requirements are met, and certain reserves are maintained.

Revenues

Revenues are based on a fixed amount established for the fiscal year, which is recognized ratably throughout the year. Beginning September 1, 2018, in accordance with the Joint Operating Agreement, these fixed costs are charged separately by business unit: Generation, Transmission, and Mine. Transmission revenues are determined by the PUCT annually based on regulatory filings and are recognized ratably throughout the year by the Agency.

The Agency distinguishes between operating and non-operating revenues and expenses consistent with the criteria used to identify cash flows from operating activities in the Statement of Cash Flows. Generally, the Agency classifies revenues generated from transmission usage along with ancillary services as operating revenues. Production operating and maintenance, transmission operating and maintenance, general and administrative, and depreciation on the Agency's electric transmission plant assets are classified as operating expenses. All other income and expenses, including investment revenues, interest expense, amortization of debt premiums and deferred gain on refunding, regulatory assets recovered in the current year, contributions, and distributions to Member Cities are considered non-operating activity. Although GCSES has been sold, the Generation division continues to incur expenses related to overseeing the decommissioning of the assets as completed by the new owner (as required by the Asset Purchase Agreement). These expenses are recovered as part of the charges to the Member Cities. Although the majority of the mine land has been sold, the Mine division continues to incur expenses related to maintaining the land that is still under bonding with the Railroad Commission of Texas ("RCT").

Regulatory Assets

TMPA is subject to the accounting requirements of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Accordingly, certain costs may be capitalized as regulatory assets that would otherwise be charged to expense. Such regulatory assets are recorded when it is probable that future revenue in an amount at least equal to the capitalized costs will result from inclusion of those costs in future rates. Types of costs deferred include other postemployment benefits. Estimated mine reclamation costs will be recovered through fiscal budget components.

Debt-Related Costs

Bond premiums and discounts are amortized over the terms of related bond issues under the effective interest method. Excess cost on advance refunding of debt is amortized using the straight-line method over the term through when the last of the refunding bonds would have matured.

Statements of Cash Flows

The Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2023 and 2022, cash equivalents include amounts held at TexPool.

Net Position

Net position is displayed in two components – net investment in capital assets and unrestricted. Components of net investment in capital assets include electric transmission plant and intangible assets net of depreciation, which are reduced by outstanding bond and commercial paper liabilities related to those assets. The outstanding liabilities are calculated net of the investments included in restricted assets.

Unrestricted net position is comprised of those assets and liabilities that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.

3. Restricted Assets

Restricted assets include those assets comprising the Transmission System Revenue Refunding Bond (Series 2021 Bonds) and Project Construction funds, which are principally established and maintained pursuant to the Resolutions. Substantially all assets in the Bond Funds are available only to meet the principal and interest payments on the Revenue Bonds.

Transmission System Revenue Refunding Bond Fund (Series 2021 Bonds) assets are for use in paying the interest and principal of outstanding Series 2021 Bonds. Project Construction Fund assets are available to pay costs associated with the Series "A" Notes.

Restricted assets also include the Indemnity Reserve Account, held in escrow, as required by Section 6.5 of the JOA. The purpose of these assets is to fund TMPA's defense and indemnity obligations to the Member Cities under Section 6.3 of the JOA.

The aggregate amount in each of these funds as of September 30 is as follows (in thousands):

Fund Type:	2023	2022
Transmission System Revenue Refunding Bond Fund (Series 2021 Bonds)	$ 1,229	$ 1,021
Project Construction Funds (Series "A" Notes)	75	71
Indemnity Reserve Account	5,237	5,021
Total Funds	$ 6,541	$ 6,113

4. Investments

As of September 30, 2023 and 2022, the Agency's portfolio is invested in the Texas Local Government Investment Pool ("TexPool"), a local government investment pool, and a money market account. These investments are stated at amortized cost. Balances maintained at TexPool as of September 30, 2023 and 2022 were $17,978 and $16,536, respectively and are included in both unrestricted and restricted cash and cash equivalents in the accompanying statements of net position. Balances held in money markets as of September 30, 2023 and 2022, were $5,237 and $5,021, respectively.

TexPool is not managed by the Agency and the Agency does not possess securities that exist in either physical or book entry form. Under the Texas Public Funds Investment Act, government investment pools must maintain an AAA or equivalent rating from at least one nationally recognized rating agency. Standard & Poor's currently rates TexPool AAAm.

Interest Rate Risk

The Agency minimizes the risk associated with the decline in market value of securities due to rising interest rates (interest rate risk) by maintaining a "buy and hold" strategy, whereby securities are purchased with the intent to hold the securities in the portfolio until maturity. The Agency does not participate in derivatives to hedge interest rate risk or any other risk.

Credit Risk and Concentration of Credit Risk

The Agency's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of states, agencies, counties, cities, and other political subdivisions of any state, fully insured Certificates of Deposit, and commercial paper that has maturity of 270 days or less and a rating of A-1 or P-1.

Custodial Risk

Custodial risk is the risk that in the event of a bank or counterparty failure, the Agency's deposits or investments may not be returned. The investment policy states that all bank deposits of Agency funds be secured by pledged collateral with a market value equal to no less than 102 percent of the principal plus accrued interest less an amount insured by the Federal Deposit Insurance Corporation ("FDIC"). Investment securities are delivered-versus-payment to the Agency's bank for safekeeping as evidenced by safekeeping receipts issued by the bank.

Deposits

The bond resolutions require that deposits be placed in a bank or trust company organized under the laws of the State of Texas or a national banking association located within the State of Texas. Deposits are insured by the FDIC or collateralized by U.S. Government obligations or its Agencies and Instrumentalities; or direct obligations of Texas or its Agencies or Instrumentalities that have a market value of not less than the principal amount on deposit and rated "A" or better by Moody's or Standard and Poor's. The pledged collateral was held at the Federal Home Loan Bank of Dallas under a joint safekeeping account with the Agency's deposit institution in the Agency's name.

