

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 GREENVILLE CITY HALL
THE COUNCIL CHAMBER
2821 WASHINGTON STREET
GREENVILLE, TX 75401**

**Thursday, December 12, 2024
10:30AM**

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 12, 2024 Board of Directors meeting.
2. Planning & Operating Committee report relating to the December 11, 2024 Committee meeting.
3. Status report relating to Transmission Operations and Five-Year Transmission Capital Project Plan.
4. Resolution No. **2024-12-01**, amending the FY2025 Annual Transmission System Capital Budget by increasing the amount that is authorized to be expended on the Rayburn Country 138 kV Point of Interconnection Project; and resolving matters incidental and related thereto.
5. Resolution No. **2024-12-02**, amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Gibbons Creek Switchyard Subsurface and Surface Modifications Project; and resolving matters incidental and related thereto.
6. Resolution No. **2024-12-03**, authorizing the General Manager to accept a donation of approximately 9.6 acres for Gibbons Creek Switchyard improvements; and resolving matters incidental and related thereto.
7. Audit and Budget Committee report relating to the December 12, 2024 Committee meeting.

8. FY24 Year-end Budget Status Report.
9. Resolution No. **2024-12-04**, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2024.
10. Resolution No. **2024-12-05**, approving the annual proportional share calculation of Member City ownership interests in Agency assets; and resolving matters incidental and related thereto.
11. Resolution No. **2024-12-06**, appointing an accounting firm to perform the audits of the Agency for the fiscal years ending September 30, 2025, through September 30, 2029; and resolving matters incidental and related thereto.
12. Resolution No. **2024-12-07**, authorizing a distribution of transmission funds to the Member Cities; and resolving matters incidental and related thereto.
13. Resolution No. **2024-12-08**, expressing official intent to use proceeds of tax-exempt obligations to reimburse the Agency for costs incurred for electric transmission facilities; and resolving matters incidental and related thereto.
14. Status report relating to mine reclamation and land matters.
15. Status report relating to environmental and regulatory compliance matters.
16. 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)
 - B. TXDOT reimbursement agreements relating to transmission line relocation projects (legal advice under Section 551.071, Government Code)
 - C. Wholesale transmission rates (legal advice under Section 551.071, Government Code)
 - D. Strategic plan relating to the transmission system (competitive matters under Section 551.086, Government Code, and legal advice under Section 551.071, Government Code)

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

17. Future Meeting Dates
18. Adjourn

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING

LOCATION AT WHICH MEMBERS OF THE PUBLIC WERE INVITED TO ATTEND:

**EMBASSY SUITES BY HILTON
3100 TOWN CENTER TRAIL
DENTON, TX 76201**

**Thursday, September 12, 2024
9:00 AM**

President Jefferies called the meeting to order at 9:04 AM.

The following people were present at the meeting.

Board Members:

Tom Jefferies and James Ratliff – City of Garland
Sue Ann Harting and Summer Spurlock – 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 Susie Johnson

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller - BTU
Antonio Puente, Jerry Fielder, Mark Zimmerer, Bill Shepherd, Chris Lutrick, and
Marcella Lunn – DME
Darrell Cline, Tom Hancock, and Steve Martin – GP&L
Michelle Baccheschi – GEUS
Steven Adams - Specialized Public Finance Inc
Greg Salinas – McCall, Parkhurst & Horton L.L.P.

Public Comments:

Mr. Jefferies asked for comments, there were none.

1. Consent Agenda Items:

A. Consider approval of meeting minutes of the June 27, 2024, Board of Directors meeting.

Ms. Harting moved, seconded by Mr. Register, 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. Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of September 11, 2024

An update was provided by Mr. Cline.

3. FY24 Third Quarter Budget Status Report

An update was provided by Mrs. Birkhead.

4. Resolution No. 2024-9-1, authorizing a note purchase agreement relating to the Texas Municipal Power Agency Transmission System Revenue Revolving Notes, Series A and authorizing other matters related thereto.

Mr. Ratliff moved, seconded by Mr. Nelson, approval of Resolution No. 2024-9-1.

Motion carried; voting as follows:

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

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

An update was provided by Mr. Meadows.

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

An update was provided by Mr. Meadows.

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

An update was provided by Mr. Meadows.

8. **Resolution No. 2024-9-2, amending the FY2024 Annual Transmission System Capital Budget by appropriating funds for the State Highway 30 Pole Relocation Project; and resolving matters incidental and related thereto.**

Mr. Cheek moved, seconded by Ms. Harting, approval of Resolution No. 2024-9-2.

Motion carried; voting as follows:

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

9. **Resolution No. 2024-9-3, authorizing an Amended and Restated Transmission Operator, Maintenance, and Construction Services Agreement with the City of Denton; and resolving matters incidental and related thereto.**

Mr. Register moved, seconded by Mr. Cheek, approval of Resolution No. 2024-9-3.

Motion carried; voting as follows:

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

10. **Executive Session.**

Mr. Jefferies announced that the Board would convene in executive session pursuant to Sections 551.071, 551.086, and 551.074, Government Code

The open session was recessed, and the executive session was called to order by Mr. Jefferies at 9:30 am.

The open session resumed at 11:34 AM.

Mr. Davis made a motion to amend the General Manager Agreement within the parameters discussed in Executive Session. Seconded by Mr. Ratliff.

Motion carried; voting as follows:

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

11. 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.

Ms. Harting moved to use the normal rotation and nominated Ms. Spurlock for the office of President, Mr. Nelson for the office of Vice President, and Mr. Davis for the office of Secretary-Treasurer. It was seconded by Mr. Ratliff. Voting as follows:

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

Ms. Harting named the committees as follows:

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

Moved by Mr. Register, seconded by Mr. Cheek, for approval of the committees. Voting as follows:

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

12. Future Meeting Dates.

By general consensus of the Board, the next Board meeting is tentatively set for December 12, 2024.

13. Adjourn

By general consensus of the Board, the meeting adjourned at 11:39 AM.

December 12, 2024

AGENDA ITEM NO. 2

SUBJECT: Planning & Operating Committee report relating to the December 11, 2024 Committee meeting.

DISCUSSION: The P&O Committee Chair will present major discussion topics and actions taken at the December 11, 2024 meeting.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Darrell Cline
12/4/2024

December 12, 2024

AGENDA ITEM NO. 3

SUBJECT: Status reports relating to Transmission Operations and the 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) Five-year Transmission Capital Project Plan Status Report

ACTION REQUESTED: None

Daniel Meadows
12/4/2024

TRANSMISSION OPERATIONS STATUS REPORT
DECEMBER 2024

Outage Summary:

During the months of August, September, and October 2024, TMPA had 13 planned outages on the 345kV system, 19 planned outages on the 138kV system and 0 planned outages on the 69kV system.

There were no forced extensions on the 345kV, 138kV or the 69kV system.

There were no unplanned outages on the 345kV, 8 on the 138kV, and none on the 69kV systems. The 8 unplanned 138kV outages were to complete relay testing on the 138kV North bus at Gibbons Creek.

Personnel Summary:

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

Steve Martin
Matt Carter
12/4/2024

TMPA Transmission Operations Report 2024

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2024 Total
Planned Outages													
345 Kv	0	9	6	1	1	0	0	0	9	4			30
138 Kv	1	7	3	1	2	0	0	2	5	12			33
69 Kv	0	0	0	0		0	0	0	0	0			0
Devices requested													63
Un-Planned Outages													
345 Kv	0	0	0	0	0	0	1	0	0	0			1
138 Kv	0	0	0	0	0	0	0	0	0	8			8
69 Kv	0	0	0	0	0	0	0	0	0	0			0
													9
Forced Extension Outages													
345 Kv	1	0	1	2	1	0	0	0	0	0			5
138 Kv	1	0	2	2	0	0	0	0	0	0			5
69 Kv	0	1	1	1	0	0	0	0	0	0			3
													13

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

FIVE-YEAR TRANSMISSION PROJECT STATUS REPORT

DECEMBER 2024

The attached Five-Year Transmission Project Status Report forecasts capital expenditures and projected in-service by fiscal year for FY25 through FY29. Projects reported as “Completed” in a previous report have been removed from this report.

Additional capital projects are being reviewed and discussed within the Transmission Engineering Working Group (TEWG) on an ongoing basis and will be presented to the P&O and Board as needed.

Lyndi Birkhead
Daniel Meadows
12/4/2024

Five-Year Transmission Project Status Report as of December 2024

Project Name	Project No.	Total Approved /		Approved Funds						
		NOT	Approved	Remaining as of	FY25	FY26	FY27	FY28	FY29	
			9/30/24							
Ben Davis Breaker Replacement	T20004	\$	4,290,000	\$	2,398,445	\$ 1,500,000				
						\$ 1,554,233				
Pruitt 138kV Terminal Addition	T21005	\$	3,700,000	\$	3,115,201	\$ 2,850,000	\$ 250,000			
						\$ 3,684,799				
Gibbons Creek Decommission Transmission Phase II	T21006	\$	5,910,000	\$	1,992,351	\$ 1,313,000				
						\$ 1,313,000				
Gibbons Creek Data Center Terminal Additions	T22002	\$	3,000,000	\$	3,000,000		\$ 3,000,000			
						\$ 3,000,000				
Dansby to Steep Hollow Rebuild	T22003	\$	21,500,000	\$	8,929,025	\$ 8,466,665				
						\$ 13,092,309				
Greenville Interchange to Pruitt New Line & Station (Makalu)	T22004	\$	12,500,000	\$	12,490,462	\$ 2,891,700	\$ 9,608,300			
						\$ 12,509,538				
Rayburn Country 138kV POI	T22005	\$	2,750,000	\$	2,156,003	\$ 2,156,000				
						\$ 2,750,000				
Rayburn Country 138kV POI SUPPLEMENTAL	T22005	\$	1,312,500	\$	-	\$ 1,312,500				
						\$ 1,312,500				
Brazos Interconnection at Denton West Interchange	T24001	\$	3,530,400	\$	3,516,526	\$ 1,240,000	\$ 1,450,400	\$ 850,000		
							\$ 3,554,273			
Shelby to Nevada Transmission Line Extension	T24003	\$	2,700,000	\$	2,700,000		\$ 700,000	\$ 2,000,000		
							\$ 2,700,000			
Industrial Substation Bypass	T24004	\$	174,900	\$	174,900	\$ 110,000	\$ 68,000			
							\$ 178,000			
Dansby - Upgrade Carrier Equipment	T24005	\$	285,000	\$	285,000	\$ 285,000				
						\$ 285,000				
Transformer Dissolved Gas Monitor	T24006	\$	108,750	\$	108,750	\$ 108,750				
						\$ 108,750				
Yellow Wolf Cut-in to Gibbons Creek-Limestone	T24007	\$	500,000	\$	500,000	\$ 488,600				
						\$ 488,600				
Relay Panel Replacement Project at Denton West	T24008	\$	96,800	\$	96,800	\$ 96,800				
						\$ 96,800				
GC Switchyard Subsurface and Surface Modifications		\$	8,300,000	\$	-	\$ 8,300,000				
						\$ 8,300,000				
GEUS Interconnection Request - Industrial Park		\$	2,700,000	\$	-		\$ 2,000,000	\$ 700,000		
Spencer Interchange to Pockrus T-line Reconstruction		\$	7,290,000	\$	-					
Denton West Auto Transformer		\$	12,200,000	\$	-					
Buffalo Prairie Storage (150 MW)		\$	10,200,000	\$	-				\$ 10,200,000	
Lavon Storage (250 MW)		\$	9,500,000	\$	-				\$ 9,500,000	
TMPA Capital Spending						\$ 21,506,515	\$ 15,076,700	\$ 2,850,000	\$ -	\$ -
TMPA Investments Placed In-Service						\$ 19,688,692	\$ 19,372,337	\$ 6,254,273	\$ -	\$ -

TXDOT Reimbursable Projects:									
State Highway 30 Pole Relocation Project	T24009	\$	4,700,000	\$ 4,700,000	\$ 2,500,000	\$ 2,200,000			
West Loop 288-West Denton to Fort Worth T-line Relocation		\$	3,300,000	\$ -	\$ 1,200,000	\$ 2,100,000			
West Loop 288-Masch Branch to North Denton T-line Relocation		\$	3,300,000	\$ -	\$ 1,200,000	\$ 2,100,000			
East Loop 288 and Hwy 380 TML Reroute		\$	2,300,000	\$ -		\$ 1,500,000	\$ 800,000		

Project number not yet assigned/unapproved projects not included in totals

Projected dollars spent

Projected placed in-service

December 12, 2024

AGENDA ITEM NO. 4

SUBJECT: Resolution No. 2024-12-01, amending the FY2025 Annual Transmission System Capital Budget by increasing the amount that is authorized to be expended on the Rayburn Country 138 kV Point of Interconnection Project; and resolving matters incidental and related thereto.