As of September 30, 2023 and 2022, TMPA had recorded cash deposits of $0.96 million and $0.93 million, respectively. Bank statement balances as of September 30, 2023 and 2022, were $1.08 million and $1.07 million, respectively, with the differences being comprised of outstanding checks and deposits in transit.

5. Long-Term Debt

The Agency's long-term debt consists of the following at September 30, 2023 and 2022 (in thousands):

	Outstanding October 1, 2022	Issued/ Increased	Redeemed/ Decreased	Accretion/ Amortization Premium/ Discount	Outstanding September 30, 2023	Principal Due Within One Year
Revenue Bonds Series						
2021	$ 189,438	$ -	$ (6,575)	$ (1,315)	$ 181,548	$ 6,780
Total Revenue Bonds	189,438	-	(6,575)	(1,315)	181,548	6,780
Series "A" Revolving Notes	23,100	4,800	-	-	27,900	-
Total Long-term Debt	$ 212,538	$ 4,800	$ (6,575)	$ (1,315)	$ 209,448	$ 6,780

	Outstanding October 1, 2021	Issued/ Increased	Redeemed/ Decreased	Accretion/ Amortization Premium/ Discount	Outstanding September 30, 2022	Principal Due Within One Year
Revenue Bonds Series						
2021	$ 197,313	$ -	$ (6,395)	$ (1,480)	$ 189,438	$ 6,575
Total Revenue Bonds	197,313	-	(6,395)	(1,480)	189,438	6,575
Series "A" Revolving Notes	9,400	13,700	-	-	23,100	-
Total Long-term Debt	$ 206,713	$ 13,700	$ (6,395)	$ (1,480)	$ 212,538	$ 6,575

Revenue Bonds outstanding, as of September 30, 2023 and 2022, respectively, are (in thousands):

Series	Current Amount Outstanding 2023	Long-Term Amount Outstanding 2023	Maturity From	Maturity To	Range of Interest Rates From	Range of Interest Rates To	Earliest Redemption Date
2021	$ 6,780	$ 167,985	2021	2051	2.000	3.000	2024
Total	$ 6,780	$ 167,985					

Series	Current Amount Outstanding 2022	Long-Term Amount Outstanding 2022	Maturity From	Maturity To	Range of Interest Rates From	Range of Interest Rates To	Earliest Redemption Date
2021	$ 6,575	$ 174,765	2021	2051	2.000	3.000	2024
Total	$ 6,575	$ 174,765					

Debt service requirements for the revenue bonds for the next thirty years as of September 30, 2023, are as follows (in thousands):

Year	Principal	Interest	Total
2024	$ 6,780	$ 4,988	$ 11,768
2025	6,980	4,785	11,765
2026	7,190	4,576	11,766
2027	7,405	4,360	11,765
2028	7,630	4,138	11,768
2029 - 2033	41,720	17,116	58,836
2034 - 2038	47,795	11,039	58,834
2039 - 2043	30,230	4,624	34,854
2044 - 2048	14,905	1,643	16,548
2049 - 2051	4,130	208	5,784
	174,765	$ 57,477	$ 233,688
Unamortized Premium	6,783		
Total	$ 181,548		

On December 1, 2017, TMPA issued an initial installment of $10,100,000 of Subordinated System Net Revenue/Transmission Revenue Converting Security Direct Purchase Revolving Notes, Series A Notes. Proceeds from this issuance were used to pay for ongoing Transmission projects that had not yet been placed in service. On August 1, 2018, August 1, 2019 and August 4, 2020, TMPA issued additional installments of $9,400,000, $3,900,000, and $7,700,000, respectively. As part of the issuance of the Series 2021 Bonds, discussed below, $30 million of the Series A Notes were refunded on July 29, 2021. On August 10, 2021, November 24, 2021 and August 25, 2022, TMPA issued additional installments of $8,300,000, $5,000,000 and $8,700,000, respectively. On November 2, 2022, upon expiration of the previous agreement, TMPA entered into a similar agreement with a different bank. All outstanding Notes at that time remained outstanding, and capacity remained at $60,000,000. On August 29, 2023, TMPA issued an additional installment of $4,800,000. With remaining availability of $32,100,000 as of September 30, 2023, TMPA will continue to issue the Series A Notes as funds are necessary for future Transmission projects. The current agreement runs through November 2024 and interest only payments are made quarterly during the term of the agreement. The interest rate is currently 79% of Bloomberg Short Term Bank Yield Index plus 32 basis points.

On July 29, 2021, TMPA issued $192,510,000 of Transmission Refunding Bonds, Series 2021. These bonds were issued at a premium of $9,846,294. Proceeds from this issuance were used to refund the Series 2010 and 2017 Bonds and $30 million of the Series A Notes. The Series 2021 Bonds are secured by a pledge of net revenues of the Agency's transmission system.

The Series 2021 Bonds are subject to optional redemption prior to their scheduled maturity date of September 30, 2051, subject to stated call premiums. Principal payments are due on September 1 each year. Interest payments are due on March 1 and September 1 each year.

The Resolutions contain certain restrictions and covenants including TMPA's covenant to establish and maintain charges to produce revenues sufficient to pay operating and maintenance expenses (exclusive of depreciation and amortization), to produce net revenues sufficient to pay the amounts required to be deposited in the debt service funds, and to produce net revenues equal to at least 1.25 times the annual debt service to be paid for the then outstanding bonds.

6. Employee Benefit Plans

Defined Contribution Plan

TMPA has a single employer defined contribution retirement plan covering all full-time employees which requires TMPA to contribute an amount equal to 10% of gross wages to a third-party trustee for the benefit of plan participants (the "Plan"). Chapter 810, Government Code, and other state laws relating to political subdivisions such as the Agency, authorize the establishment and amendment of a pension plan by the Agency's Board of Directors. The Plan is administered by the TMPA Employees Pension Plan Administrative Committee and Charles Schwab serves as the trustee. Employees may contribute, on a voluntary basis, an additional amount up to 50% of earnings. Employees direct both their employer and employee investments based on investment options available to them in the Plan. Vesting, with respect to employer contributions, is based on years of continuous service where participants become vested at 20% per year of credited service up to 100%. Beginning October 1, 2017, the Plan was amended to vest participants at 100% when they voluntarily sever service. Participants are immediately vested in their voluntary contributions plus actual earnings thereon.

Membership in the plan was 31 and 38 participants as of September 30, 2023 and 2022, respectively.

Retirement plan costs for 2023 and 2022 were as follows (in thousands):

	2023	%	2022	%
Agency's Total Payroll	$ 1,056	-	$ 1,487	-
Agency's Covered Payroll	$ 1,030	100%	$ 1,381	100%
Agency's Contribution	$ 103	10%	$ 138	10%
Employee's Contribution	$ 14	1.3%	$ 23	1.7%

Loan provisions, which were established in 1999, provide that employee loans from the employee's employer-contribution account ("Account") may not exceed the lesser of $50,000 or 50% of the present value of the employee's vested Account. Loan repayment is generally within a 1-5 year timeframe with specific use qualifications for payback periods up to fifteen years. Loan interest rates are established according to loan provision guidelines.

Deferred Compensation Plan

In November 1997, the Board of Directors adopted an Internal Revenue Code Section 457 deferred compensation plan for Agency employees. This plan is in the form of the ICMA/Mission Square Retirement Corporation Deferred Compensation Plan and Trust and is administered by the ICMA/Mission Square Retirement Corporation. The funds held under this plan are invested in the ICMA/Mission Square Retirement Trust; a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plans. Employees may contribute up to 100% of pre-deferral taxable income to a maximum of $22,500 and $20,500 for calendar years 2023 and 2022, respectively. A "catch-up" provision, which allows an additional contribution of $7,500 and $6,500 for 2023 and 2022, respectively, is available for employees over 50 years of age. Employees direct the investment allocation, contributions and payout option of their individual plans. For the years ended September 30, 2023 and 2022, participants numbered 4 and 7 and participant contributions were $48,575 and $81,163, respectively.

Other Postemployment Benefits

Texas Municipal Power Agency Postemployment Benefits Plan is a single employer plan that covers all full-time, regular employees. The plan is a defined benefit plan and the cost for each employee is paid on a pay-as-you-go basis. Benefits for retirees consist of medical and dental insurance coverage and are referred to as Other Postemployment Benefits (OPEB). For retiree medical, the Agency contributes a set monthly allowance to the employee and dependent, if elected, through a Retiree Health Reimbursement Account ("HRA"). Employees are eligible for normal retirement at age 65 or early retirement at age 55 with 20 years of service or age 60 with 10 years of service. The Agency does not issue a publicly available actuarial report of its plan. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75.

For active employees, the Agency paid 100% of the cost of life insurance. Effective the beginning of FY 2021, TMPA no longer offers life insurance coverage for retirees. For active employees in 2023, the Agency paid 90% and 80% of the cost of employee medical and dental benefits, respectively. For active employees in 2022, the Agency paid 89% and 78% of the cost of employee medical and dental benefits, respectively. For retired employees in 2023 and 2022, the Agency paid 69% of the cost of dental benefits in each year. As discussed above, for retiree medical, the Agency contributes a set monthly allowance to the employee and dependent, if elected, through a Retiree HRA.

A measurement date of May 1, 2023 was used for the September 30, 2023 liability and expense. The information that follows was determined as of a valuation date of May 1, 2022.

Membership in the OPEB by membership class at May 1, 2022 are as follows:

	Medical and/or Dental
Active employees	3
Inactive employees or beneficiaries currently receiving benefits	63
Total	66

Contributions: For the years ended September 30, 2023 and 2022, the Agency contributed $102,600 and $112,800, respectively, to retirees' HRA accounts. Contributions are made on a pay as you go basis.

Actuarial Assumptions: The total OPEB liability in the May 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Projected salary increase	3.40%
Discount Rate	The discount rate used to measure the Total OPEB Liability as of May 1, 2023 was 3.53%. The discount rate used to measure the Total OPEB Liability as of May 1, 2022 was 3.21%.
Actuarial cost method	Entry Age Normal
Eligibility	a. Full-time regular employees who were hired prior to October 1, 1993 and are age 55 or older with at least 20 years of service at retirement. b. Full-time regular employees who are both age 60 or older and have at least 10 years of service as of October 1, 2016. c. Employees not meeting a. or b. are not eligible for retiree benefits (medical, dental, or life insurance).
Mortality	Pre-Retirement Mortality: Pri-2012 Total Dataset Employee Table projected from the 2012 base year using the Scale MP-2021 mortality improvement rates Post-Retirement Mortality: Retired Members: Pri-2012 Total Dataset Retiree Table projected from the 2012 base year using the Scale MP-2021 mortality improvement rates Spouses of Retired Members: Pri-2012 Total Dataset Retiree Table prior to Retired Member death and Total Dataset Contingent Survivor Table after Retired Member death projected from the 2012 base year using the Scale MP-2021 mortality improvement rates

Discount Rate: The discount rate was based on the municipal bond rate in the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality.