DISCUSSION: On June 9, 2022, the Board appropriated \$2,750,000 to construct a point of interconnection on the Nevada to Shelby 138 kV transmission line in order to accommodate the construction by Rayburn Country Electric Cooperative of a new electric distribution substation. When bids for construction were received, they were higher than originally anticipated. The purpose of this Resolution is to increase the budget for this project by \$1,312,500, from \$2,750,000 to \$4,062,500.

BACKUP MATERIAL: Capital Project Supplemental Proposal

ACTION REQUESTED: Consideration and action on Resolution No. 2024-12-01

Daniel Meadows
12/4/2024

RESOLUTION NO. 2024-12-01

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY (“AGENCY”) AMENDING THE FY2025 ANNUAL TRANSMISSION SYSTEM CAPITAL BUDGET BY INCREASING THE AMOUNT THAT IS AUTHORIZED TO BE EXPENDED ON THE RAYBURN COUNTRY 138 KV POINT OF INTERCONNECTION PROJECT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, on June 9, 2024, the Board appropriated \$2,750,000 for the Rayburn Country 138 kV Point of Interconnection Project (the “Project”);

WHEREAS, bids for construction of the Project came in higher than originally anticipated, necessitating an increase in the amount that is authorized to construct the Project;

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

1. That the above recitals are true and correct;
2. That the FY2025 Annual Transmission System Capital Budget is amended by increasing the amount that is authorized to be expended on the Project, from \$2,750,000 to \$4,062,500;
3. That the General Manager, or a person acting at his direction, may enter into interconnection agreements as necessary for the Project;
4. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 12TH DAY OF DECEMBER 2024.

Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

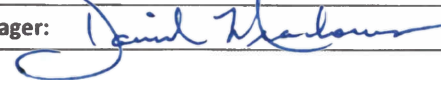
ATTEST:

Jesse Davis, Secretary
Board of Directors
Texas Municipal Power Agency

**TEXAS MUNICIPAL POWER AGENCY
CAPITAL PROJECT SUPPLEMENTAL PROPOSAL**

PROJECT TITLE: Rayburn Country 138kV POI					
DATE OF REQUEST: 11-18-2024		PROJECT MANAGER: Eric Carter ☒ GP&L ☐ DME			
REVISED PROJECT COST: \$ 4,062,500		PREV. APPROVED: \$ 2,750,000		START DATE: 12/1/24	
CAPITAL PLAN YEAR: 2025					
CASH FLOW \$ SPENT	FY25: \$ 2,250,000	FY26: \$	FY27: \$	FY28: \$	FY29: \$
YEAR(S) \$ PLACED IN-SVC	FY25: \$ 4,062,500	FY26: \$	FY27: \$	FY28: \$	FY29: \$
UPDATED DESCRIPTION OF PROJECT (INCLUDING BACKGROUND, ASSUMPTIONS, & PROJECT BENEFITS): There was no change to Description/Scope. The reason for this supplemental proposal is provided on page 2. Original Scope: Rayburn Country Electric Cooperative has requested a 138kv Point of Interconnection (POI) on the Nevada-Shelby line between structures 7/10 and 8/1 for a 20 MVA distribution substation, ultimate 50 MVA.					

**TEXAS MUNICIPAL POWER AGENCY
CAPITAL PROJECT SUPPLEMENTAL PROPOSAL**

COST BREAKDOWN:	ORIGINAL ESTIMATE	REVISIONS	NEW ESTIMATE
Labor	\$	\$	\$
Materials	\$ 1,750,000	\$	\$
Contract Services	\$ 750,000	\$ 1,250,000	\$ 2,000,000
Engineering Consulting	\$ 250,000	\$	\$
Misc. Expenses	\$	\$ 62,500	\$ 62,500
TOTAL	\$ 2,750,000	\$ 1,312,500	\$ 4,062,500
COST BREAKDOWN BASIS:			
Estimation Levels: P1 = Budget/Preliminary (+/- 30%) P2 = Conceptual (+/- 20%) P3 = Detail Design (+/- 10%)		Level of Estimate: ☐ P1 ☐ P2 ☒ P3	
EXPLANATION FOR REVISIONS: The original project approval was based on an estimate for Contract Services based on similar projects. The Contract Services scope was issued for bid and GP&L received six competitive bids. The selected bid was \$2,000,000 compared to the original estimate of \$750,000. The reason for the higher-than-expected bid is since the original estimate in 2022, the industry has experienced higher than expected increases in cost of services, higher inflation, and industry work load making small projects less desirable. This Supplemental Proposal requests \$1.25 million in additional funds to cover the cost to perform the Contract Services. An additional budget increase of \$62,500 is also requested to cover related overhead and contingency.			
SIGNATURES			
Project Manager:	Eric Carter 	Date: 12-2-2024	
Supervisor:	Charles Chapman 	Date: 12-2-2024	
Utility General Manager:	Darrell Cline 	Date: 12-2-2024	
TMPA CFO:	Lyndi Birkhead 	Date: 12.3.24	
TMPA General Manager:	David Meadows 	Date: 12-3-2024	

December 12, 2024

AGENDA ITEM NO. 5

SUBJECT: Resolution No. 2024-12-02, amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Gibbons Creek Switchyard Subsurface and Surface Modifications Project; and resolving matters incidental and related thereto.

DISCUSSION: Previous additions and modifications to the Gibbons Creek Switchyard without the addition of suitable subsurface materials, plus the effects of subsurface soil erosion, have adversely affected the safe navigation of work vehicles and equipment in the Switchyard. The purpose of this Project is to improve the surface and subsurface of the Switchyard through the installation of stormwater piping and catch basins, and the addition of fill, rock, and lime stabilized surfacing materials. This Resolution appropriates \$8,300,000 for this Project.

BACKUP MATERIAL: Capital Project Proposal

ACTION REQUESTED: Consideration and action on Resolution No. 2024-12-02.

Daniel Meadows
12/4/2024

RESOLUTION NO. 2024-12-02

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY (“AGENCY”) AMENDING THE FY2025 ANNUAL TRANSMISSION SYSTEM CAPITAL BUDGET BY APPROPRIATING FUNDS FOR THE GIBBONS CREEK SWITCHYARD SUBSURFACE AND SURFACE MODIFICATIONS PROJECT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, in order to ensure that vehicles and equipment can safely navigate inside the Gibbons Creek Switchyard, it is necessary to install stormwater piping and catch basins, add fill and rock, and make other modifications to the surface and subsurface of the Switchyard (the “Gibbons Creek Switchyard Subsurface and Surface Modifications Project” or “Project”);

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

1. That the above recitals are true and correct;
2. That the FY2025 Annual Transmission System Capital Budget is amended by appropriating \$8,300,000 for the Project;
3. That it is officially found and determined that notice of this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 12TH DAY OF DECEMBER 2024.

Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

Jesse Davis, Secretary
Board of Directors
Texas Municipal Power Agency

TEXAS MUNICIPAL POWER AGENCY CAPITAL PROJECT PROPOSAL

PROJECT TITLE:					
DATE OF REQUEST:		PROJECT MANAGER: GP&L DME			
TOTAL PROJECT COST: \$		START DATE:		CAPITAL PLAN YEAR:	
CASH FLOW \$ SPENT	FY25: \$	FY26: \$	FY27: \$	FY28: \$	FY29: \$
YEAR(S) \$ PLACED IN-SVC	FY25: \$	FY26: \$	FY27: \$	FY28: \$	FY29: \$
UPGRADE REPLACEMENT NEW CONSTRUCTION Reimbursable by TXDOT Reimbursable by _____		EXISTING TMPA ASSETS RELATED TO THIS PROJECT:			
DESCRIPTION OF PROJECT (INCLUDING BACKGROUND, ASSUMPTIONS, & PROJECT BENEFITS):					

TEXAS MUNICIPAL POWER AGENCY CAPITAL PROJECT PROPOSAL

Will this project require a new Interconnection Agreement (IA) or changes to an existing IA? Explain:	Yes	No									
Will this project increase/decrease oil storage or hazardous chemical inventory or capacity? Explain:	Yes	No									
Were security improvements evaluated in the project scope? Explain:	Yes	No									
COST BREAKDOWN											
Labor	\$										
Materials	\$										
Contract Services	\$										
Engineering Consulting	\$										
Misc. Expenses	\$										
TOTAL	\$										
COST BREAKDOWN BASIS:											
Estimation Levels: P1 = Budget/Preliminary (+/- 30%) P2 = Conceptual (+/- 20%) P3 = Detail Design (+/- 10%) Estimate Level: P1 P2 P3	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Is land acquisition or right of ways procurement required?</td> <td style="width: 10%; text-align: center;">Yes</td> <td style="width: 20%; text-align: center;">No</td> </tr> <tr> <td>Does project involve asset retirement? If yes, please provide detail:</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> <tr> <td colspan="3" style="height: 100px;"></td> </tr> </table>		Is land acquisition or right of ways procurement required?	Yes	No	Does project involve asset retirement? If yes, please provide detail:	Yes	No			
Is land acquisition or right of ways procurement required?	Yes	No									
Does project involve asset retirement? If yes, please provide detail:	Yes	No									
SIGNATURES											
Project Manager:		Date:									
Supervisor:	<i>Charles Chapman</i>	Date: 11-25-2024									
Utility General Manager:	<i>Darrell Cline</i>	Date:									
TMPA CFO:	<i>Lyndi Birkhead</i>	Date: 12.2.24									
TMPA General Manager:		Date: 12-2-2024									

December 12, 2024

AGENDA ITEM NO. 6

SUBJECT: Resolution No. 2024-12-03, authorizing the General Manager to accept a donation of approximately 9.6 acres for Gibbons Creek Switchyard improvements; and resolving matters incidental and related thereto.

DISCUSSION: When the Gibbons Creek plant site was sold in 2021, TMPA reserved the 19.7-acre tract containing the Gibbons Creek Switchyard. The following year, a need was identified to expand the area of the Switchyard was identified. Staff engaged in discussions with the owner of the property at the time, Gibbons Lake & Land, concerning the purchase of additional acreage for the Switchyard. The parties could not agree on price.

Gibbons Lake & Land sold the property in question to Millennium Power in 2023. Millennium Power is willing to donate the needed acreage, approximately 9.6 acres, since expansion of the Switchyard will benefit its plans to construct, own, and operate generating capacity at the site.

The acquisition of this land will allow TMPA to improve site security, warehousing, and material laydown, and will accommodate any future expansion of the Switchyard. Staff plans to bring to the Board a capital project in March 2025 to address these necessary improvements.

This Resolution would authorize the General Manager to accept the donation of the acreage in question. If the Resolution is adopted, Staff anticipates that the donation of the acreage will occur in January 2025.

BACKUP MATERIAL: Figure of projected boundary of Gibbons Creek Switchyard expansion.

ACTION REQUESTED: Consideration and action on Resolution No. 2024-12-03.