Changes in the Total OPEB Liability: Changes in the total OPEB liability through the year ended September 30, 2023 were as follows:

	Increase (Decrease) Total OPEB Liability
Balance as of 9/30/22 (Based on 5/1/22 Measurement Date)	$ 1,292,614
Changes for the year:	
Service Cost	-
Interest on Total OPEB Liability	39,530
Difference Between Expected and Actual Experience	-
Changes in Assumptions	(30,561)
Benefit Payments	(122,328)
Net changes	(113,359)
Balance as of 9/30/23 (Based on 5/1/23 Measurement Date)	$ 1,179,255

Changes in the Total OPEB Liability: Changes in the total OPEB liability through the year ended September 30, 2022 were as follows:

	Increase (Decrease) Total OPEB Liability
Balance as of 9/30/21 (Based on 5/1/21 Measurement Date)	$ 1,607,976
Changes for the year:	
Service Cost	1,568
Interest on Total OPEB Liability	35,006
Difference Between Expected and Actual Experience	(118,581)
Changes in Assumptions	(98,463)
Benefit Payments	(134,892)
Net Changes	(315,362)
Balance as of 9/30/22 (Based on 5/1/22 Measurement Date)	$ 1,292,614

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates: The total OPEB liability of the Agency has been calculated using a discount rate of 3.53%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease	Current Discount	1% Increase
Total OPEB liability	$ 1,279,630	$ 1,179,255	$ 1,092,123

The total OPEB liability of the Agency has been calculated using health care cost trend rates of 5%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease	Current Discount	1% Increase
Total OPEB liability	$ 1,157,819	$ 1,179,255	$ 1,203,859

OPEB Expense: For the years ended September 30, 2023 and 2022, the Agency recognized OPEB expense/(income), as measured in accordance with GASB Statement No. 75, of $8,969 and ($180,470), respectively.

In accordance with rate making methodology, the cost of this Program is unfunded until benefits are needed. Thus, unfunded expenses are treated as regulatory assets similar to other long- term obligations.

Medical and Dental Benefits

The Agency's medical and dental plan is administered by large insurance companies. For active employees in 2023 and 2022, $209,976 and $164,567 was paid in medical expenses based on an average of 6 participants in each year. Active participant medical premiums collected by the Agency in 2023 and 2022 were $21,826 and $17,533 resulting in a total cost to the Agency of $188,150 and $147,034, respectively. For retired employees in 2023 and 2022, $102,600 and $112,800, respectively, was contributed by the Agency to the retired employees and dependents, if elected, through a Retiree HRA. For active employees in 2023 and 2022, $7,719 and $8,516 was paid in dental expenses based on an average of 6 and 7 participants, respectively. Active participant dental premiums collected by the Agency in 2023 and 2022 were $1,564 and $1,904 resulting in a total cost to the Agency of $6,155 and $6,612, respectively. For retired employees in 2023 and 2022, $24,007 and $25,677 was paid in dental expenses based on an average of 25 and 28 participants, respectively. Retiree participant dental premiums collected by the Agency in 2023 and 2022 were $7,394 and $7,929 resulting in a total cost to the Agency of $16,613 and $17,748, respectively.

Vision Benefit

Beginning in 2014, the Agency offered a vision plan to its employees and retirees, which the costs of the premiums are 100% paid by employees and retirees electing such coverage.

Compensated Absences

TMPA accumulates PTO and vacation time for all full-time employees, of which only earned vacation leave is recorded as a liability and reported as part of accrued compensation and pension benefits along with certain salary-related expenses.

TMPA pays accumulated vacation upon termination, but since TMPA does not pay employees for unused accumulated PTO upon termination, no related liability is recorded. A summary of changes in accrued vacation for the years ended September 30, 2023 and 2022, is as follows (in thousands):

Fiscal Year	Beginning Liability	Vacation Accrued	Vacation Taken	Ending Liability
2023	$ 84	$ 65	$ (70)	$ 78
2022	$ 115	$ 65	$ (96)	$ 84

7. Commitments and Contingencies

A. During 1995, TMPA authorized the conversion of its fuel source from locally-mined lignite to sub-bituminous coal from the Powder River Basin ("PRB"). TMPA commenced construction of the necessary rail loop and receiving operation in 1995 and converted to PRB coal in 1996. In connection with this conversion, some of TMPA's mine-related assets were impaired. Impaired assets have been written-down to their net realizable value. In addition, TMPA recorded an accrual for reclamation costs related to the lignite mine operations and updates this accrual for changes in estimates of the expected ultimate liability.

B. In connection with the Gibbons Creek Lignite Mine, TMPA is required to submit to the Texas Railroad Commission reclamation bonds to ensure that TMPA will reclaim all lands disturbed by mining operations in accordance with all applicable Federal and State laws. For this purpose, TMPA has on file with the Railroad Commission a cash bond in the amount of $1,600,000 that was funded by Member contributions and recorded as an asset (Railroad Commission Mine Bonding) and a liability (Payable to Member Cities Related to Mine Bonding) in the accompany statements of net position. The bond will be returned to TMPA once reclamation is complete.

C. During 1999, the Texas Legislature enacted legislation, SB 7, implementing retail competition in the electric utility industry commencing on January 1, 2002. Although participation by investor-owned utilities in retail competition is required, participation by municipally owned utilities ("MOUS") is on a voluntary basis. Utilities which participate in retail competition, including MOUS which decide to participate in retail competition, are authorized to recover stranded costs, and may utilize securitization provisions contained in the legislation. Unlike investor-owned utilities, MOUS and electric cooperatives are not required to unbundle their generation functions from transmission and distribution functions into separate companies. However, same as investor-owned utilities, rates for wholesale transmission services provided by MOUS and electric cooperatives are determined by the PUCT. Rates for the use of the distribution systems of MOUS and electric cooperatives are determined by such entities. As of September 30, 2023, none of the Member Cities have elected to open their service territory to retail competition, but the respective Member Cities could determine to make such election in the future.

D. The Energy Policy Act of 2005 authorized the North American Reliability Corporation ("NERC") to promulgate transmission reliability standards which, once approved by the Federal Energy Regulatory Commission ("FERC"), are enforceable by FERC and NERC. NERC has promulgated reliability standards pursuant to this law and new standards are anticipated. FERC and NERC have enforcement powers to ensure compliance with these standards.

   TMPA has implemented measures to comply with the existing standards and expects to remain in compliance as standards are promulgated in the future.

   SB 3, enacted by the Texas Legislature and effective June 8, 2021, adds Section 38.075 to the Utilities Code. This new section (i) applies to MOU's, such as TMPA, that provide transmission service in the ERCOT power region (ii) requires the PUCT to adopt reliability standards to prepare for weather emergencies (iii) requires ERCOT to inspect the covered entities for compliance (iv) requires ERCOT to inform the PUCT of violations and (v) authorizes the PUCT to impose an administrative penalty for each violation that is not cured within a reasonable time. SB 3 required the PUCT to adopt the reliability standards within 6 months after the effective date of SB 3. On October 21, 2021, the PUCT complied with SB 3 by adopting a rule on weatherization, Substantive Rule 25.55. Substantive Rule 25.55 requires a transmission service provider among other things to: utilize best efforts to implement weather emergency preparation measures; confirm the ability of cold weather critical components to ensure the operation of substations during cold weather events; utilize best efforts to address any critical component failures that occurred due to winter weather conditions between November 30, 2020 and March 1, 2021; and provide training on winter weather preparations to relevant operational personnel. Under the Rule, each transmission service provider was required to file with the PUCT a compliance report by December 1, 2021. TMPA's transmission service operator routinely carries out the measures required by the Rule and consequently TMPA does not anticipate any issues with compliance.

E. In 2016 and 2017, the Agency issued requests for proposals ("RFPs") regarding the proposed sale of the Agency's generation assets and a portion of the Agency's transmission assets. Certain proposals received in connection with the 2016 and 2017 RFPs were pursued, but negotiations were ultimately discontinued. In 2019, the Agency issued an RFP involving only the sale of generation assets. Proposals were received in August 2019, and, on February 10, 2021, TMPA sold the GCSES to one of the proposers, the Gibbons Creek Environmental Redevelopment Group, LLC ("GCERG"). The sale was pursuant to an Asset Purchase Agreement with GCERG, dated February 10, 2021 (the "APA"). Pursuant to the APA, (i) GCERG is obligated to remediate and close all Coal Combustion Residuals (CCR) units within a period of 34 months pursuant to a work schedule included in the APA and, following such closure, to perform any required post-closure monitoring and care, (ii) a $28.546 million escrow fund has been established to fund in part GCERG's environmental remediation obligations ($4.2 million remains available as of September 30, 2023), (iii) a performance bond, in the amount of $36.5 million has been provided by GCERG to TMPA, to secure GCERG's performance of its remediation obligations, and (iv) a $25 million pollution legal liability insurance policy has been provided by GCERG, naming TMPA and the Member Cities as additional insureds. Under the APA, TMPA is permitted to appoint an Environmental Designee. The Environmental Designee monitors the progress of GCERG's remediation activities, and is authorized, among other things, to direct the suspension of payments to GCERG from the escrow fund if GCERG falls behind schedule. Equal monthly disbursements from the escrow fund are to be made to the purchaser to fund the purchaser's environmental remediation obligations. Monthly disbursements are to be suspended if the remediation project falls behind the project schedule. If payments are suspended for 60 consecutive days, TMPA or the Member Cities may complete the project and receive reimbursement from the escrow fund.

One of the remediation activities addressed in the APA is preliminary regulatory closure of the Site F Landfill. The APA recites an estimated cost of $13.6 million to achieve preliminary regulatory closure of the Site F Landfill and requires that (i) in the event actual costs are greater than the $13.6 million estimate, then GCERG must absorb the additional cost and (ii) in the event actual costs are less than the $13.6 million estimate, then GCERG must refund the difference to TMPA. The Site F Landfill remediation is in progress but not yet complete. TMPA and GCERG are engaged in a dispute concerning how to determine the actual costs of the Site F Landfill remediation. This dispute has resulted in the filing of a lawsuit by TMPA against GCERG on September 9, 2022. The lawsuit is pending in Travis County District Court.

F. Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement ("JOA"). In general, the purposes of the JOA include: (i) funding TMPA operations such as mine reclamation, transmission service, and plant decommissioning following expiration of the Power Sales Contract ("PSC"), (ii) subject to certain exceptions, requiring Member City approval for the issuance of new debt, the execution of certain significant contracts, and the sale of property exceeding $10 million in value, (iii) specifying provisions for determining how costs of TMPA and proceeds from the sale of assets are to be allocated among the Member Cities, (iv) providing for the establishment by TMPA of reserve funds for the decommissioning of the plant and the indemnification of TMPA Board Members and Member City officials, employees, contractors, and agents, and (v) dividing the operations of TMPA into three business functions-mine, generation, and transmission-and requiring separate budgets and books for each business function.

The PSC provided that upon dissolution of TMPA, the assets of TMPA would automatically be transferred to the Member Cities, with each Member City receiving an undivided interest in the assets of TMPA in proportion to the amount paid by the Member City to TMPA. The JOA, for purposes of implementing the automatic transfer of assets upon dissolution of TMPA, requires TMPA to periodically make this calculation for each business unit, and sets out formulas for making these calculations. Under the JOA, these ownership calculations are relevant not only to the allocation of assets upon dissolution of TMPA, but also to the allocation of certain proceeds from the sale of assets, and in some cases, the allocation of TMPA costs.

If a majority of the Member Cities request it, TMPA is required by the JOA to transfer a divided interest in the transmission system to each Member City. Under this partition process, the general objective is for each City to receive ownership of transmission facilities in the geographic area of the Member City, and in proportion to the Member City's ownership interest in the transmission business. Any such transfer of transmission assets must be in compliance with relevant bond covenants, including those requiring defeasance of all or a portion of transmission debt.