Daniel Meadows
12/4/2024

RESOLUTION NO. 2024-12-03

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY (“AGENCY”) AUTHORIZING THE GENERAL MANAGER TO ACCEPT THE DONATION OF APPROXIMATELY 9.6 ACRES FOR GIBBONS CREEK SWITCHYARD IMPROVEMENTS; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, acquisition of approximately 9.6 acres adjacent to the Gibbons Creek Switchyard (the “Additional Acreage”) will enable the Agency to improve site security, warehousing, and material laydown capabilities of the Switchyard;

WHEREAS, the owner of the Additional Acreage desires to donate the Additional Acreage to the Agency;

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

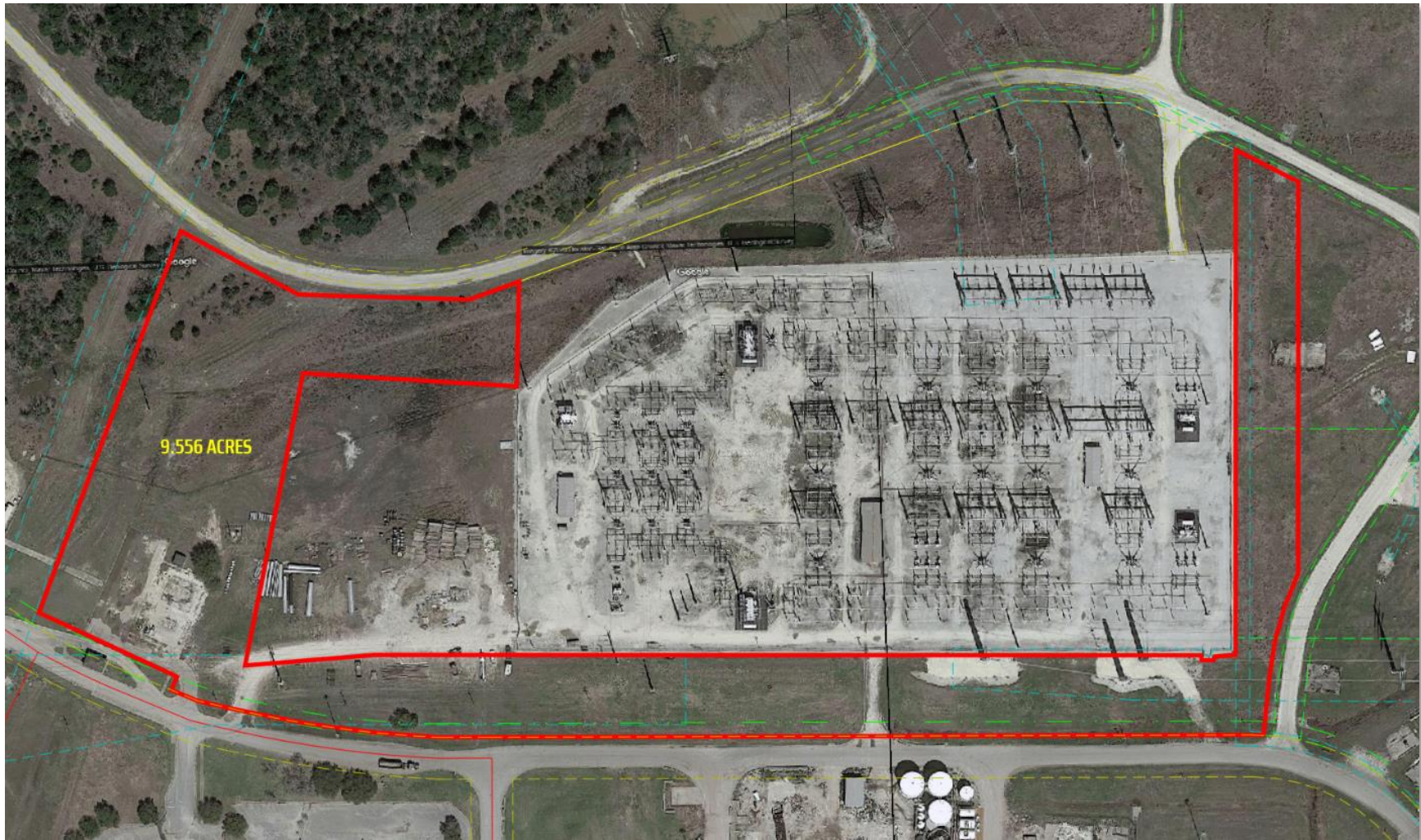
PASSED AND APPROVED THIS 12TH DAY OF DECEMBER 2024.

Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

Jesse Davis, Secretary
Board of Directors
Texas Municipal Power Agency

Projected Boundary of the 9.6 Acres (approx.) Adjacent to Gibbons Creek Switchyard



December 12, 2024

AGENDA ITEM NO. 7

SUBJECT: Audit and Budget Committee report relating to the December 12, 2024 Committee meeting.

DISCUSSION: The Audit and Budget Committee meeting package can be viewed on the Board's secure website in the December 12, 2024 Board Meeting Folder.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Bill Cheek
12/4/2024

AGENDA ITEM NO. 8**SUBJECT:** FY24 Year-end Budget Status Report

DISCUSSION: This report, along with the attachments, provides a comparison of actual cost performance to budgets (approved 6/8/23) for each business unit of TMPA as of FY24 year-end. The year-end results are summarized as follows:

GENERATION – Year-end Results (in thousands)				
Cost Type	Approved Budget	Actual	(Under) / Over	Percentage Change
Fixed Costs - Non-Debt	\$506	\$270	(\$236)	(46.6%)
Other Revenues Excluding City Billings	(\$15)	(\$12)	\$3	16.7%
Total Budget Variance			(\$233)	(47.5%)

MINE – Year-end Results (in thousands)				
Cost Type	Approved Budget	Actual	(Under) / Over	Percentage Change
Fixed Costs - Non-Debt	\$735	\$761	\$26	3.6%
Other Revenues Excluding City Billings	(\$23)	(\$35)	(\$12)	(54.9%)
Total Budget Variance			\$14	1.9%

TRANSMISSION – Year-end Results (in thousands)				
Cost Type	Approved Budget	Actual	(Under) / Over	Percentage Change
Fixed Costs - Non-Debt	\$6,835	\$9,062	\$2,227	32.6%
Fixed Costs - Debt	\$18,224	\$16,603	(\$1,621)	(8.9%)
Other Revenues	(\$34,649)	(\$36,732)	(\$2,083)	(6.0%)
Total Budget Variance			(\$1,477)	(15.4%)
Debt Service Coverage	1.25X	2.11X		Exceeds requirement

A&G costs were under budget (\$353K) primarily due to reduced labor charges and reduced insurance premiums for general coverage.

Generation Division - Total Costs were under budget by \$233K in FY24.

1. Labor & Benefits were \$140K lower as Daniel now charges all of his time to A&G, which in turn gets allocated among the three divisions.
2. Legal Services were \$21K lower as no major legal matters, other than those financed by the reserved Asset Purchase Agreement legal funds, were incurred in FY24.

Mine Division - Total Costs were over budget by \$14K in FY24.

1. Labor & Benefits were \$26K lower as Daniel now charges all of his time to A&G, which in turn gets allocated among the three divisions.
2. Mine Maintenance was \$137K higher as the Acid Seep Project is now complete, and therefore, all remaining maintenance is being charged to O&M. Additionally, there were unexpected repairs required for the seep remediation due to stormwater erosion caused by the heavy rains in the spring.
3. Legal Services were \$20K lower as the need for legal counsel continues to reduce as mine activity wraps up.

Transmission Division - Total Costs were under budget by \$1.5M in FY24.

1. Bank Charges were \$41K lower due to favorable commitment fees under the short-term Note Program with PNC.
2. Contractor Maintenance was \$1.4M higher due to unforeseen Jack Creek T1 bushing repairs and Gibbons Creek T2 maintenance, the moving and reinstallation costs associated with the TMPA spare transformer being placed at the Spencer substation, and the institution of an equipment painting program.
3. Consulting Services were \$77K higher due to work on compliance matters related to the Dansby and Bryan East substations.
4. Other Fixed Costs – Non-Debt were \$1.0M higher due to planned purchases of materials needed for timely maintenance and repair of equipment versus waiting to order materials on demand and facing long lead and outage times.
5. Debt Service - Bonds were \$1.7M lower as the budget anticipated a bond issuance in FY24 that will not be necessary until FY25. Capital spending and the remaining capacity of the Note Program continue to be monitored closely.
6. Revolving Notes Interest was \$50K higher as interest rates have risen over the last year.
7. Transmission System Revenue was \$1.8M higher as the 2023 Average 4CP was much higher than estimated.
8. Interest Income was \$313K higher as interest rates have risen over the last year.

NOTE: There was no FY24 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 FY24. This was discussed at the September Board meeting and will be reviewed in further detail in **Agenda Item No. 12**.

BACKUP MATERIAL: Attachment A: Generation FY24 Year-end Rate Sheet
Attachment B: Mine FY24 Year-end Rate Sheet
Attachment C: Transmission FY24 Year-end Rate Sheet

ACTION REQUESTED: None

Lyndi Birkhead
12/4/24

Generation

ATTACHMENT A

FY24 Year-end Key Budget Driver Rate Sheet FY24 Approved Budget Compared to Year-end Actuals

	FY24 Budget Approved 6/8/23	FY24 Year-end Actuals	(Under) Over Budget	Percentage Change
<u>Fixed Costs</u>				
L01 Labor & Benefits	193,671	54,013	(139,658)	-72.1%
R51 Contractor Maintenance	-	1,020	1,020	-100.0%
S02 Consulting Services	85,000	79,990	(5,010)	-5.9%
S04 Legal Services	60,000	39,338	(20,662)	-34.4%
Other Fixed Costs - Non-Debt	8,803	2,902	(5,901)	-67.0%
Allocation of A&G	158,743	93,067	(65,676)	-41.4%
TOTAL FIXED COSTS	\$ 506,217	\$ 270,331	\$ (235,887)	-46.6%
<u>Other Revenues</u>				
I73 Interest Income	(14,595)	(12,149)	2,446	16.8%
Other Revenue	-	(8)	(8)	-100.0%
TOTAL OTHER REVENUES	\$ (14,595)	\$ (12,157)	\$ 2,438	16.7%
TOTAL COSTS	\$ 491,623	\$ 258,174	\$ (233,449)	-47.5%

	Budget Approved in FY23**	Actual Spent in FY23	Actual Spent in FY24	Reserved Balance as of 9/30/24***
APA Legal Costs*	500,000	116,565	28,187	355,248

* Expenses, up to the approved \$500K, do NOT impact the FY24 budget and are NOT included in the analysis above.

** In FY23, \$500K was budgeted specifically for legal costs related to the Asset Purchase Agreement litigation.

*** TMPA will retain funds until (i) funds are exhausted or (ii) litigation is settled (any remaining funds will be reimbursed to the Cities).