The JOA includes a reclamation plan for the mine, requires the development of a decommissioning plan, and sets out standards for environmental remediation. TMPA is required to comply with these plans and standards.

Under the JOA, in discharging its contractual obligations, including mine reclamation, decommissioning, transmission service, environmental remediation, indemnification, and other obligations, TMPA is rendering services to the Member Cities. The JOA obligates each Member City to pay the cost of these services, and to collect rates and charges for electric service sufficient to enable it to pay to TMPA all amounts due under the JOA for these services. A Member City's payment obligations under the JOA are payable exclusively from such electric utility revenues and constitute an operating expense of its electric system.

Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until the dissolution of TMPA.

Effective September 1, 2016, the JOA was amended ("Amendment No. 1"). The primary purposes of the amendment were to authorize the sale of Gibbons Creek and the sale of the Southern 345 kV Transmission System, and to authorize the issuance of refunding bonds in connection with such sales. Since the sale contemplated by Amendment No. 1 did not occur, Amendment No. 1, by its own terms, ceased to have any force or effect. Effective September 22, 2017, the JOA was amended a second time ("Amendment No. 2"). The purposes of Amendment No. 2 were to: continue TMPA's authority to issue Mine Reclamation Bonds as had been contemplated in Amendment No. 1; revise the dates on which the separate budgets of the JOA became effective; authorize the Agency to sell certain mining and transmission assets, provided the sales do not exceed in value certain financial thresholds, and provided the sales comply with bond covenants; and allow for an extension to the term of the PSC, applicable only to the Cities notifying TMPA of the extension, in order to complete a period of seasonal operation in 2018, or such other period of time as desired by the notifying Cities. Pursuant to the immediately foregoing provision, the cities of Bryan, Denton, and Garland extended the PSC from September 1, 2018, to September 30, 2018, in order to complete the period of 2018 seasonal operation. The PSC expired as to the City of Greenville on September 1, 2018 and expired as to the remaining Cities on September 30, 2018. Effective September 17, 2019, the JOA was amended a third time ("Amendment No. 3"). The purposes of Amendment No. 3 were to: clarify that all Board Members may vote on matters involving the decommissioning and/or sale of GCSES; delete a requirement that TMPA obtain Member City approval of certain budget increases attributable to mine reclamation bonding; and authorize the sale of mine tracts that are under mine bonding provided a lease, easement, or other property right is reserved that would enable TMPA to complete reclamation and obtain bond release. Effective June 28, 2021, the JOA was amended a fourth time ("Amendment No. 4"). Prior to Amendment No. 4, the JOA provided that a Member City exiting the Mine Business would remain responsible for its share of the costs of the Mine Business until all mining assets were sold. Amendment No. 4 extended the duration of this obligation until a time when all obligations are discharged with respect to the Agency's mine reclamation bonds and other financial commitments providing financial security in relation to the Agency's mine reclamation responsibilities. Amendment No. 4 also permits the sale of the Mine as a whole. Prior to the Amendment, no sale of an individual Mine tract could exceed $250,000, and multiple sales in a Fiscal Year could not exceed $500,000. Amendment No. 4 eliminated these restrictions.

G. On July 15, 2021, the Board of Directors authorized the Gibbons Creek Lignite Mine to be sold to 3S Real Estate Investments, LLC ("3S"). On August 26, 2021, TMPA and 3S entered into a Farm and Ranch Contract to effect the sale. The sale, involving the conveyance of approximately 11,000 acres, closed on December 21, 2021, which resulted in a gain of $58 million. Following the closing, TMPA has continued to conduct mine reclamation activities pursuant to reserved access and reclamation easements, which easements will remain in effect until all bonded areas are released from bonding. As part of this transaction, TMPA entered into an Escrow Holdback Agreement under which $1.7 million was retained in escrow to account for the acreage that remained under reclamation bonding. The Agreement permits TMPA to request the release of escrow funds as acreages are released from bond by the Railroad Commission of Texas. The escrow balance as of September 30, 2023 is $.620 million.

8. Related Party Transactions

Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement (see Note 7.F for further detail). For the years ended September 30, 2023 and 2022, 6% and 8% of total operating revenue, respectively, was attributable to the Member Cities.

The construction and maintenance of certain electric plant transmission assets are outsourced to the Cities of Garland and Denton. For the years ended September 30, 2023 and 2022, $3,133,883 and $12,209,946 of electric plant transmission assets and construction work in progress, respectively, were constructed by the City of Garland. As of September 30, 2023 and 2022, $606,643 and $511,607, respectively, was due to the City of Garland. For the years ended September 30, 2023 and 2022, $0 and $2,945,103 of electric plant transmission assets and construction work in progress, respectively, were constructed by the City of Denton. For the years ended September 30, 2023 and 2022, 79% and 75% of Transmission – Operation and Maintenance expense, respectively, was attributable to the City of Garland. For the years ended September 30, 2023 and 2022, 0% and 1% of Transmission – Operation and Maintenance expense, respectively, was attributable to the City of Denton. The City of Denton is only permitted to charge TMPA for third party O&M costs.

Additionally, in fiscal year 2023, the Member Cities contributed a total of $600,000 to TMPA to be utilized in addressing the seeps at the mine. Unspent amounts as of September 30, 2023 are included in cash and cash equivalents and accrued mine reclamation costs in the accompanying statements of net position.