Mine

ATTACHMENT B

FY24 Year-end Key Budget Driver Rate Sheet FY24 Approved Budget Compared to Year-end Actuals

	FY24 Budget Approved 6/8/23	FY24 Year-end Actuals	(Under) Over Budget	Percentage Change
<u>Fixed Costs</u>				
L01 Labor & Benefits	36,248	10,240	(26,008)	-71.7%
M44 Mine Maintenance	165,000	302,221	137,221	83.2%
R51 Contractor Maintenance	35,000	20,262	(14,738)	-42.1%
S02 Consulting Services	165,000	164,089	(911)	-0.6%
S04 Legal Services	65,000	45,502	(19,499)	-30.0%
Other Fixed Costs - Non-Debt	20,295	30,866	10,571	52.1%
Allocation of A&G	248,444	187,943	(60,501)	-24.4%
TOTAL FIXED COSTS	\$ 734,987	\$ 761,122	\$ 26,135	3.6%
<u>Other Revenues</u>				
I76 Interest Income	(22,842)	(35,381)	(12,540)	-54.9%
TOTAL OTHER REVENUES	\$ (22,842)	\$ (35,381)	\$ (12,540)	-54.9%
TOTAL COSTS	\$ 712,145	\$ 725,741	\$ 13,596	1.9%

Transmission

ATTACHMENT C

FY24 Year-end Key Budget Driver Rate Sheet FY24 Approved Budget Compared to Year-end Actuals

	FY24 Budget Approved 6/8/23	FY24 Year-end Actuals	(Under) Over Budget	Percentage Change
<u>Fixed Costs</u>				
L01 Labor & Benefits	674,299	654,895	(19,404)	-2.9%
R06 Bank Charges	120,500	79,422	(41,078)	-34.1%
R41 Property Insurance	597,609	593,016	(4,593)	-0.8%
R51 Contractor Maintenance	1,534,000	2,966,072	1,432,072	93.4%
S02 Consulting Services	-	77,128	77,128	-100.0%
S04 Legal Services	190,000	182,580	(7,420)	-3.9%
Other Fixed Costs - Non-Debt	1,408,451	2,425,217	1,016,766	72.2%
Allocation of A&G	2,310,537	2,083,891	(226,646)	-9.8%
Subtotal Fixed Costs - Non-Debt	\$ 6,835,396	\$ 9,062,220	\$ 2,226,824	32.6%
R57-R58 Debt Service - Bonds	13,439,108	11,768,155	(1,670,954)	-12.4%
R55 Revolving Notes Interest	1,290,706	1,340,605	49,899	3.9%
R62 Debt Coverage Payment	3,494,168	3,494,168	-	0.0%
Subtotal Fixed Costs - Debt	\$ 18,223,983	\$ 16,602,928	\$ (1,621,055)	-8.9%
TOTAL FIXED COSTS	\$ 25,059,379	\$ 25,665,148	\$ 605,769	2.4%
<u>Other Revenues</u>				
I50 Transmission System Revenue	(33,907,736)	(35,686,760)	(1,779,024)	-5.2%
I70-I75 Interest Income	(646,608)	(959,457)	(312,849)	-48.4%
Other Revenue	(94,318)	(85,839)	8,479	9.0%
TOTAL OTHER REVENUES	\$ (34,648,662)	\$ (36,732,056)	\$ (2,083,394)	-6.0%
TOTAL COSTS / (REVENUES)	\$ (9,589,283)	\$ (11,066,908)	\$ (1,477,624)	-15.4%

December 12, 2024

AGENDA ITEM NO. 9

SUBJECT: Resolution No. 2024-12-04, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2024; 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 2024 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 12, 2024. The attached resolution receives the audited financial statements of the Agency for fiscal year 2024 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, 2024 and 2023.

ACTION REQUESTED: Consideration and action on Resolution No. 2024-12-04.

Lyndi Birkhead
12/4/2024

RESOLUTION NO. 2024-12-04

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, 2024; 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 Mazars has completed the audit as required for the fiscal year ended September 30, 2024;

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, 2024 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 12TH DAY OF DECEMBER 2024.

Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

Jesse Davis, Secretary
Board of Directors
Texas Municipal Power Agency

Texas Municipal Power Agency Financial Statements

For the Years Ended September 30, 2024 and 2023

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TEXAS MUNICIPAL POWER AGENCY

FINANCIAL SECTION

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Texas Municipal Power Agency (TMPA), as of and for the years ended September 30, 2024 and 2023, 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, 2024 and 2023, and the changes in its 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion 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 Mazars, LLP

Dallas, Texas
December 3, 2024

**Texas Municipal Power Agency
Management's Discussion and Analysis ("MD&A")
For the Years Ended September 30, 2024 and 2023
(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, 2024

After 36 years of productive operations, 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").

As of the end of FY 2024, the total of mined land remaining under a reclamation bond is 72 acres (4 acres at Seep 1A and 68 acres at Seep 9A). Mitigation work at both seeps was completed in early FY 2024, and TMPA filed a request for final bond release on 45 acres at Seep 9A on September 10, 2024. This is expected to be approved in FY 2025. TMPA is preparing another bond release application for submittal in May/June 2025 for the remaining 27 acres. 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, as well as expanding our current system. 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 following the expiration of the Power Sales Contract ("PSC"). The PSC expired as to the City of Greenville on September 1, 2018 and expired as to the remaining Cities on September 30, 2018. Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect indefinitely.

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

	September 30,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Assets			
Current Assets			
Current Unrestricted Assets	\$ 22,509	\$ 23,730	\$24,063
Current Restricted Assets	980	981	980
Total Current Assets	<u>23,490</u>	<u>24,710</u>	<u>25,043</u>
Noncurrent Assets, Net			
Electric Transmission Plant	192,419	176,406	182,066
Other Assets	9,183	9,089	7,230
Total Noncurrent Assets	<u>201,601</u>	<u>185,495</u>	<u>189,296</u>
Total Assets	<u><u>\$ 225,091</u></u>	<u><u>\$ 210,205</u></u>	<u><u>\$ 214,339</u></u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current Liabilities			
Current Liabilities	\$ 30,443	\$ 24,244	\$25,019
Total Current Liabilities	<u>30,443</u>	<u>24,244</u>	<u>25,019</u>
Noncurrent Liabilities			
Long Term Debt	199,737	202,668	205,963
Noncurrent Liabilities Other Than Debt	2,873	2,983	1,497
Total Noncurrent Liabilities	<u>202,610</u>	<u>205,651</u>	<u>207,460</u>
Total Liabilities	<u>233,053</u>	<u>229,895</u>	<u>232,479</u>
Deferred Inflows of Resources			
Deferred Gain on Refunding	5,190	5,516	5,842
Total Deferred Inflows of Resources	<u>5,190</u>	<u>5,516</u>	<u>5,842</u>
Net Position (Deficit)			
Net Investment in Capital Assets	(24,251)	(32,018)	(30,201)
Unrestricted	<u>11,100</u>	<u>6,812</u>	<u>6,219</u>
Total Net Position (Deficit)	<u>(13,152)</u>	<u>(25,206)</u>	<u>(23,982)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 225,091</u></u>	<u><u>\$ 210,205</u></u>	<u><u>\$ 214,339</u></u>

Statements of Net Position Information
Explanations of Significant Variances Between FY 2023 and FY 2024

Current Unrestricted Assets decreased \$1.2 million (5%) due primarily to a lower cash balance in the operating account at TexPool at year-end partially offset by higher accounts receivable (both impacted by the timing of a TXDOT reimbursable project).

Electric Transmission Plant increased by \$16.0 million (9%) due primarily to a significant amount of transmission asset additions during the year.

Current Liabilities increased \$6.2 million (26%) due primarily to higher accounts payable at year-end (\$11.8 million invoice from Garland accrued in FY 2024) partially offset by lower accrued distributions to the Member Cities.

Net Position (Deficit) improved by \$12.1 million (48%). Net position is comprised of two components: net investment in capital assets and unrestricted. The improvement is primarily related to capital contributions and an overall reduction in distributions to members.

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 because the funds will be returned to the Member Cities as bond releases are approved by the Commission.

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

**Texas Municipal Power Agency
Operating Information
(Dollars in Thousands)**

	For the Years-Ended September 30,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues			
Member City Billings	\$ 1,204	\$ 1,933	\$ 2,845
Transmission Revenues	35,687	32,947	31,397
Other Operating Revenues	-	9	39
Total Operating Revenues	<u>36,891</u>	<u>34,889</u>	<u>34,281</u>
Operating Expenses			
Production - Operation and Maintenance	744	990	1,145
Transmission - Operation and Maintenance	6,978	4,133	5,248
Administrative and General	2,264	2,303	2,276
Depreciation Expense	5,742	8,746	8,186
Total Operating Expenses	<u>15,728</u>	<u>16,172</u>	<u>16,855</u>
Income from Operations	<u>21,163</u>	<u>18,717</u>	<u>17,426</u>
Other Income (Expense)			
Investment Revenue	1,007	806	134
Capital Contributions	5,014	-	-
Miscellaneous Other Income (Expense)	643	115	(242)
Total Other Income (Expense)	<u>6,664</u>	<u>921</u>	<u>(108)</u>
Interest Charges			
Interest Expense	4,835	4,490	3,797
Total Interest Charges	<u>4,835</u>	<u>4,490</u>	<u>3,797</u>
Impact of Regulatory Assets on Change in Net Position	<u>(400)</u>	<u>(167)</u>	<u>(1,117)</u>
Net Revenues before Distributions	22,592	14,981	12,404
Distributions to Member Cities	<u>(10,538)</u>	<u>(16,221)</u>	<u>(87,032)</u>
Change in Net Position before Gain on Sale of Mine	12,054	(1,240)	(74,628)
Gain on Sale of Mine	<u>-</u>	<u>16</u>	<u>58,039</u>
Change in Net Position (Deficit)	12,054	(1,224)	(16,589)
Net Position (Deficit)			
Beginning Balance	<u>(25,206)</u>	<u>(23,982)</u>	<u>(7,393)</u>
Ending Balance	<u>\$ (13,152)</u>	<u>\$ (25,206)</u>	<u>\$ (23,982)</u>

Operating Information
Explanations of Significant Variances Between FY 2023 and FY 2024

Member City Billings decreased \$0.7 million (38%) due primarily to lower demand charges as activity at the former plant and mine sites continue to decline.

Transmission Revenues increased \$2.7 million (8%) due to the extraordinarily high 2023 Four Coincident Peak (4CP) driven by load growth in the ERCOT market as well as weather conditions, which both impact revenues for Transmission Service Providers (TSPs).

Production – Operations and Maintenance decreased \$0.2 million (25%) due primarily to the winding down of activity at the former plant and mine sites.

Transmission – Operations and Maintenance increased \$2.8 million (69%) due primarily to the moving and reinstallation of the Agency's spare transformer, the institution of an equipment painting program, the planned purchases of materials needed for timely maintenance (due to long lead times), and unplanned transformer maintenance.

Depreciation Expense decreased \$3.0 million (34%) due to the original transmission assets, placed in-service in 1983, becoming fully depreciated as of September 30, 2023.

Investment Revenue increased \$0.2 million (25%) due to higher interest rates throughout FY 2024.

Capital Contributions increased \$5.0 million (100%) due primarily to reimbursement requested in FY 2024 for a TXDOT project.

Miscellaneous Other Income (Expense) increased \$0.5 million (459%) due to the sale of environmental credits in November and December 2023.

Impact of Regulatory Assets on Change in Net Position increased \$0.2 million (140%) due primarily to changes in the Mine reclamation liability and recoveries and Other Post-Employment Benefits.

Distributions to Member Cities decreased \$5.7 million (35%) due primarily to the timing of a TXDOT reimbursable project (costs incurred in FY 2024; however, TXDOT did not reimburse by the end of the fiscal year).

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.