REQUIRED SUPPLEMENTARY INFORMATION

Texas Municipal Power Agency
Required Supplementary Information
Postretirement Benefits Plan
September 30, 2023

Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years

	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018
Total OPEB Liability						
Service Cost	$ -	$ 1,568	$ 1,431	$ 2,738	$ 2,492	$ 2,527
Interest Cost	39,530	35,006	44,803	71,862	76,714	77,956
Changes of Benefit Terms	-	-	(157,996)	6,597	-	-
Difference Between Expected and Actual Experience of the Total OPEB Liability	-	(118,581)	-	(194,424)	-	(6,724)
Changes of Assumptions	(30,561)	(98,463)	41,060	111,600	32,760	(28,900)
Benefit Payments	(122,328)	(134,892)	(140,000)	(146,108)	(150,807)	(155,595)
Net Change in Total OPEB Liability	(113,359)	(315,362)	(210,702)	(147,735)	(38,841)	(110,736)
Total OPEB Liability (Beginning)	1,292,614	1,607,976	1,818,678	1,966,413	2,005,254	2,115,990
Total OPEB Liability (Ending)	$ 1,179,255	$ 1,292,614	$ 1,607,976	$ 1,818,678	$ 1,966,413	$ 2,005,254
Covered Payroll	$ 242,601	$ 234,624	$ 122,354	$ 118,331	$ 414,530	$ 400,899
Total OPEB Liability as a Percentage of Covered Payroll	486.09%	550.93%	1,314.20%	1,536.94%	474.37%	500.19%

Note to schedule:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.97
2019	3.79
2020	2.56
2021	2.27
2022	3.21
2023	3.53

The information in this schedule has been determined as of the measurement date (May 31) of the Agency's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods for which such information is available are presented.

TEXAS MUNICIPAL POWER AGENCY

SUPPLEMENTAL SCHEDULE

Texas Municipal Power Agency
Combining Statement of Revenues, Expenses and Changes in Net Position
September 30, 2023

	Generation	Transmission	Mine	Combined
Operating Revenues				
Member City Billings	$ 1,126	$ -	$ 807	$ 1,933
Transmission Revenues	-	32,947	-	32,947
Other Operating Revenues	-	-	9	9
Total Operating Revenues	1,126	32,947	816	34,889
Operating Expenses				
Production - Operation and Maintenance	522	-	468	990
Transmission - Operation and Maintenance	-	4,133	-	4,133
Administrative and General	238	1,817	248	2,303
Depreciation Expense	-	8,746	-	8,746
Total Operating Expenses	760	14,696	716	16,172
Income from Operations	366	18,251	100	18,717
Other Income				
Investment Revenue	38	728	40	806
Miscellaneous Other Income, Net	-	115	-	115
Total Other Income	38	843	40	921
Interest Charges				
Interest Expense on Debt	-	4,490	-	4,490
Total Interest and Finance Charges	-	4,490	-	4,490
Impact of Regulatory Assets in Change in Net Position	(55)	-	(112)	(167)
Net Revenues Before Distributions	349	14,604	28	14,981
Distributions to Member Cities	-	(15,113)	(1,108)	(16,221)
Change in Net Position (Deficit) before Gain on Sale of Mine	349	(509)	(1,080)	(1,240)
Gain on Sale of Mine	-	-	16	16
Change in Net Position (Deficit)	$ 349	$ (509)	$ (1,064)	$ (1,224)

December 14, 2023

AGENDA ITEM NO. 10

SUBJECT: Resolution No. 2023-12-3 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 FY24 operating expenses) transmission funds in the amount of $15,113,241. The Resolution authorizes the distribution of these transmission funds to the Cities.

Approved FY23 Transmission Budget - Net Revenue	7,786,647
FY23 Debt Service Coverage	3,424,124
FY23 Year-end Under Budget Variance	3,902,470
Subtotal	15,113,241
Release of Previous Year's Cash Reserves	2,300,000
Cash Reserve (120 days FY24 operating expenses)	(2,300,000)
FY23 Transmission Distribution	15,113,241

BACKUP MATERIAL: None

ACTION REQUESTED: Consideration and action on Resolution No. 2023-12-3.

Lyndi Birkhead
12/6/23

RESOLUTION NO. 2023-12-3

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 2023, $15,113,241 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%	$ 3,279,573
Denton	21.3%	$ 3,219,121
Garland	47.0%	$ 7,103,223
Greenville	10.0%	$ 1,511,324

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 14TH DAY OF DECEMBER 2023.

____
Tom Jefferies, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Andrew Nelson, Secretary
Board of Directors
Texas Municipal Power Agency

December 14, 2023

AGENDA ITEM NO. 11

SUBJECT:	Resolution No. 2023-12-4, 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, 2023. 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.
BACKUP MATERIAL:	None
ACTION REQUESTED:	Consideration and action on Resolution No. 2023-12-4

Lyndi Birkhead
12/6/2023

RESOLUTION NO. 2023-12-4

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 2024, 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 14TH DAY OF DECEMBER 2023.

____
Tom Jefferies, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Andrew Nelson, Secretary
Board of Directors
Texas Municipal Power Agency

Texas Municipal Power Agency Schedule E

Amount Paid to the Agency by Member Cities

Exhibit A

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
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
2023 Generation**	1,126,632	239,297	241,663	532,897	112,776
2023 Mine	806,808	175,077	171,850	379,200	80,681

** 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	1,377,652,812	21.24%
Denton	1,391,052,994	21.45%
Garland	3,067,482,377	47.30%
Greenville	648,947,665	10.01%
Total	6,485,135,849	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	1,368,771,688	21.24%
Denton	1,382,034,525	21.45%
Garland	3,047,601,628	47.30%
Greenville	645,178,160	10.01%
Total	6,443,586,000	100.00%
	-	

December 14, 2023

AGENDA ITEM NO. 12

SUBJECT:	Resolution No. 2023-12-5, authorizing a distribution to the Member Cities of excess funds relating to the Acid Seeps Project; and resolving matters incidental and related thereto.
DISCUSSION:	On June 8, 2023, the Board increased the amount that was appropriated for the Acid Seeps Project by $600,000, from $493,792 to $1,093,792. The Project was completed in October 2023, and came in under budget by $175,522. The purpose of this Resolution is to refund these excess funds to the Member Cities. The Resolution allocates the refund in accordance with the same percentages that were used to charge the Cities for the Acid Seeps Project.
BACKUP MATERIAL:	None
ACTION REQUESTED:	Consideration and action on Resolution No. 2023-12-5.

Lyndi Birkhead
12/6/2023

RESOLUTION NO. 2023-12-5

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

WHEREAS, the reclamation of acid seeps 1a and 9a (the "Acid Seeps Project") came in under budget by $175,522 (the "Acid Seeps Excess Funds");

WHEREAS, the Board desires to distribute to the Member Cities the Acid Seeps 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 distribute to the Member Cities the Acid Seeps Excess Funds;

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

Bryan	21.7%	$ 38,088.27
Denton	21.3%	$ 37,386.19
Garland	47.0%	$ 82,495.34
Greenville	10.0%	$ 17,552.20

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 14TH DAY OF DECEMBER 2023.

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Tom Jefferies, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Andrew Nelson, Secretary
Board of Directors
Texas Municipal Power Agency

December 14, 2023

AGENDA ITEM NO. 13

SUBJECT: Resolution No. 2023-12-6, authorizing a distribution to the Member Cities of proceeds from the sale of environmental credits; and resolving matters incidental and related thereto.

DISCUSSION: As a result of the Agency's ownership of Gibbons Creek, the Agency was the recipient of environmental credits for emissions of SO2 and NOx related to various regulatory programs. In January 2015, the Board adopted Resolution 2015-1-7, authorizing the General Manager, in consultation with the Planning & Operating Committee, to sell these credits. When Gibbons Creek was sold to GCERG in 2021, TMPA reserved from the sale all its environmental credits.

In September of this year, the Agency was contacted by a broker interested in purchasing some of the Agency's environmental credits to Anew Environmental, LLC. After consulting with the Planning & Operating Committee, the General Manager entered into an agreement to sell 410 Cross-State Air Pollution Rule (CSAPR) NOx Ozone Season Group 2 credits for $297,250, or $725 per credit. TMPA held 788 of these credits prior to the sale. The transaction closed on November 17, 2023. After payment of the $10,000 brokerage fee, the Agency's net proceeds were $287,250.

In November, the General Manager entered into another agreement to sell the remaining 378 CSAPR NOx Ozone Season Group 2 credits for $274,050, or $725 per credit, to Fathom Energy, LLC. The transaction closed on December 4, 2023. After payment of the $3,780 brokerage fee, the Agency's net proceeds were $270,270.

The total net proceeds from the credit sales are $557,520.

TMPA expects to receive an allocation of the CSAPR NOx Ozone Season Group 2 credits in 2024. TMPA also holds credits for different regulatory programs that currently have little to no value. It is possible, but not predictable, that TMPA may realize revenue in the future from other credit sales.

The purpose of this Resolution is to authorize the distribution of proceeds from the November 17, 2023 and December 4, 2023 sales, and from any future sales, to the Member Cities. Proceeds would be allocated to the Member Cities in accordance with their ownership shares in the Generation Business.

BACKUP MATERIAL: Resolution No. 2015-1-7

ACTION REQUESTED: Consideration and action on Resolution No. 2023-12-6.

Lyndi Birkhead
12/6/2023

RESOLUTION NO. 2015-1-7

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING THE PURCHASE, SALE, AND EXCHANGE OF ENVIRONMENTAL CREDITS; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Agency now owns and in the future will receive environmental credits for SO_2 and NOx that have value and that may be purchased, sold or exchanged ("Environmental Credits");

WHEREAS, the Board desires to authorize the purchase, sale, and exchange of Environmental Credits;

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, in consultation with the Planning & Operating Committee, is authorized to purchase, sell, and exchange Environmental Credits;

3. That the purchase, sale, or exchange of Environmental Credits shall be conducted in a manner designed to obtain the best value for the Agency;

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 15TH DAY OF JANUARY 2015.

James Ratliff, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

P. D. Bairrington, Secretary
Board of Directors
Texas Municipal Power Agency

TEXAS MUNICIPAL POWER AGENCY

RESOLUTION NO. 2023-12-6

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING A DISTRIBUTION TO THE MEMBER CITIES OF PROCEEDS FROM THE SALE OF ENVIRONMENTAL CREDITS; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Agency is the owner of environmental credits relating to emissions of SO_2 and NOx (the "Environmental Credits");

WHEREAS, on November 17, 2023, the Agency sold 410 environmental credits and on December 4, 2023, sold 378 environmental credits (the "2023 Credits Sale"), and anticipates making similar sales in the future;

WHEREAS, the Board desires to distribute the net proceeds of these sales to the Member Cities;

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 net proceeds from the 2023 Credits Sale, and from any future sale of Environmental Credits;

3. That the net proceeds from the 2023 Credits Sale shall be allocated to the Member Cities in accordance with the following ownership shares in the Generation Business:

Bryan	21.24%	$ 118,417.25
Denton	21.45%	$ 119,588.04
Garland	47.30%	$ 263,706.96
Greenville	10.01%	$ 55,807.75

4. That the net proceeds of any future sale of Environmental Credits shall be allocated to the Member Cities in accordance with the Generation Business ownership shares in effect on the closing date of the sale;

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 14TH DAY OF DECEMBER 2023.

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Tom Jefferies, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Andrew Nelson, Secretary
Board of Directors
Texas Municipal Power Agency

December 14, 2023

AGENDA ITEM NO. 14

SUBJECT: Executive session

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

A. 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 14, 2023

AGENDA ITEM NO. 15

SUBJECT: Future meeting dates

DISCUSSION: The date for the next regularly scheduled Board Committee meeting is **February 8, 2024**

TENTATIVE MEETING DATES:
June 13, 2024
September 12, 2024
December 12, 2024
February 13, 2025