TEXAS MUNICIPAL POWER AGENCY

BASIC FINANCIAL STATEMENTS

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

Assets

	September 30,	
	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Current Unrestricted Assets		
Cash and Cash Equivalents	\$ 10,692	\$ 17,635
Accounts Receivable and Other	5,593	4,018
Intergovernmental Receivable	4,237	-
Asset Held for Sale	935	935
Mine Escrow Holdback	514	620
Prepays	539	522
Total Current Unrestricted Assets	<u>22,509</u>	<u>23,730</u>
Current Restricted Assets		
Cash and Cash Equivalents	980	981
Total Current Restricted Assets	<u>980</u>	<u>981</u>
Total Current Assets	<u>23,490</u>	<u>24,710</u>
Noncurrent Assets		
Electric Transmission Plant		
In Service	343,169	327,526
Less Accumulated Depreciation	(156,632)	(153,823)
Total Net Plant	<u>186,537</u>	<u>173,703</u>
Construction Work in Progress	5,882	2,703
Total Electric Transmission Plant	<u>192,419</u>	<u>176,406</u>
Other Assets		
Restricted Cash and Cash Equivalents	6,053	5,560
Railroad Commission Mine Bonding	1,600	1,600
Regulatory Assets	1,530	1,930
Total Other Assets	<u>9,183</u>	<u>9,089</u>
Total Noncurrent Assets	<u>201,601</u>	<u>185,495</u>
Total Assets	<u><u>\$ 225,091</u></u>	<u><u>210,205</u></u>

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,	
	<u>2024</u>	<u>2023</u>
Liabilities		
Current Liabilities		
Current Maturities of Revenue Bonds	\$ 6,980	\$ 6,780
Accrued Interest Payable	578	591
Accounts Payable	12,400	894
Accrued Distribution to Member Cities	9,874	15,113
Accrued Compensation and Pension Benefits	151	115
Accrued Mine Reclamation Cost	461	750
Total Current Liabilities	<u>30,443</u>	<u>24,244</u>
Noncurrent Liabilities		
Long-Term Debt		
Revenue Bonds	161,005	167,985
Unamortized Premium	5,632	6,783
Tax Exempt Commercial Paper	33,100	27,900
Total Long-Term Debt	<u>199,737</u>	<u>202,668</u>
Payable to Member Cities Related to Mine Bonding	1,600	1,600
Other Employee Retirement Benefits	1,069	1,179
Accrued Mine Escrow	204	204
Total Other Long-Term Obligations	<u>2,873</u>	<u>2,983</u>
Total Noncurrent Liabilities	<u>202,610</u>	<u>205,651</u>
Total Liabilities	<u>233,053</u>	<u>229,895</u>
Deferred Inflows of Resources		
Deferred Gain on Refunding	5,190	5,516
Total Deferred Inflows of Resources	<u>5,190</u>	<u>5,516</u>
Net Position (Deficit)		
Net Investment in Capital Assets	(24,251)	(32,018)
Unrestricted	11,100	6,812
Total Net Position (Deficit)	<u>(13,152)</u>	<u>(25,206)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	<u>\$ 225,091</u>	<u>210,205</u>

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,	
	<u>2024</u>	<u>2023</u>
Operating Revenues		
Member City Billings	\$ 1,204	\$ 1,933
Transmission Revenues	35,687	32,947
Other Operating Revenues	-	9
Total Operating Revenues	<u>36,891</u>	<u>34,889</u>
Operating Expenses		
Production - Operation and Maintenance	744	990
Transmission - Operation and Maintenance	6,978	4,133
Administrative and General	2,264	2,303
Depreciation Expense	5,742	8,746
Total Operating Expenses	<u>15,728</u>	<u>16,172</u>
Income from Operations	<u>21,163</u>	<u>18,717</u>
Other Income (Expense)		
Investment Revenue	1,007	806
Capital Contributions	5,014	-
Miscellaneous Other Income (Expense), Net	643	115
Total Other Income (Expense)	<u>6,664</u>	<u>921</u>
Interest Charges		
Interest Expense	4,835	4,490
Total Interest Charges	<u>4,835</u>	<u>4,490</u>
Impact of Regulatory Assets on Change in Net Position	<u>(400)</u>	<u>(167)</u>
Net Revenues before Distributions	22,592	14,981
Distributions to Member Cities	<u>(10,538)</u>	<u>(16,221)</u>
Change in Net Position (Deficit) before Gain on Sale of Mine	12,054	(1,240)
Gain on Sale of Mine	<u>-</u>	<u>16</u>
Change in Net Position (Deficit)	12,054	(1,224)
Net Position (Deficit)		
Beginning Balance	<u>(25,206)</u>	<u>(23,982)</u>
Ending Balance	<u>\$ (13,152)</u>	<u>\$ (25,206)</u>

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,	
	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Cash Received from Member City Billings	\$ 1,204	\$ 1,933
Cash Received from Transmission Sales	34,112	33,624
Cash Received from Other Revenues	643	129
Cash Paid to Suppliers	(9,181)	(7,184)
Cash Paid to Employees	(1,087)	(1,216)
Net Cash Provided by Operating Activities	<u>25,691</u>	<u>27,286</u>
Cash Flows from Non-Capital and Related Financing Activities		
Proceeds from Member Cities	-	2,200
Proceeds from Sale of Mine	-	16
Distribution to Railroad Commission for Self-Bonding	-	(1,600)
Distribution to Member Cities for Sale of Mine	-	(16)
Distribution to Member Cities for Environmental Credits	(558)	-
Refunds to Member Cities for Seep Project	(176)	-
Net Cash Provided by (Used for) Non-Capital and Related Financing Activities	<u>(734)</u>	<u>600</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Issuance of Debt	5,200	4,800
Construction Work in Progress	(10,175)	(3,011)
Payment of Principal on Debt	(6,780)	(6,575)
Interest Paid on Debt	(6,325)	(5,972)
Refunds to Member Cities	(15,113)	(16,246)
Cash Received for Capital Contributions	777	-
Net Cash Used for Capital and Related Financing Activities	<u>(32,416)</u>	<u>(27,004)</u>
Cash Flows from Investing Activities		
Interest and Dividends on Investments	<u>1,008</u>	<u>806</u>
Net Cash Provided by Investing Activities	<u>1,008</u>	<u>806</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,451)	1,688
Beginning Cash and Cash Equivalents Balance	<u>24,176</u>	<u>22,488</u>
Ending Cash and Cash Equivalents Balance	<u>\$ 17,725</u>	<u>\$ 24,176</u>

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

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

	2024	2023
Income From Operations	\$ 21,163	\$ 18,717
Adjustments to Reconcile Income from Operations to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	5,742	8,746
Change in Accounts Receivables	(1,592)	501
Change in Accrued Mine Reclamation Cost	(114)	(655)
Change in Accounts Payable	(186)	(131)
Change in Accrued Compensation and Fringe Benefits	35	(7)
Miscellaneous Non-Operating Activities	643	115
	<u>4,528</u>	<u>8,569</u>
Total	<u>\$ 25,691</u>	<u>\$ 27,286</u>

Supplemental Cash Flows Information

Capital invoices totaling \$11,796,631 and \$216,277 are included in accounts payable at September 30, 2024 and 2023, 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**

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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, and on October 28, 2024, TMPA adopted new revolving note programs to refund and replace the previous revolving note programs.

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 2024

In June 2022, GASB issued Statement No. 100 ("GASB 100"), *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB 100 is effective for the fiscal year ended September 30, 2024; however, implementation had no impact on the Agency.

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 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.

In December 2023, GASB issued Statement No. 102 ("GASB 102"), *Certain Risk Disclosures*, which will be effective for the Agency's September 30, 2025 year-end. The statement will require governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. Implementation is not expected to have a material impact on the Agency.

In April 2024, GASB issued Statement No. 103, ("GASB 103"), *Financial Reporting Model*

Improvements, which will be effective for the Agency's September 30, 2026 year-end. The objective of GASB 103 is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision-making and assessing an entity's accountability. The Agency is in the process of determining the impact of this statement on its financial reporting.

In September 2024, GASB issued Statement No. 104, ("GASB 104"), *Disclosure of Certain Capital Assets*, which will be effective for the Agency's September 30, 2026 year-end. The objective of GASB 104 is to provide users of government financial statements with essential information about certain types of capital assets. GASB 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosures and requires additional disclosures for capital assets held for sale. The Agency is in the process of determining the impact of this statement on its financial reporting.

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, 2024 and 2023, no allowance was deemed necessary.

Transmission Electric Plant

Electric transmission plant is stated at historical cost. Contributed 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, 2024 and 2023 are as follows (in thousands):

Summary of Additions, Less Transfers and Retirements to Plant

	Oct. 1, 2023	Additions	Transfers	Retirements /Disposals	Sept. 30, 2024
Electric Transmission Plant					
Transmission	\$ 323,889	\$ -	\$ 18,576	\$ (208)	\$ 342,257
Other	2,725	-	-	(2,725)	-
Intangible Assets	912	-	-	-	912
Total Electric Transmission Plant	327,526	-	18,576	(2,933)	343,169
Accumulated Depreciation					
Transmission	(151,098)	(5,742)	-	208	(156,632)
Other	(2,725)	-	-	2,725	-
Total Accumulated Depreciation	(153,823)	(5,742)	-	2,933	(156,632)
Construction Work in Progress	2,703	21,755	(18,576)	-	5,882
Total Electric Transmission Plant, Net of Accumulated Depreciation	\$ 176,406	\$ 16,013	\$ -	\$ -	\$ 192,419
	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

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 1.8% and 2.9% in fiscal years 2024 and 2023, respectively. During fiscal years 2024 and 2023, depreciation expense was \$5,741,666 and \$8,746,135, respectively. The primary reason for the decrease from fiscal year 2023 was that the Agency's original transmission assets were placed in service in 1983 and were fully depreciated as of September 30, 2023 (40-year lives).

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 the 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 GCSSES 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").

Capital Contributions

Capital assets received from third parties who constructed and/or made improvements to the Agency's Transmission system are classified as capital contributions. These funds are recognized at acquisition value in the year in which they are received. Additionally, grants/contracts received from governmental entities that are used for capital additions are also recorded as capital contributions as eligible costs are incurred. During fiscal year 2024, the Agency requested reimbursement of (in thousands) \$4,237 in relation to a TXDOT project, which has been recorded as intergovernmental receivable in the accompanying Statements of Net Position.

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, 2024 and 2023, 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.

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:	2024	2023
Transmission System Revenue Refunding Bond Fund (Series 2021 Bonds)	\$ 1,476	\$ 1,229
Project Construction Funds (Series “A” Notes)	-	75
FAB Revenue Account	39	
Indemnity Reserve Account	5,518	5,237
Total Funds	\$ 7,033	\$ 6,541

4. Investments

As of September 30, 2024 and 2023, 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, 2024 and 2023 were (in thousands) \$11,254 and \$17,978, 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, 2024 and 2023, were (in thousands) \$5,518 and \$5,237, 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, 2024 and 2023, TMPA had recorded cash deposits of \$0.95 million and \$0.96 million, respectively. Bank statement balances as of September 30, 2024 and 2023, were \$1.06 million and \$1.08 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, 2024 and 2023 (in thousands):

	Outstanding October 1, 2023	Issued/ Increased	Redeemed/ Decreased	Accretion/ Amortization Premium/	Outstanding September 30, 2024	Principal Due Within One Year
Revenue Bonds Series						
2021	\$ 181,548	\$ -	\$ (6,780)	\$ (1,151)	\$ 173,617	\$ 6,980
Total Revenue Bonds	181,548	-	(6,780)	(1,151)	173,617	6,980
Series "A" Revolving Notes	27,900	5,200	-	-	33,100	-
Total Long-term Debt	\$ 209,448	\$ 5,200	\$ (6,780)	\$ (1,151)	\$ 206,717	\$ 6,980

	Outstanding October 1, 2022	Issued/ Increased	Redeemed/ Decreased	Accretion/ Amortization Premium/	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

Revenue Bonds outstanding, as of September 30, 2024 and 2023, respectively, are (in thousands):

Series	Current Amount Outstanding 2024	Long-Term Amount Outstanding 2024	Maturity		Range of Interest Rates		Earliest Redemption Date
			From	To	From	To	
2021	\$ 6,980	\$ 161,005	2021	2051	2.000	3.000	2024
Total	<u>\$ 6,980</u>	<u>\$ 161,005</u>					
Series	Current Amount Outstanding 2023	Long-Term Amount Outstanding 2023	Maturity		Range of Interest Rates		Earliest Redemption Date
			From	To	From	To	
2021	\$ 6,780	\$ 167,985	2021	2051	2.000	3.000	2024
Total	<u>\$ 6,780</u>	<u>\$ 167,985</u>					

Debt service requirements for the revenue bonds for the next thirty years as of September 30, 2024, are as follows (in thousands):

Year	Principal	Interest	Total
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	7,855	3,909	11,764
2030 - 2034	42,885	15,953	58,838
2035 - 2039	49,125	9,703	58,828
2040 - 2044	23,130	3,739	26,869
2045 - 2049	13,000	1,221	14,221
2050 - 2051	2,785	105	2,890
	167,985	\$ 52,489	\$ 220,474
Unamortized Premium	5,632		
Total	\$ 173,617		

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 and September 26, 2024, TMPA issued additional installments of \$4,800,000 and \$5,200,000, respectively. With capacity of \$60,000,000, TMPA will continue to issue the Series A Notes as funds are necessary for future Transmission projects.

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 33 and 36 participants as of September 30, 2024 and 2023, respectively.

Retirement plan costs for 2024 and 2023 were as follows (in thousands):

	2024	%	2023	%
Agency's Total Payroll	\$ 951	-	\$ 1,056	-
Agency's Covered Payroll	\$ 910	100%	\$ 1,030	100%
Agency's Contribution	\$ 91	10%	\$ 103	10%
Employee's Contribution	\$ 12	1.4%	\$ 14	1.3%

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 \$23,000 and \$22,500 for calendar years 2024 and 2023, respectively. A "catch-up" provision, which allows an additional contribution of \$7,500 and \$7,500 for 2024 and 2023, 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, 2024 and 2023, participants numbered 4 for both years and participant contributions were \$53,609 and \$48,575, 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 2024, the Agency paid 89% and 84% of the cost of employee medical and dental benefits, respectively. For active employees in 2023, the Agency paid 90% and 80% of the cost of employee medical and dental benefits, respectively. For retired employees in 2024 and 2023, the Agency paid 77% and 69% of the cost of dental benefits, respectively. 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, 2024 was used for the September 30, 2024 liability and expense. The information that follows was determined as of a valuation date of May 1, 2024.

Membership in the OPEB by membership class at May 1, 2024 was as follows:

	Medical and/or Dental
Active employees	1
Inactive employees or beneficiaries currently receiving benefits	<u>59</u>
Total	<u><u>60</u></u>

Contributions: For the years ended September 30, 2024 and 2023, the Agency contributed \$95,675 and \$102,600, 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, 2024 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, 2024 was 4.07%. The discount rate used to measure the Total OPEB Liability as of May 1, 2023 was 3.53%.
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	<u>Pre-Retirement Mortality:</u> Pri-2012 Total Dataset Employee Table projected from the 2012 base year using the Scale MP-2021 mortality improvement rates <u>Post-Retirement Mortality:</u> <u>Retired Members:</u> Pri-2012 Total Dataset Retiree Table projected from the 2012 base year using the Scale MP-2021 mortality improvement rates <u>Spouses of Retired Members:</u> 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, 2024 were as follows:

	Increase (Decrease) Total OPEB Liability
Balance as of 9/30/23 (Based on 5/1/23 Measurement Date)	\$ 1,179,255
Changes for the year:	
Interest on Total OPEB Liability	39,572
Difference Between Expected and Actual Experience	30,956
Changes in Assumptions	(64,330)
Benefit Payments	<u>(116,470)</u>
Net changes	<u>(110,272)</u>
Balance as of 9/30/24 (Based on 5/1/24 Measurement Date)	<u><u>\$ 1,068,983</u></u>

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:	
Interest on Total OPEB Liability	39,530
Difference Between Expected and Actual Experience	-
Changes in Assumptions	(30,561)
Benefit Payments	<u>(122,328)</u>
Net Changes	<u>(113,359)</u>
Balance as of 9/30/23 (Based on 5/1/23 Measurement Date)	<u><u>\$ 1,179,255</u></u>

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 4.07%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,153,551	\$ 1,068,983	\$ 995,007

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.

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,055,056	\$ 1,068,983	\$ 1,084,770

OPEB Expense: For the years ended September 30, 2024 and 2023, the Agency recognized OPEB expense, as measured in accordance with GASB Statement No. 75, of \$6,198 and \$8,969, 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 2024 and 2023, \$110,598 and \$209,976 was paid in medical expenses based on an average of 5 and 6 participants, respectively. Active participant medical premiums collected by the Agency in 2024 and 2023 were \$12,230 and \$21,826 resulting in a total cost to the Agency of \$98,368 and \$188,150, respectively. For retired employees in 2024 and 2023, \$95,675 and \$102,600, respectively, was contributed by the Agency to the retired employees and dependents, if elected, through a Retiree HRA. For active employees in 2024 and 2023, \$5,981 and \$7,719 was paid in dental expenses based on an average of 5 and 6 participants, respectively. Active participant dental premiums collected by the Agency in 2024 and 2023 were \$970 and \$1,564 resulting in a total cost to the Agency of \$5,011 and \$6,155, respectively. For retired employees in 2024 and 2023, \$22,529 and \$24,007 was paid in dental expenses based on an average of 23 and 25 participants, respectively. Retiree participant dental premiums collected by the Agency in 2024 and 2023 were \$5,126 and \$7,394 resulting in a total cost to the Agency of \$17,403 and \$16,613, 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, 2024 and 2023, is as follows (in thousands):

Fiscal Year	Beginning Liability	Vacation Accrued	Vacation Taken	Ending Liability
2024	\$ 78	\$ 51	\$ (50)	\$ 79
2023	\$ 84	\$ 65	\$ (70)	\$ 78

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 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 accompanying 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, 2024, 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 GCSSES 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 (\$3.3 million remains available as of September 30, 2024), (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 (\$32.558 million in bonding remains available as of September 30, 2024), 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 indefinitely. 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, 2024 is \$0.514 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, 2024 and 2023, 3% and 6% 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, 2024 and 2023, \$17,504,854 and \$3,133,883 of electric plant transmission assets and construction work in progress, respectively, were constructed by the City of Garland. As of September 30, 2024 and 2023, \$12,172,444 and \$606,643, respectively, was due to the City of Garland. For the years ended September 30, 2024 and 2023, \$4,250,904 and \$0 of electric plant transmission assets and construction work in progress, respectively, were constructed by the City of Denton. For the years ended September 30, 2024 and 2023, 72% and 79% of Transmission – Operation and Maintenance expense, respectively, was attributable to the City of Garland. For the years ended September 30, 2024 and 2023, 3% and 0% of Transmission – Operation and Maintenance expense, respectively, was attributable to the City of Denton.

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 were included in cash and cash equivalents and accrued mine reclamation costs in the accompanying statements of net position. As of September 30, 2024, the seep project was completed and remaining funds were distributed back to the Member Cities.

9. Subsequent Events

In October 2024, TMPA issued an additional \$11.8 million in short-term debt that will be utilized for various improvements to the transmission assets.

TEXAS MUNICIPAL POWER AGENCY

REQUIRED SUPPLEMENTARY INFORMATION

**Texas Municipal Power Agency
Required Supplementary Information
Postretirement Benefits Plan
For the Year Ended September 30, 2024**

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

	Measurement Year 2024	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	39,572	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	30,956	-	(118,581)	-	(194,424)	-	(6,724)
Changes of Assumptions	(64,330)	(30,561)	(98,463)	41,060	111,600	32,760	(28,900)
Benefit Payments	(116,470)	(122,328)	(134,892)	(140,000)	(146,108)	(150,807)	(155,595)
Net Change in Total OPEB Liability	(110,272)	(113,359)	(315,362)	(210,702)	(147,735)	(38,841)	(110,736)
Total OPEB Liability (Beginning)	1,179,255	1,292,614	1,607,976	1,818,678	1,966,413	2,005,254	2,115,990
Total OPEB Liability (Ending)	\$ 1,068,983	\$ 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	N/A	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
2024	4.07

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
For the Year Ended September 30, 2024

	Generation	Transmission	Mine	Combined
Operating Revenues				
Member City Billings	\$ 492	\$ -	\$ 712	\$ 1,204
Transmission Revenues	-	35,687	-	35,687
Total Operating Revenues	492	35,687	712	36,891
Operating Expenses				
Production - Operation and Maintenance	197	-	547	744
Transmission - Operation and Maintenance	-	6,978	-	6,978
Administrative and General	58	2,039	167	2,264
Depreciation Expense	-	5,742	-	5,742
Total Operating Expenses	254	14,759	715	15,728
Income from Operations	237	20,928	(3)	21,163
Other Income				
Investment Revenue	12	959	35	1,007
Capital Contributions	-	5,014	-	5,014
Miscellaneous Other Income, Net	558	86	-	643
Total Other Income	570	6,059	35	6,664
Interest Charges				
Interest Expense on Debt	-	4,835	-	4,835
Total Interest and Finance Charges	-	4,835	-	4,835
Impact of Regulatory Assets in Change in Net Position	(3)	(99)	(298)	(400)
Net Revenues Before Distributions	804	22,053	(265)	22,592
Distributions to Member Cities	(558)	(9,874)	(106)	(10,538)
Change in Net Position (Deficit)	\$ 247	\$ 12,179	\$ (371)	\$ 12,054

December 12, 2024

AGENDA ITEM NO. 10

SUBJECT: Resolution No. 2024-12-05, 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, 2024. 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: Updated Schedule E of the JOA as of 9/30/24.

ACTION REQUESTED: Consideration and action on Resolution No. 2024-12-05.

Lyndi Birkhead
12/4/24

RESOLUTION NO. 2024-12-05

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 2025, 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 12TH DAY OF DECEMBER 2024.

Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

Jesse Davis, Secretary
Board of Directors
Texas Municipal Power Agency

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

Fiscal Year	Power Sales	Amounts Paid to Agency by Member Cities			
		Bryan	Denton	Garland	Greenville
1984	85,191,000	17,191,554	17,924,151	41,794,703	8,280,592
1985	187,737,000	37,885,348	39,499,787	92,103,769	18,248,096
1986	191,180,000	38,580,146	40,224,193	93,792,904	18,582,757
1987	188,454,000	36,842,848	40,743,630	92,530,880	18,336,642
1988	190,654,000	36,586,438	41,486,357	93,096,337	19,484,868
1989	175,652,000	34,392,712	38,327,234	84,488,553	18,443,500
1990	168,889,000	33,456,809	37,155,622	79,901,366	18,375,202
1991	168,096,000	33,102,531	36,632,258	79,753,773	18,607,437
1992	167,464,000	33,241,574	36,138,761	79,511,963	18,571,702
1993	171,910,000	35,568,069	36,049,571	81,313,510	18,978,850
1994	174,147,000	38,312,365	38,312,365	81,849,115	15,673,155
1995	171,898,000	37,817,507	37,817,507	80,792,055	15,470,931
1996	163,661,000	35,899,681	35,758,679	76,920,733	15,081,907
1997	158,202,000	34,329,834	33,697,026	74,354,940	15,820,200
1998	168,103,000	36,478,351	35,805,939	79,008,410	16,810,300
1999	168,886,000	36,648,262	35,972,718	79,376,420	16,888,600
2000	165,097,000	35,826,049	35,165,661	77,595,590	16,509,700
2001	179,943,000	39,047,631	38,327,859	84,573,210	17,994,300
2002	185,758,000	40,230,765	39,651,078	87,302,902	18,573,255
2003	194,790,000	42,404,888	41,689,440	91,286,470	19,409,203
2004	200,208,000	43,420,423	42,845,792	93,962,319	19,979,465
2005	209,439,000	45,453,431	44,733,031	98,344,467	20,908,072
2006	217,762,000	47,334,078	46,472,327	102,223,519	21,732,076
2007	221,824,000	48,155,447	47,417,590	104,068,163	22,182,800
2008	236,311,000	51,245,680	50,565,371	110,901,555	23,598,394
2009	197,392,000	42,591,301	42,859,565	92,115,984	19,825,150
2010	211,684,000	45,721,786	45,649,213	99,040,992	21,272,009
2011	138,069,000	29,974,786	29,580,070	64,673,450	13,840,694
2012	112,265,000	24,371,669	23,942,382	52,722,458	11,228,491
2013	219,311,000	47,665,306	46,871,131	103,107,975	21,666,588
2014	225,769,032	49,120,056	48,184,087	106,285,320	22,179,569
2015	230,094,555	50,001,738	49,075,365	108,084,122	22,933,330
2016	228,896,963	49,553,715	48,639,634	107,912,078	22,791,536
2017	230,754,586	50,342,790	49,402,413	107,888,879	23,120,505
2018 (bundled*)	125,977,894	27,346,953	26,836,017	59,228,237	12,566,687
	6,431,470,030	1,366,142,522	1,379,453,824	3,041,907,122	643,966,563
2018 (unbundled*) :					
Sept-18 Energy		730,874	718,743	1,583,054	-
Sept-18 Gen (Prod)		210,125	206,637	455,124	-
Total Sept-18 Generation	3,904,557	940,998	925,380	2,038,179	-
Sept-18 Transmission	18,843	4,089	4,014	8,856	1,884
Sept-18 Mine	170,762	37,055	36,372	80,258	17,076
2019 Generation**	4,042,164	858,556	867,044	1,911,944	404,621
2019 Mine	3,203,604	695,182	682,368	1,505,694	320,360
2020 Generation**	12,895,992	2,739,109	2,766,190	6,099,804	1,290,889
2020 Mine	3,090,456	670,629	658,267	1,452,514	309,046
2021 Generation**	2,801,076	594,949	600,831	1,324,909	280,388
2021 Sale of the Plant	28,146,238	5,978,261	6,037,368	13,313,171	2,817,438
2021 Mine	2,748,168	596,352	585,360	1,291,639	274,817
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
2024 Generation**	491,628	104,422	105,454	232,540	49,212
2024 Mine	712,140	154,534	151,686	334,706	71,214

* 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	1,377,757,234	21.24%
Denton	1,391,158,449	21.45%
Garland	3,067,714,917	47.30%
Greenville	648,996,877	10.01%
Total	6,485,627,477	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	1,368,926,222	21.24%
Denton	1,382,186,211	21.45%
Garland	3,047,936,333	47.30%
Greenville	645,249,374	10.01%
Total	6,444,298,140	100.00%

0

December 12, 2024

AGENDA ITEM NO. 11

SUBJECT: Resolution No. 2024-12-06, appointing an accounting firm to perform the audits of the Agency for the fiscal years ending September 30, 2025, through September 30, 2029; and resolving matters incidental and related thereto.

DISCUSSION: FY24 was the last year in a five-year agreement with Forvis Mazars for external audit services. The purpose of this agenda item is to select an accounting firm to perform the audits for FY25-29.

At the direction of the Audit & Budget Committee (ABC), Staff solicited and evaluated proposals from accounting firms to perform audit services. The results of the evaluation and a Staff recommendation will be presented in the ABC meeting to be held the morning prior to the Board meeting. It is anticipated that the ABC chair will make a report identifying which audit firm the ABC recommends.

The JOA generally prohibits TMPA from entering into a contract that has a term in excess of two years absent Member City approval. There is an exception, however, for contracts that can be cancelled at any time without penalty. To comply with this exception, the agreement with the audit firm will permit TMPA to cancel at any time without penalty.

The information provided to the Audit and Budget Committee is available on the Board Website.

BACKUP MATERIAL: None.

ACTION REQUESTED: Consideration and action on Resolution No. 2024-12-06.

Lyndi Birkhead
12/4/2024

RESOLUTION NO. 2024-12-06

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") APPOINTING AN ACCOUNTING FIRM TO PERFORM THE AUDITS OF THE AGENCY FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2025 THROUGH SEPTEMBER 30, 2029; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, Section 2.8 of the Joint Operating Agreement requires the Agency, within 120 days of the close of each Fiscal Year, to cause the financial operations of each business category of the Agency to be subjected to an audit by an independent certified public accountant;

WHEREAS, the Board desires to appoint an accounting firm to perform such audits in relation to fiscal years 2025 through 2029;

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 Agency hereby selects the firm of _____ to perform audits required in relation to Fiscal Years 2025 through 2029;
3. That the General Manager of the Agency, or a person acting at his direction, is hereby authorized to enter into a contract with the above accounting firm for the performance of the above audits. Such contract shall reserve the right of the Agency to cancel the contract at any time without penalty and shall be based on the proposal submitted by the firm;
4. That it is officially found and determined that this meeting of the Board of Directors of the Agency was given as required by law.

PASSED AND APPROVED THIS 12TH DAY OF DECEMBER 2024.

Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

Jesse Davis, Secretary
Board of Directors
Texas Municipal Power Agency

AGENDA ITEM NO. 12

SUBJECT: Resolution No. **2024-12-07**, 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 reserving the amount of a TXDOT reimbursement not received by 9/30/24 and deduction of a 120-day cash reserve for FY25 operating expenses) transmission funds in the amount of \$9,874,044. The Resolution authorizes the distribution of these transmission funds to the Cities. The aforementioned TXDOT reimbursement will become available for distribution to the Member Cities upon receipt from TXDOT.

Approved FY24 Transmission Budget - Net Revenue	9,589,283
FY24 Debt Service Coverage	3,494,168
FY24 Year-end Under Budget Variance	1,477,624
Subtotal	14,561,075
TXDOT Reimbursement T21004 (not rec'd by 9/30/24)	4,237,031
Release of Previous Year's Cash Reserve	2,300,000
Cash Reserve (120 days FY25 operating expenses)	(2,750,000)
FY23 Transmission Distribution	9,874,044

BACKUP MATERIAL: None

ACTION REQUESTED: Consideration and action on Resolution No. **2024-12-07**.

Lyndi Birkhead
12/4/24

RESOLUTION NO. 2024-12-07

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 2024, \$9,874,044 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%	\$ 2,142,668
Denton	21.3%	\$ 2,103,171
Garland	47.0%	\$ 4,640,801
Greenville	10.0%	\$ 987,404

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 12TH DAY OF DECEMBER 2024.

Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

ATTEST: _____
Jesse Davis, Secretary
Board of Directors
Texas Municipal Power Agency

December 12, 2024

AGENDA ITEM NO. 13

SUBJECT: Resolution No. 2024-12-08, expressing official intent to use proceeds of tax-exempt obligations to reimburse the Agency for costs incurred for electric transmission facilities; and resolving matters incidental and related thereto.

DISCUSSION: The Agency reimburses its transmission operators for the costs of transmission capital projects and then utilizes the tax-exempt revolving note program to reimburse the Agency. Federal regulations related to tax-exempt obligations require a statement of official intent of an issuer to reimburse itself with proceeds of tax-exempt obligations for eligible costs paid with other funds of the issuer. The purpose of this Resolution is to comply with these regulations.

BACKUP MATERIAL: None

ACTION REQUESTED: Consideration and action on Resolution No. 2024-12-08.

Lyndi Birkhead
12/4/2024

RESOLUTION NO. 2024-12-08

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") EXPRESSING OFFICIAL INTENT TO USE PROCEEDS OF TAX-EXEMPT OBLIGATIONS TO REIMBURSE THE AGENCY FOR COSTS INCURRED FOR ELECTRIC TRANSMISSION FACILITIES; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

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

WHEREAS, the Board of Directors of the Agency hereby determines that it is necessary and desirable to acquire, construct and equip electric transmission facilities (the "Project"); and

WHEREAS, the Agency expects that it will pay expenditures in connection with the Project prior to the issuance of tax-exempt obligations (the "Obligations") to finance the Project; and

WHEREAS, the Agency finds, considers, and declares that the reimbursement of the Agency for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the Agency and, as such, chooses to declare its intention to reimburse itself for such payments at such time as the Agency issues Obligations to finance the Project.

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

SECTION 1. EXPECTATION TO INCUR DEBT. The Agency reasonably expects to incur debt, as one or more series of Obligations, with an aggregate maximum principal amount not to exceed \$35,000,000, for the purpose of paying the costs of the Project.

SECTION 2. REIMBURSEMENT OF PRIOR EXPENDITURES. All costs to be reimbursed pursuant hereto will be capital expenditures. No tax-exempt Obligations will be issued or incurred by the Agency in furtherance of this Resolution after a date which is later than 18 months after the later of (1) the date the expenditures are paid, or (2) the date on which the project or projects, with respect to which such expenditures were made, is placed in service.

SECTION 3. THREE-YEAR LIMITATION FOR REIMBURSEMENT. The foregoing notwithstanding, no Obligations will be issued pursuant to this Resolution more than three years after the date any expenditure which is to be reimbursed is paid.

SECTION 4. INCORPORATION OF RECITALS. The Board of Directors hereby finds that the statements set forth in the recitals of this Resolution are true and correct and hereby incorporates such recitals as a part of this Resolution.

SECTION 5. EFFECTIVE DATE. This Resolution shall become effective immediately upon passage thereof.

PASSED AND APPROVED THIS 12TH DAY OF DECEMBER 2024.

Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

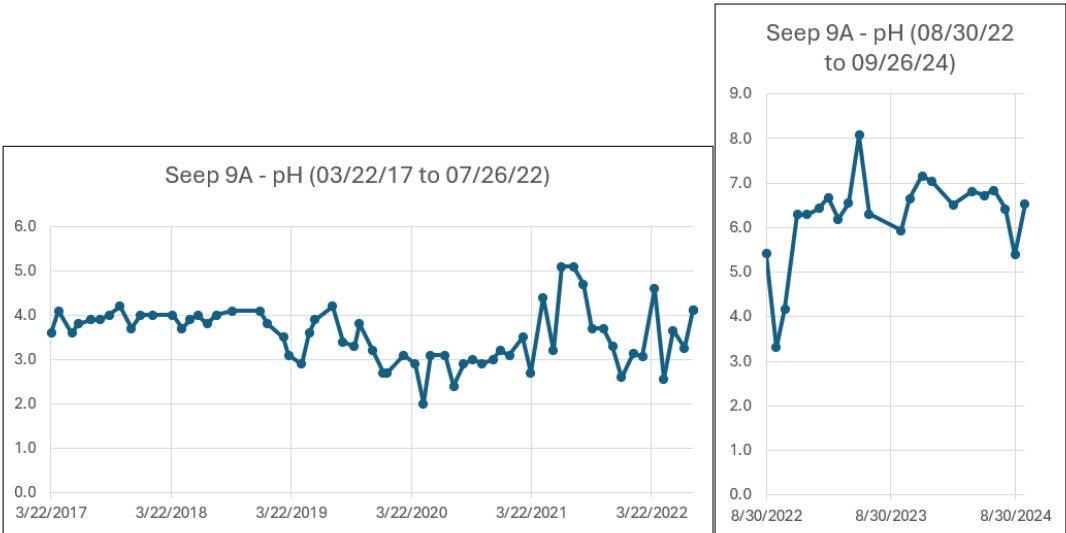
Jesse Davis, Secretary
Board of Directors
Texas Municipal Power Agency

Figure 2 – Limestone berm to stabilize soil and reduce erosion
(view west, 06/25/24)



The acidity of Seep 9A water has been significantly reduced since August 2022 when construction of the limestone French drain started and well before completion of construction at the end of summer 2024. The pre-mitigation acidity (03/22/17 – 07/26/22) was in the range pH 2 to 5; the post-mitigation acidity (08/30/22 – present) has risen substantially and has generally been above the target value of pH 6 since the beginning of 2023 (Figure 3). TMPA will continue monthly monitoring to establish long-term trends.

Figure 3 – Acidity of Seep 9A water before and after start of mitigation



Seep 1A Mitigation

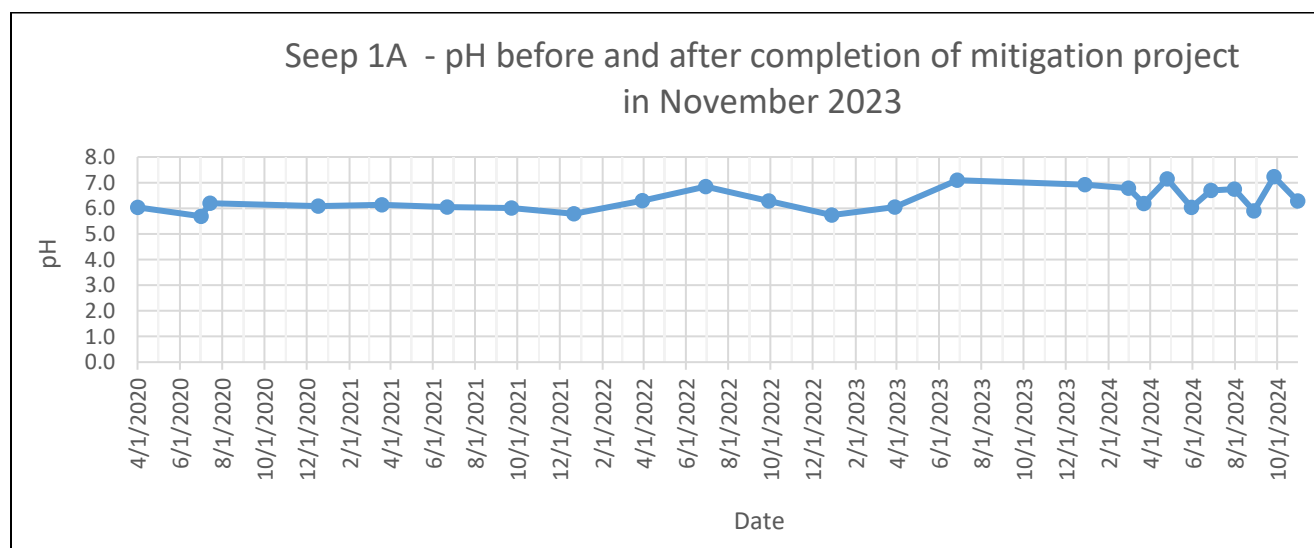
The Seep 1A mitigation project (4 acres) was completed over the period August-November 2023. Permanent vegetation was planted in spring 2024 and is slowly becoming established (Figure 4). Rooting by hogs has slowed down the establishment of cattails that had been planted in the open water area. The brown coloration of the water is a good sign because it indicates that iron, normally soluble in acid water, is being precipitated out of solution.

Figure 4 – Seep 1A – Composite view of wetland treatment area
(view northeast, 09/24/24)



The acidity of the water discharging from the mitigation area has been at pH 6 or above since the completion of the mitigation project in November 2023 (Figure 5). As at Seep 9A, TMPA will continue monthly monitoring to establish long-term trends in support of a request for final bond release.

Figure 5 – Acidity of Seep 1A water before and after start of mitigation



Sale of Pond SP-50 Property (723 acres)

Although the current real estate market is still slow, Republic Ranches is continuing to show the Pond SP-50 property and has installed game cameras to stimulate interest.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Jan K. Horbaczewski
11/19/24

AGENDA ITEM NO. 15

SUBJECT: Status report relating to environmental and regulatory compliance matters

DISCUSSION: On February 10, 2021, the sale of GCSES and Gibbons Creek Reservoir to Gibbons Creek Environmental Redevelopment Group, LLC (GCERG) was finalized. The physical work was considered complete by GCERG on August 31, 2024. TMPA estimates that the remediation project is **96% complete** with only the final administrative and regulatory tasks remaining.

GCERG has had difficulty obtaining regulatory closure with the Texas Commission on Environmental Quality (TCEQ). Due to TCEQ's requirement for additional groundwater monitoring, Regulatory Closure of the CCR units is not expected until late 2026.

The Escrow Balance is currently at \$3.0 million (see Column C in Figure 1 below). A requirement in the APA prevents the Escrow Balance from decreasing below \$2.85 million until TMPA certifies that all post-closure bonds are in place as required by the APA. Column C-1 shows the Escrow releases for each period. No Escrow payments were made in the months shaded in orange.

Until TCEQ makes a closure declaration in writing, along with requirements for post-closure care, the Regulatory Closure Bonds and Escrow retention (10%) will remain in effect.

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 (Column F in Figure 1). The current determination is that the Total Security Available (Column G) is \$33.5 million greater than the Remaining Closure Costs.

Figure 1 - 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)
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	4,195,957	-	36,500,000	40,695,957	6,100,000	34,595,957
35	10-Jan-24	3,747,991	448,000	36,500,000	40,247,991	5,800,000	34,447,991
36	10-Feb-24	3,748,025	-	36,500,000	40,248,025	5,800,000	34,448,025
37	10-Mar-24	3,746,557	-	36,500,000	40,246,557	5,200,000	35,046,557
38	10-Apr-24	3,298,587	448,000	32,558,000	35,856,587	4,100,000	31,756,587
39	10-May-24	3,298,617	-	32,558,000	35,856,617	4,000,000	31,856,617
40	10-Jun-24	3,298,645	-	32,558,000	35,856,645	3,800,000	32,056,645
41	10-Jul-24	3,298,672	-	32,558,000	35,856,672	3,400,000	32,456,672
42	10-Aug-24	3,298,700	-	32,558,000	35,856,700	2,900,000	32,956,700
43	10-Sep-24	3,298,700	-	32,558,000	35,856,700	2,400,000	33,456,700
44	10-Oct-24	2,998,727	300,000	32,558,000	35,556,727	2,400,000	33,156,727
45	10-Nov-24	2,998,755	-	32,558,000	35,556,755	2,400,000	33,156,755
46	10-Dec-24	2,998,781	-	32,558,000	35,556,781	2,400,000	33,156,781

BACKUP MATERIAL: None

ACTION REQUESTED: None

Daniel Meadows
12/4/2024

AGENDA ITEM NO. 16

SUBJECT: Executive session

DISCUSSION: Executive session will be held pursuant to the Open Meetings Act (Chapter 551.071, 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)
- B. TXDOT reimbursement agreements relating to transmission line relocation projects (legal advice under Section 551.071, Government Code)
- C. Wholesale transmission rates (legal advice under Section 551.071, Government Code)
- D. Strategic plan relating to the transmission system (competitive matters under Section 551.086, Government Code, and legal advice under Section 551.071, Government Code)

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

December 12, 2024

AGENDA ITEM NO. 16A

SUBJECT: TMPA v. Gibbons Creek Environmental Redevelopment Group, LLC, Cause No. D-1-GN-22-004434, in the 126th District Court of Travis County, Texas (legal advice under Section 551.071, Government Code)

DISCUSSION: One of the main issues in this lawsuit relates to Site F Landfill remediation costs. Under the Asset Purchase Agreement, if the actual cost to remediate the Site F Landfill is less than \$13.6 million, then GCERG is obligated to refund to TMPA the difference. The lawsuit was filed, in part, because GCERG was assigning to Site F costs that clearly were not attributable to the remediation of Site F.

Work in the field relating to Site F is substantially completed, and GCERG has recently supplied updated cost information to TMPA. The purpose of this agenda item is to update the Board in relation to the updated costs, and Staff's evaluation of those costs.

BACKUP MATERIAL: Site F Landfill Cost Projection Update

ACTION REQUESTED: None

Site F Landfill Cost Projection Update
December 3, 2024
Prepared by Daniel Meadows at the request of TMPA's Legal Counsel

PRIVILEGED AND CONFIDENTIAL

Section 9.08 of APA states,

“If, upon Preliminary Regulatory Closure of the Site F landfill, the aggregate costs actually incurred by Purchaser to obtain Preliminary Regulatory Closure of the Site F landfill is less than \$13,600,000, Purchaser shall pay such difference to Seller...”

Current Cost Projection (in millions)

GCERG Costs Allocated (10-31-2024):	\$15.8 million [^]
TMPA Cost Projection (11-30-2024):	<u>\$12.6 million*</u>
Difference	\$ 3.2 million

[^]GCERG's cost projection of \$15.8 million does not include their 35% markup. The markup is \$5.5 million (\$15.8 million x 35%) bringing the total to \$21.3 million.

*Based on TMPA's projection of \$12.6 million, there would be a \$1.0 million refund due to TMPA as of November 30, 2024.

In the 9-20-2024 Progress Report, GCERG communicated that the Site F Landfill Closure tasks are 100% complete (as of 8-30-2024). However, there may be 18-24 more months of expenses necessary to push the project into post-closure status, including monitor well drilling, sampling, engineering, consulting, legal, etc. There is uncertainty whether GCERG will claim, or have a right to claim, these remaining costs as part of actual closure costs. Daniel roughly estimates this cost to be around \$150-250k for Site F.

High-Level Breakdown of the \$3.2 million difference:

\$2,500k – Landfill Operations: GCERG has taken the position to charge all construction costs in the vicinity of, or if loosely associated with, Site F to the Site F Closure Cost. Even after stating that the closure work is complete at Site F, GCERG continues to charge redevelopment expenses to the Site F Closure account. These activities include developing lakes and duck hunting ponds near Site F. In August 2023, TMPA and GCERG shared cost projections. At that time, GCERG estimated that this cost category would be about \$500k but has now spent \$3.5 million (actuals as of 10-31-2024). TMPA roughly projected legitimate costs of this item to be around \$1.0 million.

\$250k – Mobilization/Demobilization: GCERG split mobilization equally between both landfills and charged all demobilization to Site F; TMPA applied 25% of mobilization/demobilization for landfills to Site F based on amount of equipment actually at Site F.

Site F Landfill Cost Projection Update

December 3, 2024

Prepared by Daniel Meadows at the request of TMPA's Legal Counsel

\$150k – Engineering: GCERG allocated $\frac{1}{2}$ of 60% of the total engineering to Site F. TMPA believes this amount is 20% at the most. In addition, GCERG allocates engineering using variable accounting methods.

\$150k – Charah Site Management: Allocations were not based on actuals; TMPA believes these numbers were disproportionately applied to Site F

\$150k (approx.) - Miscellaneous non-actual costs (pre-sale valuations, finance charges, fuel cost adjustments, allocations, etc.)

AGENDA ITEM NO. 16B

SUBJECT: TXDOT reimbursement agreements relating to transmission line relocation projects (legal advice under Section 551.071, Government Code)

DISCUSSION: At the Board Meeting of September 12, 2024, there was an agenda item for approval of a transmission line relocation project that was to be reimbursed by TXDOT. In connection with this item, a discussion ensued regarding the timing between completion of such projects and the receipt of reimbursement from TXDOT. The purpose of this agenda item is to provide the Board additional information in relation to this issue.

BACKUP MATERIAL: None

ACTION REQUESTED: None

December 12, 2024

AGENDA ITEM NO. 16C

SUBJECT: Wholesale transmission rates (legal advice under Section 551.071, Government Code).

DISCUSSION: Additional information will be provided by Staff at the December 12, 2024 Board.

BACKUP MATERIAL: None

ACTION REQUESTED: None

December 12, 2024

AGENDA ITEM NO. 16D

SUBJECT: Strategic plan relating to the transmission system (competitive matters under Section 551.086, Government Code, and legal advice under Section 551.071, Government Code)

DISCUSSION: At the Board Meeting of September 12, 2024, Staff presented to the Board the concept of TMPA investing in transmission projects outside the boundaries of the Member Cities. The consensus of the Board was for Staff to explore this concept further. The purpose of this agenda item is to provide a brief update subsequent to the September Board Meeting.

BACKUP MATERIAL: None

ACTION REQUESTED: None

December 12, 2024

AGENDA ITEM NO. 17

SUBJECT: Future Meeting Dates

DISCUSSION: The date for the next regularly scheduled Board Committee meeting is March 13, 2025.

TENTATIVE June 5, 2025

MEETING September 11, 2025

DATES: December 11, 2025

Daniel Meadows

12/12/2024